# BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code 710

# 2024 ANNUAL REPORT


# 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.

# CONTENTS

# ABOUT BOE VARITRONIX

BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") was 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 sales 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.

# CORPORATE INFORMATION

The corporate information of BOE Varitronix Limited as of the latest practicable date* prior to the issue of this annual 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 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 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

* the latest practicable date: 31 March 2025, being the latest practicable date prior to the issue of this annual report.

# CORPORATE INFORMATION

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

## 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

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street,
PO Box HM 1179, Hamilton HM EX
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

## SHARE CAPITAL

As at 31 December 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
Total issued share capital: HK$197,893,801
Par value: HK$0.25

## COMPANY WEBSITE

http://www.boevx.com
WeChat ID: BOEVx0710

## INVESTOR RELATIONS CONTACT

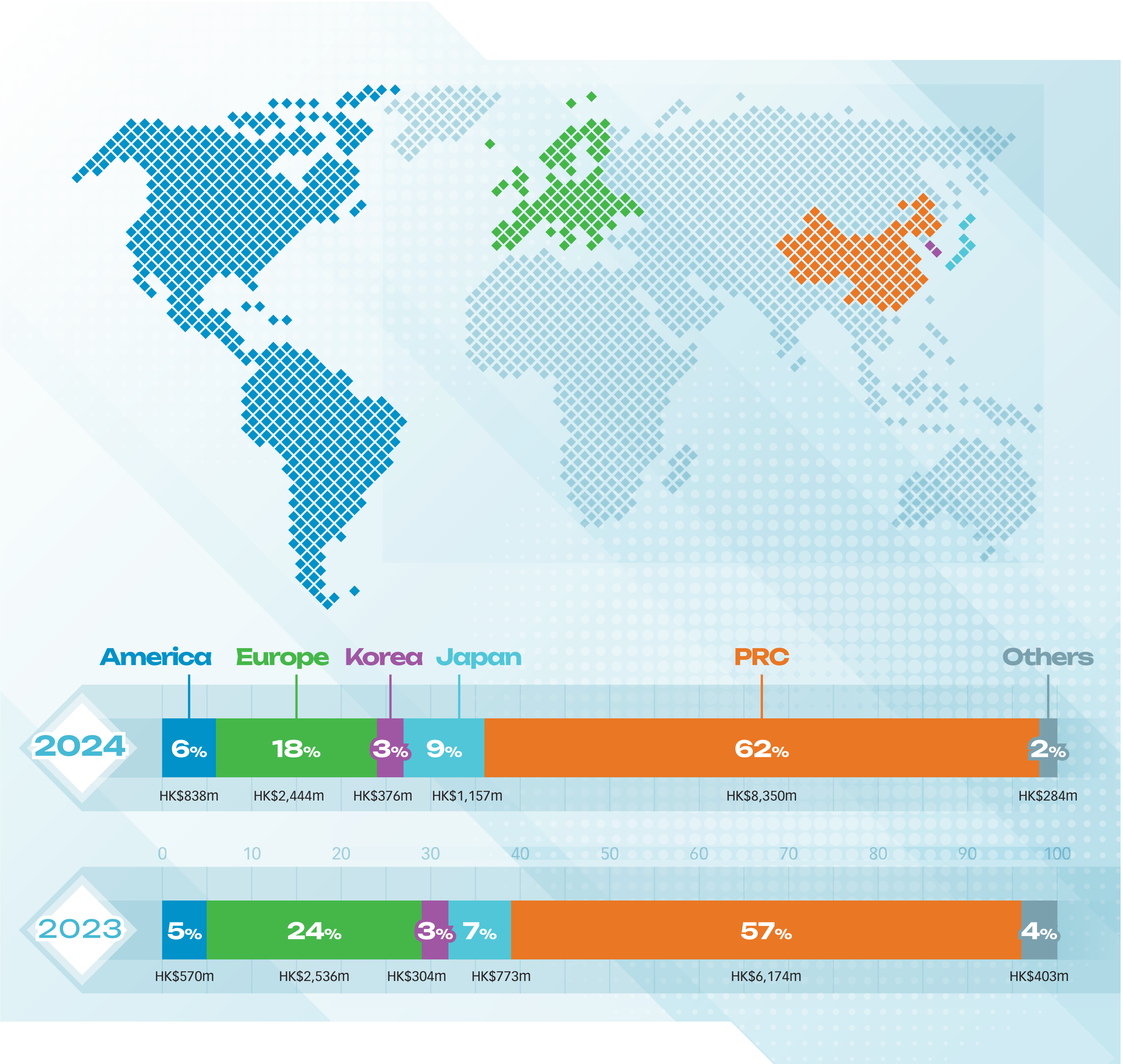
investor@boevx.com

| **FINANCIAL CALENDAR** | |
|---|---|
| Annual General Meeting | |
| Last Registration Date | Wednesday, 18 June 2025 |
| Book close period | Thursday, 19 June 2025 to Wednesday, 25 June 2025 (both days inclusive) |
| Record date | Wednesday, 25 June 2025 |
| Meeting Date | Wednesday, 25 June 2025 |
| Final Dividend | |
| Ex-dividend date | Friday, 4 July 2025 |
| Book close period | Tuesday, 8 July 2025 to Friday, 11 July 2025 (both days inclusive) |
| Record date | Friday, 11 July 2025 |
| Payment date | On or around Friday, 18 July 2025 |

# CHAIRMAN'S STATEMENT

## REVENUE BY GEOGRAPHY (By location of sourcing decision of customers)

**FOR THE YEAR ENDED 31 DECEMBER 2024**



# CHAIRMAN'S STATEMENT

| Highlights | | |
|---|---|---|
| HK$ million (Unless otherwise indicated) | **For the year ended 2024** | For the year ended 2023 |
| Revenue | 13,449 | 10,760 |
| EBITDA[1] | 686 | 771 |
| Profit Attributable to Shareholders | 391.3 | 475.3 |
| Profit Attributable to Shareholders excluding grants and net exchange gain | 359.7 | 413.8 |
| Basic Earnings per Share | 49.6 HK cents | 60.4 HK cents |
| Diluted Earnings per Share | 49.5 HK cents | 60.2 HK cents |
| Final Dividend per Share | 17.0 HK cents | 19.0 HK cents |
| Operating cash inflow | 1,457 | 1,186 |
| | **As of 31 December 2024** | As of 31 December 2023 |
| Cash resources[2] | 4,122 | 3,572 |
| Cash and Fixed Deposits Balance | 3,544 | 3,501 |

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

2 Cash resources include cash and cash equivalents, fixed deposits, current other financial assets and restricted bank deposits.

On behalf of BOE Varitronix Limited (the "Company") and its subsidiaries ("BOEVx" or the "Group"), I present the results for the full year ended 31 December 2024 (the "year under review").

During the year under review, revenue of HK$13,449 million was recorded, an increase of 25% when compared with HK$10,760 million recorded in 2023. EBITDA of the Group was HK$686 million, 11% lower than HK$771 million recorded in 2023. The profit attributable to shareholders was HK$391.3 million, a decrease of 18%, when compared to that for the year 2023.

The Group has strong cash resources and in a net cash position. As at 31 December 2024, the Group has total cash resources of HK4,122 million, compared to HK$3,572 million at the end of 2023. The Group has bank loans of HK$376 million as at 31 December 2024, a decrease of 39% when compared with HK$620 million as at the end of 2023. Among the bank loans of HK$376 million, HK$170 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 fueled by increased sales of our Thin Film Transistor ("TFT") products, touch panel display modules, and automotive system products. This was primarily attributed to the significant growth in New Energy Vehicle ("NEV") demand, along with our achievements in customer service, exceptional quality, and enhanced 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 year under review. Among the Group's revenue, automotive display business contributes 94% and the remaining mainly represents industrial display business.

The overall operating profit margin was hit by the switch in the product mix, the impact of price adjustments, and increase of cost of inventory. In addition, the increase in freight charges due to geo-political conflicts, the increase in sales, marketing, commission and quality assurance expenses for our increased effort for the overseas market exploration, the increase in insurance expenses for the protection of recoverability, the increase in subcontracting fees due to urgent orders, as well as the increase in factory consumables to improve our quality also impacted our profitability. We are committed to work to reduce our production and operating costs to improve profitability.

During the year under review, the profit attributable to shareholders decreased by approximately HK$84 million, or 18%, compared to that of 2023. The decline is primarily attributed to the factors outlined in the operating profit margin, as well as a reduction in government grants.


EBITDA has decreased by 11% to HK$686 million, with EBITDA margin of approximately 5.1% (2023: 7.2%) 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 quality and 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 "Director") has recommended a final dividend of 17.0 HK cents (2023: 19.0 HK cents) per share. The annual dividend payout ratio was 34% (the amount of final dividend proposed after the end of the reporting period over profit attributable to equity shareholders of the company) (2023: 32%).

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW

### AUTOMOTIVE DISPLAY BUSINESS

For the year under review, the revenue for the automotive display business was HK$12,660 million, an increase of 30% from the revenue of HK$9,710 million recorded in 2023. The automotive display business represented approximately 94% of the Group's overall revenue. Our systems business has emerged as a new growth factor, focusing on intelligent display systems, advanced display systems, intelligent cockpit systems, overseas display systems, and other related product offerings. Revenue from our systems business has significant growth compared to that of 2023.

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. Additionally, our market share in Low Temperature Poly-silicon ("LTPS") and oxide technologies is steadily increasing. We have sustained the advantages of our existing business, and the market has also recognized the development of our new technologies.

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"), customers whose decision-making centers are located in the PRC 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. To further strengthen these business relationships, we have established strategic partnerships with most of the leading PRC NEV automotive manufacturers.

The PRC government has implemented supportive policies such as trade-in incentives for old vehicles, initiatives to promote NEV to rural areas, the development of smart vehicle infrastructure, the elimination of purchase restrictions, and tax concessions. Concurrently, leading NEV manufacturers launch new models and adjusted pricing, driving a considerable increase in NEV sales across the PRC market. Through strategies such as joint development of new technologies, offering high-value products at competitive prices, and delivering high-quality solutions, we have successfully contributed to our customers' growth while growing alongside with them.

Our revenue from overseas increase stably. In the United States, despite the macroeconomic challenges posed by high inflation and interest rates, we achieved considerable revenue growth. This is attributed to our strategic investments in research and development ("R&D") and marketing, including our participation in the Consumer Electronics Show ("CES") for three consecutive years in 2024, which allowed us to showcase our product innovations to customers with positive outcomes. We have also collaborated closely with our leading Tier-1 partners to secure orders from overseas automotive manufacturers and enhance our customer service capabilities, including increase our expert workforce to provide system-related products to overseas well-known customers, increasing our workforce in local areas such as Michigan, USA, France, Korea and other Asian countries to provide timely support. Furthermore, we have successfully expanded our product applications to agricultural vehicles, and with the launch of additional modules, we see ample growth opportunities for our business. We will continue to explore new applications to drive further growth.

Hong Kong


Heyuan (New)

Heyuan (Old)

Chengdu

# CHAIRMAN'S STATEMENT

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 and additional R&D workforce invested in Japan.

Our system business is key of our "three-step development strategy". Through our ongoing efforts in R&D and market expansion in the last three years, we have successfully securing orders from leading NEV manufacturers. Additionally, with the mass production of orders obtained in previous years, our revenue from the system business grow significantly in 2024. Furthermore, the composition of our Tier 1 customer base has become more diverse and resilient.

During the year 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 more automated production processes to stabilize output and maintain quality consistency.

We have also convened quality conference with suppliers to communicate and align on quality standards required by customers. We also designated specific months as the "Quality month" during the year to thoroughly review the quality performance of suppliers. 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.

To achieve timely and effective measures, we are shifting certain of our quality inspection measures approximate to the suppliers' or customers' facilities and to conduct necessary inspections, ensuring that the quality meets the required standards. We are also arranging for experts to provide guidance to suppliers on quality requirements, significantly improving the yield of their products. Through our ongoing efforts, we have significantly enhanced our quality, reducing cost of quality and have received supplier awards from numerous leading NEV manufacturers.

We implemented stringent procurement controls aligned with production requirements to minimize the accumulation of raw materials. Throughout the year, we effectively managed lead times, ensuring we met production needs while avoiding excess inventory, inventory turnover days has significantly improved from 67 days in 2023 to 55 days for the year 2024.

The manufacturing facilities in Chengdu, China (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. With our rigours efforts, the Chengdu Plant further consolidated its production efficiency and quality control. The Chengdu Plant is ramping up to achieve better operational efficiency to enhance our profitability of the automotive display business.


Shenzhen

Huizhou

Hefei


Vietnam

# CHAIRMAN'S STATEMENT

## INDUSTRIAL DISPLAY BUSINESS

For the year under review, the industrial display business generated revenue of HK$789 million, a decrease of approximately 25% from HK$1,050 million recorded for 2023. This business represented approximately 6% of the Group's overall revenue.

The decline in revenue during the year was primarily due to reduced consumer demand as a trend of transitioning to larger and full-color display products. We will continue to focus on promoting our products for new applications and emerging markets, and discover new opportunities.

## INDUSTRY REVIEW

In 2024, the global geopolitical landscape experienced an escalation of tensions amid a persistently high inflationary environment. The slower-than-expected decline in interest rates contributed to a slower growth trajectories of certain economies, resulting in increased complexity, severity, and uncertainty regarding global economic development. Although the GDP growth of the PRC exceeded the global average, the adverse external environment had a notable impact on the PRC economy, presenting various challenges for its 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, the PRC GDP in 2024 recorded a 5% year-over-year 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.

The NEV industry is a priority for the PRC government, which has implemented a variety of supportive policies, including trade-in subsidies for older vehicles, initiatives to promote NEVs in rural areas, the development of smart vehicle infrastructure, the elimination of purchase restrictions, and tax incentives. These measures are driving rapid growth in the PRC NEV industry.

According to statistics from the China Association of Automobile Manufacturers ("CAAM") in 2024, the production and sales volume of automobiles in the PRC increased year-over-year by 3.7% and 4.5%, reaching 31.3 million and 31.4 million units respectively, and the production and sales volume of NEV in the PRC recorded a year-over-year growth of 34.4% and 35.5% respectively, reaching 12.9 million units each. The automotive industry, especially NEV, has become an important driving force behind the PRC industrial economic growth.

Globally, the European and United States markets are currently facing several near-term challenges. In the broader macroeconomic context, factors such as economic downturns, high inflation, a slower-than-anticipated decline in interest rates, and geopolitical conflicts have negatively impacted consumer demand for vehicles. Additionally, the absence of government subsidies and inadequate NEV infrastructure have impeded the growth of NEV sales across both the European and American markets. The European Union has implemented tariffs of up to 45.3% on imports of electric vehicles from China, while the U.S. government's shift toward supporting fuel-powered vehicles has also affected the NEV industry. These developments may alter the competitive landscape among manufacturers worldwide.

# CHAIRMAN'S STATEMENT

In the Japanese and Korean markets, the overall development of the NEV industry has also been hindered by the prevailing economic downturn, insufficient mileage, limited charging infrastructure and safety concerns.

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 the PRC NEV manufacturers.

In the Korean market, local automotive manufacturers are planning to introduce more affordable NEV models, while leading companies are increasing their investments in charging infrastructure. These initiatives are expected to enhance the popularity of NEVs and expedite the development of the necessary supporting infrastructure. This indicates a positive outlook for NEV adoption in the Korean market moving forward.

For the overall market, those leading automotive companies will achieve higher sales volume with price competitiveness, product feature and brand loyalty, while those smaller players will face sales 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.

As an overall view, global geopolitical tensions have been intensified, leading to the possible imposition of additional tariffs on NEVs manufactured in the PRC. This may impact the competitiveness of our customers' products and, in turn, affect our revenue and profitability. To mitigate the risks, we have actively seeking demand in emerging markets and is setting up overseas production bases to counteract the impact of tariffs and other potential impacts.

We will also rigorously monitor the efficiency of the Chengdu Plant as well as other new production facilities while it is ramping up to achieve better operational efficiency and to our best, to avoid any possible excessive inventory provision and losses.

## 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 LTPS, 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 LTPS shipments are forecasted to have a compound annual growth rates of 3.05%, 7.16% and 17.24% over the next three years respectively.

As regard to product 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.

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

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.

# CHAIRMAN'S STATEMENT

Given the trend of NEV penetration rates in the PRC surpassing 50%, the automotive industry is transitioning from electrification to artificial intelligence ("AI"), high-end display technologies, and large-screen capabilities. Smart cockpit solutions will be increasingly integrated and empowered by AI to achieve more advanced functionalities. With the support of big data, the AI capabilities of leading NEV manufacturers will continue to outpace new market entrants, establishing a strengthening technological monopoly. In light of the intense market competition, we will enhance our risk awareness, concentrate on our leading customers, continuously improve product quality and technical capabilities, optimize factory operational efficiency and services, and strive for a significant leap in quality from satisfactory to exceptional.

Simultaneously, young consumers are diversifying their brand preferences and prioritizing cost-effectiveness and functionality. Traditional overseas vehicle manufacturers may leverage local R&D, procurement, and design teams to develop models tailored for the PRC market, while integrating into the local manufacturing system to enhance cost competitiveness. We will collaborate closely with leading automotive manufacturers to optimize product dimensions, promote platform-based and standardized offerings, and enhance R&D and quality systems to achieve optimal cost-effectiveness and product quality.

Globally, the U.S. and European markets will continue to present opportunities, as outlined in the Industry Review section, while maintaining a cautious approach to protecting local interests. Additionally, shifts in NEV policies resulting from changes in political leadership introduce uncertainty to the industry's development. We have a strategy to increase our global sales by improving our local presents, diversify production locations, product diversities, quality, responsiveness to the market and cost competitiveness and challenges.

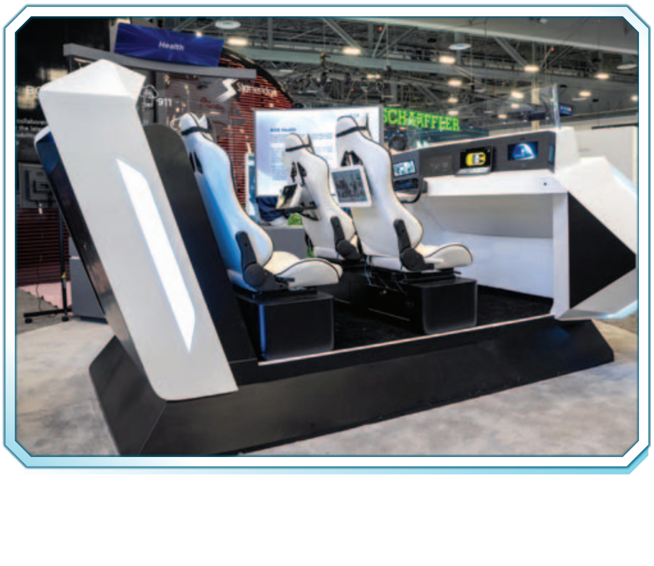
In 2024, we have participated in CES in the United States for three consecutive years, showcasing the innovative capabilities of our products on a global stage. Additionally, we plan to establish more laboratories in Europe and the United States to support customers' R&D needs. To enhance our market presence and customer support, we will also expand our sales and service teams, ensuring more effective and timely sales services and market promotion.

In response to the diverse supply chain location requirements of our overseas customers, we are exploring various strategies to meet these needs, including opportunities for overseas mergers and acquisitions, as well as the establishment of global production bases. Such capital expenditures will be implemented gradually, with the objective of aligning order intake with production capacity.

Emerging markets, particularly in Southeast Asia, represent a key growth area for the NEV industry. As our leading customers expand their operations, we are proactively exploring local markets and have already achieved promising results. With the continued growth of our business, we may further strengthen our investment in the Southeast Asian market.

Our system business is a vital component of our "three-step development strategy". The smart cockpit is poised to become a cornerstone of automotive systems, while the low-altitude economy presents substantial development potential. In 2024, we introduced the first group standard for integrated displays in smart cockpits within the PRC market. This successful establishment of the standard not only supports the standardized development and technological advancements of integrated displays for smart cockpits but also underscores our technical expertise and industry leadership in the automotive display sector. In addition, to capitalize on opportunities in the smart cockpit and low-altitude economy sectors, we will proactively cultivate a talent pool to support the development of new product lines.

We will further enhance our 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.



# CHAIRMAN'S STATEMENT

The NEV industry is significantly influenced by government policies and subsidies. The support to NEVs may diminish consumer demand for our customers' products, this consequently impacts our sales. To mitigate policy risks in any single region, we are actively exploring additional markets to achieve a more stable income mix.

The demand for vehicle intelligence is on the rise, positioning AI and smart cockpits as the future standard in development. To uphold our leadership in product technology, we are making substantial investments in R&D to cater for the need. Additional R&D facilities such as laboratories will be established, we will also leverage our shareholders' strengths in production capacity and technology, enabling us to consistently produce more advanced, higher-quality, and cost-effective products to sustain our competitiveness.

Competition in the NEV market is intense, and ongoing price competition may erode profit margins. Additionally, the heightened competition could lead to the exit of less resilient automotive manufacturers. Having said that, a leading automotive manufacturer could still achieve higher sales due to its good product creativeness, attractive price performance ratio, customer loyalties. To mitigate risks associate with less promising customers and enhance profitability, we will concentrate more on leading customers and establish strategic partnerships with them so as to increase our sales and drive to lower marginal costs.

The NEV industry is a key focus of government support in the PRC. Favorable policies and subsidies have not only driven rapid industry growth but have also intensified market competition. Additionally, suppliers from non-automotive sectors are entering the automotive market, further increasing supply chain competition. However, we are confident that our strong customer relationships, superior quality control, and robust supply chain management will enable us to maintain our leading position in the industry.

The current geo-political conflicts are intensifying, it could be a threat to our business. Our overseas sales may be subject to additional tariffs or other trade barriers and lead to additional costs. We have actively sought different remedies including transfer of costs to suppliers and/or customers, exploring the opportunities of setting up overseas production plant and cooperation with overseas partners to counteract the potential impact of tariffs and other geo-political risks.


The vast opportunities in the automotive market may give challenge to our supply chain. If our suppliers are unable to meet our requirements for quantity, quality or timing, we could suffer supply shortages or increase in procurement cost.

We have expanded our supplier sourcing to enhance diversity, and with our strong relationship with our major shareholder, we are confident in our ability to manage the stability and cost of raw materials effectively.

Our costs may increase due to market demand in talents and logistic. To maintain competitiveness and secure advantages, we have continuously enhancing our investment in employees by providing more trainings, apply the use of more automatic production process and improve product packaging to improve our cost efficiency. We have also recruited more talent to maintain the effectiveness of R&D so to drive a higher revenue per our staff.

# CHAIRMAN'S STATEMENT

## INDUSTRIAL AND OTHER 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.

The Industrial and Other display business represents a tens of billions market opportunity to us, and leverage our long industry knowledge, strong supply-chain and customer relationship, we continuously look into this opportunities and realise our further expansion, there are vest application opportunities in industrial and other displays business such as for unmanned stores, show room, public transportation, aviation, train and coaches station, car parking and charging facilities, vendors machines, fringe, new generation study desk, home appliance, e.t.c.. We believe the further development of these business could pave huge growth to us.

## 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, R&D capacity of BOE Technology Group Co., Ltd. and its subsidiaries (the "BOE Group") across various locations to meet market demand with relatively modest investments.

Regarding automotive business, we maintain a strong position in the high-end and large-size product segments. Thanks to our advanced-generation production lines in both amorphous silicon and oxide-based, we are well-equipped to remain competitive in terms of cost, supply capacity, and quality. Our controlling shareholder, the BOE Technology Group Co., Ltd., provides unparalleled resources in R&D technology and production capacity, which will enable us to successfully compete in the LTPS/Oxide/OLED in-vehicle technology upgrade market.

Expanding into overseas markets is a core focus of our business strategy. We will actively participate in global exhibitions to showcase our technological innovations to international audience. Additionally, we will strengthen strategic partnerships with leading Tier-1 customers to collaboratively secure new business opportunities. To better support our customers' R&D needs, we plan to expand our overseas sales teams and laboratories, ensuring tailored and responsive customer service.

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 "HERO" (Healthiness, Entertainment, Relaxation and Office) application initiative together with the smart cockpit solutions empowered by AI, have been introduced as the first group standard for integrated displays in smart cockpits in the PRC market. We believe this will be the milestone for our future growth.

Apart from automotive business, we will also leverage our existing resources to explore the vast opportunities in industrial and other display business to foster "Twin Engines" fast growth to our business.

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 satisfactory quality products and services and maintain sustainability of our environment. In September 2024, the Group won the TISAX AL2 level label and ISO/IEC 27001 information security management system certification and ISO/SAE 21434 automotive cybersecurity management system certification issued by BSI. It further demonstrates that we have reached a new level in information security management and established Industry model and benchmark.

## TECHNOLOGY DEVELOPMENT

To leverage the opportunities arising from automotive intelligence, we are dedicated to advancing our technical capabilities. Our investment in research and development is steadily increasing, with R&D expenditures raised from HK$237 million in 2023 to HK$284 million in 2024. Furthermore, the number of R&D technicians grew from approximately 410 in 2023 to around 450 in 2024. We are fully equipped with the requisite resources and talent, and we are optimistic about the promising opportunities that the future holds.

# CHAIRMAN'S STATEMENT

From new energy era to the intelligent era, people's demand for cars is no longer just at the level of comfortable transportation tools. Personalized needs such as more intelligence, leisure, and entertainment are becoming important considerations for car buyers. With the development of smart driving and smart cockpits, it is time to truly create a human-vehicle ecosystem and use smart cockpits as the "third living space". The vehicle display screen is the best expression of cockpit intelligence and the best interface.

Facing the future development of new cars in the new era, the Group has been committed to innovation and change, and promotes industry progress and change through continuous technological innovation. The Group's vehicle-mounted products have gone from being single-sized in the past to increasing sizes and diversifying shapes, and then to the application and development of technologies such as resolution, depth of field, and low reflection of ambient light; through system integration design, the screen-to-side-mirror has been realized A perfect replacement; expand usage scenarios through under-screen cameras, smart interior screens, panoramic head-up display (PHUD) and other solutions; realize high-end business applications with both green and artistic beauty through LCD dimming glass.

Relying on its ability to provide integrated solutions from display panel and module manufacturing to system integration, AI empowerment, and extended medical and health services, the Group proposes "HERO" project creates a smart cockpit that integrates Healthiness, Entertainment, Relaxation and Office to truly achieve the integration of emotion and intelligence between people and cars.

## PANORAMIC HEAD-UP DISPLAY (PHUD)

PHUD is an advanced vehicle head-up display technology. PHUD uses optical technology to project key information such as navigation, vehicle speed, oil pressure, and tire pressure in colour onto the windshield in front of the driver's line of sight. PHUD not only reduces the time the driver takes his eyes off the road, but also provides a seamless experience from A-pillar to A-pillar, allowing multiple screens to be hidden under the dashboard and connected to each other, further enhancing the driving experience.

We have several PHUD projects awarded in car manufacturers. At the same time, our 44.8-inch PHUD was exhibited for the first time at CES 2025, which received good market feedback.

## 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 had 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 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.

# CHAIRMAN'S STATEMENT

## 3D DISPLAY

Regarding 3D display, at present, reliability verification of 12.3-inch, 5K ultra-HD naked eye 3D display hardware has been completed, which can be applied to instrument cluster and entertainment display, and is currently cooperating with some car makers to verify the vehicle machine system to explore more vehicle machine use scenarios.

The next step is actively expanding the application of 3D in the field of industrial control and commercial display to enable 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 will complete the prototype development in the first half of 2025, and will combine speech recognition, gesture interaction and other functions to enrich the human-computer interaction experience, the product will be applied to back seat screen, headrest screen.

## DUAL VIEW DUAL TOUCH DISPLAY TECHNOLOGY

Dual-view display technology is a technology that can display images from two different angles on the same screen, enabling observers from different angles to see different contents, realizing multi-user interaction, simplifying vehicle space and reducing load. The product has a wide range of application scenarios in aviation, high-speed rail, vehicle-mounted, medical treatment, education and training and other fields.

We are actively developing this technology and expect to produce a POC prototype for promotion in the first half of 2025.

## PRIVACY ON DEMAND TECHNOLOGY ("POD")

Due to the consideration of driving safety requirement, Switchable Privacy display among automotive business is still growing. The evaluation of BOEVx Privacy on Demand (POD) Technology has been completed. Performance can meet most of the OEM requirements. The patented configuration has improved the long-lasting large angle light leakage issue. This technology has promoted to different Tier-1 and OEM all over the world and gets preliminary positive feedback from the customer. We expect this technology will be launched in the market in 2025.

## FRONT LIGHT/TAILLIGHT APPLICATION

Due to the trend of autonomous driving, information exchange like eye-contact and gesture between driver and pedestrian will be less and less. Therefore, another way of information exchange system between cars and pedestrians has to be implemented to ensure road safety. The new way of front light/taillight display can show different complex messages with high brightness and can pass the stringent reliability test condition of front light/taillight requirement is under development. With this lighting system, a car can show the message using high resolution display and let the pedestrian understand the car's current situation. This can help to improve road safety with the autonomous driving level increase. We expected the evaluation will be completed in Q3 2025 and bring the growing point of display 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 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.

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.

## DETACHABLE AFTER-MARKET INSTRUMENT CLUSTER DISPLAY

The first mass-produced independent instrument product uses pogo pin (pluggable spring pin connector) connection method for plug-and-play, which perfectly solves the functional needs of end customers for instrument display. At present, it has been designated as a customer project for mass production (2024). At the same time, many car manufacturers are docking similar products and developing a new product type.

Automotive independent instruments (including SOC), dual-screen independent instrument projects, brand-new UI/UE design, and systematic design to meet customers' multi-language and multi-theme needs. In the project, new work contents such as actual vehicle testing and production line production calibration were completed, laying a technical foundation for the subsequent development and production of complex controller systems. Customer orders have been obtained and mass production is planned in 2025.

The self-developed rotating structure assembly will be suitable for ceiling screen projects and back seat screen projects, further enhancing the comprehensive capabilities.

The back screen rotation technology has been put into mass production in the assembly project (2024).

We have rotating structure ceiling screen project awarded in car manufacturers, which will be mass-produced in 2025.

## ACKNOWLEDGEMENT

During the year under review, the Group has achieved higher 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 pursue 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, 26 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS


## REVENUE

The revenue of BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024 increased by approximately 25% to HK$13,449 million as compared to that of 2023. The Group's revenue growth was primarily fueled by increased sales of our Thin Film Transistor ("TFT") products, touch panel display modules, and automotive system products. This was primarily attributed to the significant growth in New Energy Vehicle ("NEV") demand, along with our achievements in customer service, quality, and enhanced production capacity.

## PROFIT FROM OPERATIONS

The profit from operations for the year ended 31 December 2024 was HK$437 million, a decrease of HK$132 million or approximately 23% as compared to that of 2023. The decrease in profit from operations was primarily due to the impact of the switch in the product mix, the impact of price adjustments, and increase of cost of inventory. In addition, the increase in freight charges due to geo-political conflicts, the increase in sales, marketing, commission and quality assurance expenses for our increased effort for the overseas market exploration, the increase in insurance expenses for the protection of recoverability, the increase in subcontracting fees due to urgent orders, as well as the increase in factory consumables to improve our qualities also impacted our profitability. We are committed to work to reduce our production and operating costs to improve profitability.

During the financial year 2024, the number of R&D technicians grew from approximately 410 in 2023 to around 450 and the Group invested HK$284 million on research and development ("R&D") activities, an increase of 20% compared to that of 2023, which represented approximately 2% of the Group's revenue. The R&D expenses growth alongside our revenue to maintain the technological advantage.

## NET PROFIT AND DIVIDENDS

The profit attributable to shareholders for the year ended 31 December 2024 was HK$391.3 million, as compared with a profit attributable to shareholders of HK$475.3 million in 2023. The decrease is primarily attributed to the factors outlined in the profit from operations, as well as a reduction in government grants.

Basic earnings per share for the year ended 31 December 2024 were 49.6 HK cents as compared with basic earnings per share of 60.4 HK cents in 2023. During the year, the Group did not declare an interim dividend. The Board has recommended a final dividend of 17.0 HK cents per share for the year ended 31 December 2024, which will aggregate to HK$135 million. The total dividend for the year amounted to 17.0 HK cents per share.

The Board has 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## STRUCTURE OF ASSETS

As at 31 December 2024, the total assets of the Group amounted to HK$11,465 million (2023: HK$10,034 million), such increase was mainly due to the investment for the expansion of our business and our improvement of working capital. The construction of the manufacturing facilities in Chengdu, China (the "Chengdu Plant") has been gradually completed. Our cash resources* was HK$4,122 million as of 31 December 2024 (31 December 2023: HK$3,572 million), the increase was attributed to our tight control of working capital. At the year end, inventories decreased by approximately 9% to HK$1,778 million (31 December 2023: HK$1,947 million), primarily due to the increase in sales orders, better quality control and effective inventory management measures implemented. Trade receivables have been increased with our increase in revenue, our cash collection cycle has been improved.

* Cash resources include cash and cash equivalents, fixed deposits, current other financial assets and restricted bank deposits.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the total equity of the Group was HK$4,600 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 1.41 as at 31 December 2024 (31 December 2023: 1.61). Current ratio changed mainly due to our investment for the future business expansion.

At the year end, the Group held cash resources of HK$4,122 million (31 December 2023: HK$3,572 million) of which HK$3,544 million (31 December 2023: HK$3,501 million) was in cash and fixed deposits balance, HK$390 million (31 December 2023: HK$15 million) was in current other financial assets, and HK$188 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 fixed deposits and current other financial assets reflected our proactive initiatives to generate risk-free interest income. At the year end, the Group had bank borrowings balance of HK$376 million (31 December 2023: HK$620 million). The carrying amounts of bank borrowings are denominated in Renminbi. Among the bank loan of HK$376 million, HK$170 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 8.2% as at 31 December 2024 (31 December 2023: 14.1%). The decrease in gearing ratio was due to our effort to minimize the operational risk and reduce in finance costs.

The Group's inventory turnover ratio (cost of inventories over average inventories balance) for the year ended 31 December 2024 was 7 times (31 December 2023: 5 times), the inventory turnover ratio improved as a favorable outcome, as annexed in section Structure of Assets above, of our focused efforts to enhance inventory management practices. Debtor turnover days (Average trade receivables over revenue times 365) for the year ended 31 December 2024 was 69 days (31 December 2023: 72 days), the improvement was annexed in section Structure of Assets above.

## CASH FLOWS

In the year under review, the Group's net cash generated from operating activities amounted to HK$1,457 million (2023: HK$1,186 million). The net cash generated was mainly contributed by the decrease in inventories of HK$136 million, the increase in trade and other receivables, deposits and prepayments and other contract costs of HK$719 million, and the increase in trade and other payables of HK$1,431 million.

Net cash used in investing activities amounted to HK$1,783 million (2023: HK$224 million). The payments were mainly for the purchase of property, plant and equipment of HK$568 million (2023: HK$502 million), net payments for the placement of fixed deposits of HK$844 million (2023: net redemption of fixed deposits of HK$62 million) and net payments for the purchase of other financial assets HK$364 million (2023: 15 million).

## CAPITAL STRUCTURE

The Group's long-term capital comprises shareholders' equity and debt, which includes the bank borrowings. There was no significant change as to the capital structure of the Group during the year. The bank borrowings decreased to HK$376 million as at 31 December 2024 (31 December 2023: HK$620 million). The bank borrowings of the Group are denominated in Renminbi.

As at 31 December 2024, the Group has cash resources of HK$4,122 million (31 December 2023: HK$3,572 million), among which, cash and cash equivalents of the Group was HK$2,700 million (31 December 2023: HK$3,501 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

The cash and cash equivalents are denominated in:

| | 2024<br>HK$ million | 2023<br>HK$ million |
|---|---|---|
| — RMB | 1,286 | 2,168 |
| — USD | 1,297 | 1,198 |
| — HK$ | 13 | 16 |
| — Other currencies | 104 | 119 |
| | 2,700 | 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. However, the management monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

As of 31 December 2024, the bank borrowings of the Group are with fixed and floating interest rate, where the balances are HK$30 million and HK$346 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.

## FINANCIAL GUARANTEES AND CHARGE ON ASSETS

At 31 December 2024, the bank loan amount of HK$196,382,000 (31 December 2023: 171,044,000) is secured by certain land, buildings, machinery and equipment of a subsidiary of the Group to match its long-term development.

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

## COMMITMENTS

The capital commitments outstanding at 31 December 2024 not provided in the Group's financial statements were approximately HK$204 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OTHER INVESTMENTS

As at 31 December 2024, the Group owned a diversified investment portfolio, such as equity investments in the automotive industry.

Apart from the above, there are no other material investment. The results of the above investments have been properly reflected in the audited financial statements for the year ended 31 December 2024.

## CONTINGENT LIABILITIES

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

## STAFF

As at 31 December 2024, the Group employed 7,393 staff around the world, of whom 124 were in Hong Kong, 7,210 were in the PRC and 59 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, provides rent-free quarters to certain of its employees in Hong Kong and the PRC and other fringe benefit to employees. The fringe benefit includes maternity leave, paternity leave, paid leave and etc.

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 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 Group has also complied with all relevant laws, regulations and local policies in Hong Kong in relation to staff retirement matters.

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 year, the total retirement scheme cost charged to the Consolidated Statement of Profit or Loss for the year ended 31 December 2024 was HK$74 million (31 December 2023: HK$65 million). Charges to administer of the scheme are deducted from the employer's contributions. Forfeited contributions are used by the employer to offset against future contributions. The utilised amount during the year ended 31 December 2024 was HK$Nil (31 December 2023: HK$Nil) and at 31 December 2024, the balance available to reduce the level of contributions in future amounted to HK$Nil (31 December 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.

## SIGNIFICANT SUBSEQUENT EVENTS AFTER 31 DECEMBER 2024 TO 31 MARCH 2025, BEING THE LATEST PRACTICABLE DATE OF THIS REPORT

The Group had no material events for disclosure subsequent to 31 December 2024 and up to the date of this report.

# REVIEW OF OPERATIONS

## REVENUE BY LOCATION OF SOURCING DECISION OF CUSTOMERS

### THE PRC

During the year under review, based on the location of sourcing decision of customers, the PRC generated revenue of HK$8,350 million, representing an increase of approximately 35% as compared with that in 2023. Approximately 62% of the Group's total revenue was sourced from this region and mainly from automotive display business.

The year 2024 presents both challenges and opportunities. The escalation of conflict has heightened tensions in the international political landscape, while leadership changes in advanced economies have introduced instability to the PRC's economic development and the NEV industry. Nevertheless, thanks to the PRC government's targeted initiatives to stimulate consumer demand and enhance economic structure, the PRC's GDP recorded a growth rate of 5% in 2024, surpassing expectations and highlighting the sustainability of the country's economic growth.

The NEV sector is a key priority within the industry, supported by policies such as trade-in subsidies, promotion of NEVs in rural areas, development of smart infrastructure, and tax incentives, all of which are fuelling robust growth. According to 2024 data from CAAM, automobile production and sales in the PRC increased by 3.7% and 4.5%, reaching 31.3 million and 31.4 million units, respectively. In contrast, NEV production and sales experienced remarkable growth of 34.4% and 35.5%, totalling 12.9 million units each. The automotive industry, particularly NEVs, plays a significant role in driving the PRC's industrial and economic growth.

The NEV sector has emerged as an unstoppable trend within the automotive industry. CAAM forecasts that the overall sales volume of NEVs will sustain robust growth, with an anticipated increase of approximately 24% in 2025. We have strategically seized this opportunity. Through comprehensive optimization of our supply chain, quality, production, and sales processes, we have consistently garnered the trust of our customers, established strategic partnerships with leading companies, and upheld our position as the market leader in China.

# REVIEW OF OPERATIONS

We enhance our supply chain management to effectively meet production demands while minimizing material turnaround times and mitigating the risk of material backlogs. Additionally, we have strengthened the management of supplier quality by conducting our quality conference, providing subsequent training, and collaborating with upstream partners to enhance quality performance. We have also shifted quality inspections to suppliers to prevent quality issues from affecting downstream processes and to reduce losses. Concurrently, the Chengdu Plant is optimizing production processes, upgrading personnel skills, and improving overall plant efficiency. As a result of these efforts, we have further refined our quality standards, earned customer trust, and received supplier awards from numerous core clients.

On the sales front, we maintain close communication with customers to understand their technical product requirements, establishing laboratories to consistently deliver cost-effective, high-quality, and advanced functional products. Throughout the year, the Group has successfully increased revenue across various TFT and touch panel display modules. Additionally, we partnered with a major automotive manufacturer to launch a 45-inch automotive display for its new NEV flagship model, receiving positive market feedback. Recognizing the growing demand for larger automotive displays is crucial for our strategy. We have successfully engaged with key players in the NEV sector and secured projects for upcoming car models, which will enhance our business prospects in the coming years. Simultaneously, our system business has made significant strides in China, with a more diversified and robust Tier 1 customer base, indicating that our efforts in this area are being acknowledged by clients. This will contribute to improving our revenue structure and sustaining our growth trajectory.

As the PRC's penetration rate of NEV surpasses 50% by the end of 2024, the NEV industry has officially entered the second phase of the automotive sector's transformation, characterized by "intelligentization" . In this context, we will witness a shift among car manufacturers moving from the growth phase to a competitive environment where only a few will prevail during this period of intelligence-focused evolution.


As a supplier of NEV manufacturers, the Group works with our NEV business partners to empower their growth and remain competitive. With the immense business opportunities brought by the growth of demand of NEV and the demand for larger and more advanced display and the sustainable renewal of automotive, we have prepared the new TFT and touch panel display modules manufacturing facilities in the Chengdu Plant to greet the needs, the Chengdu Plant further strengthens the production and supply capacity of the Group. We collaborate closely with the PRC's leading automotive companies to optimize product dimensions and promote platform-based, standardized offerings to achieve optimal cost performance. Concurrently, we have progressively enhanced our personnel, technology, and quality process systems. Through these efforts, we have consistently improved product quality and technical capabilities, increased factory operational efficiency, and elevated our services, resulting in a significant transition from existing standards to excellence.

Due to the keen competition, it will be more challenging for the leading PRC automotive manufacturers to maintain significant growth rate in the PRC market. To achieve breakthrough in the growth rate, overseas markets will be a critical option for the leading PRC automotive manufacturers. Though facing certain challenges such as insufficient NEV charging network, immature distribution channel for PRC NEV manufacturers and unstable political pressure from foreign governments, the PRC automotive manufactures have improved much in cost performance ratio, product uniqueness, product design and product quality, and are becoming more welcomed by overseas customers, the PRC NEV manufacturers have increased their footprints across the globe with higher global sales. With strong customer relationship and excellent product quality, the Group believes the orders from overseas regions will have notable growth.

## EUROPE

During the year under review, revenue of HK$2,444 million was generated from the display business in Europe based on the location of sourcing decision of customers, which represented a decrease of approximately 4% as compared with 2023. The European region contributed approximately 18% of the total revenue for the Group in the year under review.

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

Under the changing market environment, 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. During the year, the Group optimized features of our system products, and successfully won orders about cyber security and virtual screens. The Group will keep endeavour to explore the potential market of system business.

During the year, the Group also explored business opportunities from high potential industrial customers in Europe, and successfully won orders and opportunities from new energy transportation and aviation industry.

With the commencement of production for specific projects in 2025, we anticipate material revenue growth from the European market.

## AMERICA

Under the year under review, America generated revenue of HK$838 million based on the location of sourcing decision of customers, contributing approximately 6% to the total revenue of the Group. The revenue has increased by approximately 47% as compared with that of 2023.

The increase was mainly contributed by our effort in getting orders of TFT displays modules from several automotive customers in previous years and start of delivery in 2024. The Group has been striving to grasp the NEV trend to promote our products to existing and new customers. In 2024, we participated in CES in America for the third consecutive year to showcase our product innovations to a global audience. The Group has been promoting our TFT display modules in America for both automotive and industrial customers to address the shift of customers' preference from monochrome display to colour display and the end-of-life of monochrome display projects, especially in the industrial sectors. The Group has been putting utmost effort to explore the opportunity to apply our display modules in different types of vehicles for the digitalization of data, and obtained positive result. With the introduction of new models by our customers, we anticipate potential revenue growth from the American market. Additionally, we believe that the increasing demand for semi-system products, which command a higher selling price, will further contribute to our business growth in this region.

We collaborate with our prominent Tier-1 customers to secure orders from international automotive companies while fostering strong customer relationships. We will increase our manpower for the local sales team in Middle America to further enhance our responsiveness to customers' needs and empowers the Group to promptly understand and response to customer's technical requirements, and to shorten the time of obtaining the orders.

To address the needs of our international customers regarding origin, cost, and technical requirements, we are implementing various strategies, including overseas mergers and acquisitions and talent development initiatives, to foster mutual growth with our customers.

# REVIEW OF OPERATIONS

## JAPAN

During the year, revenue generated from Japan based on the location of sourcing decision of customers was HK$1,157 million, representing an increase of approximately 50% from that of 2023. Japan accounted for approximately 9% of the Group's revenue.

The increase was mainly contributed by our effort in getting orders of TFT displays modules from several automotive customers in previous years and start of delivery in 2024. Leveraging the long experience for serving leading automotive customers and the strong relationship obtained, the Group continued to win orders from leading automotive manufacturers in both TFT display and monochrome display modules.

The Group is committed to promoting our new oxide display modules and system solutions to both current and potential customers, recognizing the potential for growth. Additionally, our new office in Nagoya, equipped with an expanded team of local sales personnel and technicians, began operations in 2024. This development will enhance our responsiveness to customers' needs, enabling us to better understand and address technical requirements and shorten the order acquisition timeline.

In light of our customer's plans to expand production capacity in the PRC, we believe there is significant potential for revenue growth from the Japanese customers.

## KOREA

During the year, revenue generated from Korea based on the location of sourcing decision of customers was HK$376 million, representing an increase of approximately 24% from that of 2023. Korea accounted for approximately 3% of the Group's revenue.

Revenue from Korea was mainly derived from automotive display business. The increase in revenue during the year was mainly due to the mass production of orders we obtained in previous years. Korea will be an important market to the Group and we are putting utmost effort to obtain orders from leading Tier-1 manufacturers.

In the Korean market, local automotive manufacturers are planning to introduce more affordable NEV models, while major companies are ramping up their investments in charging infrastructure. These initiatives are expected to enhance the appeal of NEVs and accelerate the development of the necessary supporting infrastructure, indicating a positive outlook for NEV adoption in the Korean market going forward.

# REVIEW OF OPERATIONS

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group began incorporating its Environmental, Social and Governance (ESG) Report into its Annual Report from 2014. The ESG Report was prepared for the period from 1 January 2024 to 31 December 2024 and has been compiled in accordance 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. During the year, the Company participated and kept updating the climate change section in the CDP (Disclosure Insight Action). To strengthen our climate-related disclosures, we also consider following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Unless otherwise stated, the ESG Report covers operations in the PRC (including Heyuan and Chengdu) and Hong Kong, which together represent the core operations of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Company has authorised the functional departments and ESG risk management team to take charge of the overall supervision of ESG management and hold ESG communication meetings no less than twice a year and electronic meetings regularly and as necessary. We are responsible for developing the Company's ESG strategy and regularly reviewing its implementation; identifying and evaluating ESG risks and developing response plans; reviewing ESG management policies to ensure that they are consistently implemented and put into practice; reviewing ESG plans and goals and periodically reviewing the achievement of ESG goals; reviewing ESG performance, and ultimately coordinating, implementing and executing such plans and goals. The Company also reports sustainability-related policy updates, industrial major news on key sustainability issues, and sustainability-themed case analysis regularly. It is committed to improving the skills and abilities of the staff in sustainable development and promoting them to actively fulfil responsibilities in sustainable development risk management with an attitude of continuing learning, thereby continuously improving the Group's sustainability-related governance level.

In view of the external social and economic environment and the Group's internal development strategy, the Board will continue to pay attention to the sustainable development trends at home and abroad, strengthen the assessment of ESG material issues, discuss and determine the risks and opportunities of the Company in the aspects of environment, society and governance, and take the management and improvement of key issues as the key work of sustainable development.

In 2024, the Board focused on reviewing the following key activities and progress:

| | |
|---|---|
| **CORPORATE GOVERNANCE** | While consolidating the operation and management system and adhering to the bottom line of compliance, the Group steadily advanced the implementation of its sustainable development strategy and regulated and promoted ESG-related activities to improve management standards and reduce operational risks. |
| **PRODUCTS** | To provide customers with better products using a user-oriented approach, resulting in a significant improvement in customer satisfaction. |
| **CLIMATE CHANGE AND CARBON NEUTRALITY** | The Company undertook the goal of "achieving carbon neutrality by 2050", and formulated a roadmap, phased goals and coping strategies for carbon neutrality. |
| **UNDERTAKING SOCIAL RESPONSIBILITY** | The Company focused on urban revitalization to create social value, and put social responsibility into practice. |

The evaluation results of the Group's material issues, its management and practices on the above works and other ESG issues, as disclosed in detail in this Report, were reported to the Board in 2024.

As its strategic upgrading advances, the Group's sustainability management has been gradually integrated into the multi-dimensional, systemic professional management of business operations. In response to the increasingly stringent non-financial information disclosure requirements, sustainability management has been given much attention by the Board and the Group's management. The updates on related matters are required to be reported at board meetings, and the Group's ESG management and sustainable development reports must be approved by the Board. In order to ensure the accuracy of the Group's annual sustainable development report and increase internal attention to sustainable development, the report is prepared with the engagement of the functional departments and ESG risk management team and subject to the final approval by the Board before official release.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Establish an ESG management system and improve ESG work


## Examples of ESG implementation strategies

The content of the ESG Report has followed the reporting principles in relation to "materiality", "quantitative", consistency" and "balance" under the Guide, the application of which is as follows:

| Reporting Principle | Application in the ESG Report |
|---|---|
| Materiality | We have identified and disclosed in the ESG Report the process of and the criteria for the selection of material ESG topics. We have also identified and disclosed significant stakeholders, the process and results of their participation in the ESG Report. |
| Quantitative | We have disclosed the data on the standards, methodologies, assumptions and/or calculation tools used to report environmental key performance indicators (KPIs), and the sources of the conversion factors used. |
| Balance | The ESG Report reflects both positive and negative ESG information reasonably and objectively. |
| Consistency | We use standardized ways and methods to collect and calculate data. We state changes in methods or related factors in the ESG Report to allow meaningful comparisons. |

All opinions on the ESG Report are highly valued. If there is any enquiry or suggestion, please send an email to: Investor@boevx.com.

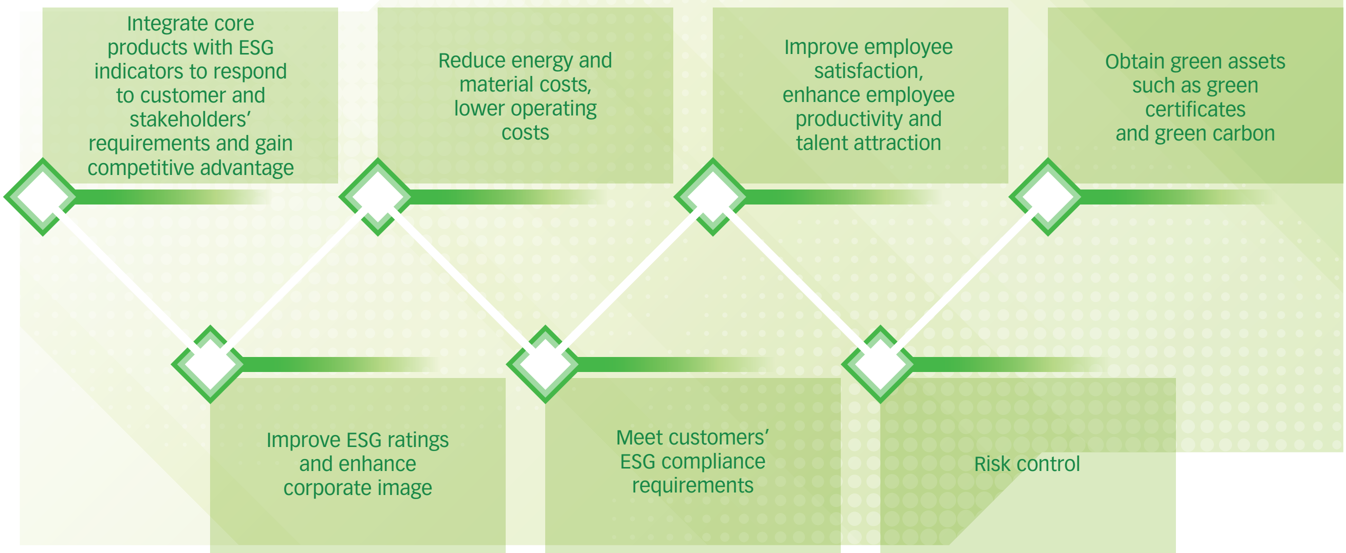
We understand the importance of ESG to the Group and its stakeholders in the capital market. It has established and gradually improved its ESG governance and management mechanisms to promote the integration of ESG into the Group's operations and management. We believe this integration will ultimately lead to long-term stable environmental, social and corporate values.

The Board has overall responsibility for the ESG strategy and reporting. The Board considers sustainability issues as being an integral part of its overall strategy, and each key sustainability risk and opportunity that has been identified is suitably evaluated, tracked, and proactively managed. The Board has been closely overseeing the ESG issues and the Group's initiative to make continuing ongoing improvements and to formulate an effective reporting mechanism. BOEVx's ESG risk management and reporting mechanism takes into consideration operational management and relevant stakeholders. Assessment of ESG status and progress are conducted on an ongoing basis.

Under the Board's delegation, the functional departments and ESG risk management team oversee the Group's sustainability performance, and ensures that sustainability considerations are incorporated into our decision-making process across all business units. They regularly report to the Board about their evaluation of the Group's sustainability strategies, targets and performance. They would collect and analyze environmental and social performance indicators to recommend appropriate improvement measures to enhance the Company's sustainability performance. We convene trainings regularly and arranged a training about rules and regulation compliance in December 2024. The Board takes ESG issues seriously to ensure the top management of each function monitors its own area of responsibility, always seek improvements and is committed to rolling out development plans with stakeholders' interests a primary concern.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The value of ESG efforts to the Group




In 2024, the Group continued to standardize its ESG governance and management process, with a specific focus on the process of determining material ESG issues. Based on the external socio-economic environment and the Group's development strategy, we optimize our communication and involved key stakeholders to identify, evaluate and manage important ESG matters. The Group attaches importance to ESG disclosure-related work, and the Board oversees the preparation process of the ESG report and reviews and approves the annual ESG report to ensure the veracity and effectiveness of information disclosure. The Group formulates performance targets including environmental and social targets, which will be reviewed and followed up by the Board.

The Group studied the sustainable development management strategy and set up the net-zero emissions by 2050 as the strategic goal, and commenced the research on carbon neutrality roadmap and strategy to formulate plans for the path to carbon emission reduction. The Group measured the carbon footprint within the Group's operational control, assessed the feasibility of our emission reduction targets, and developed emission reduction strategies which are (among others) the Group's vigorous promotion of energy conservation and emission reduction: improving the carbon emission audit system; carrying out energy conservation and emission reduction projects actively; strengthening the reasonable use of green energy, building plant rooftop photovoltaic power generation projects and etc. Heyuan and Chengdu reduced its carbon emission by 2,026.78 $tCO_2e$ and 4,401.06 $tCO_2e$ (includes using green electricity instead of conventional electricity to reduce by 3,219.60 $tCO_2e$ and implementing energy-saving projects to reduce by 1,181.46 $tCO_2e$) respectively in 2024. We will also regularly review the carbon emission reduction pathway and related goals based on changes in environmental trends and corporate business development.

In times of transcendence and uncertainty, the Group's focus on core principles is paramount. Amidst challenges, our obsessive fixation on operational efficiency has catalyzed enhancements within our business. With our rigours efforts, Chengdu Plant further consolidated its production efficiency and quality control. Chengdu Plant is ramping up to achieve better operational efficiency. Simultaneously, the Company is actively leading the way — ensure that the Group's management procedures are effective and that adequate resources are allocated to improve our ESG performance. Our growth and sustainability are ensured well into the future.

**ESG Risk Management and Reporting Mechanism**


The ESG Risk Management Team consists of top management from operations and finance, and communicates regularly to ensure ESG risks are properly managed. The Company has integrated sustainability factors into its daily operations and through the sustainable development strategy, goals and action to regularly track and evaluate the progress of targets, and ensure that all measures are implemented. We continuously evaluate the possibility and degree of impact of related risks and opportunities, incorporate sustainability-related risks into the enterprise risk management system, and ensure the effective operation of the Group's sustainability related risk management and internal control system.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENGAGING STAKEHOLDERS

The Group communicates regularly with stakeholders through various channels in order to understand their different expectations and the possible impacts to them of its sustainable development activities.

| Stakeholders | Communication channels | Channels content |
|---|---|---|
| Shareholders/ Investors | ▶ General meetings and notices<br>▶ Annual/interim reports, financial statements and announcements<br>▶ Direct communications<br>▶ Corporate website<br>▶ Investor briefings | ▶ Business sustainability<br>▶ Financial performance<br>▶ Corporate transparency<br>▶ Corporate social responsibility |
| Regulators | ▶ Meetings<br>▶ Compliance reporting | ▶ Compliance with laws and regulations |
| Customers | ▶ Direct communication via frontline staff<br>▶ Customer audits and factory visits<br>▶ Corporate website | ▶ Quality products and services, and delivery arrangements<br>▶ Technological developments<br>▶ Product responsibility<br>▶ Factory and labour conditions |
| Suppliers | ▶ Direct communication and meetings<br>▶ Site visits and reviews<br>▶ Vendor acceptance and management processes<br>▶ Questionnaire | ▶ Sustainable procurement<br>▶ RoHS considerations<br>▶ Corporate reputation<br>▶ Industry experience and expertise |
| Community | ▶ Involvement in and meeting with various communities through social services and sports activities<br>▶ Cooperation with local universities and NGOs | ▶ Improvement of community environment and culture<br>▶ Support for public welfare activities |
| Employees | ▶ Training and development<br>▶ Regular performance appraisals<br>▶ Newsletters<br>▶ Work-life balance activities<br>▶ Policy communication<br>▶ Communication with labour union | ▶ Health and safety<br>▶ Remuneration and welfare<br>▶ Career development<br>▶ Integrity and business conduct |

## MATERIALITY MATRIX

During the year, the Group has evaluated a number of environmental, social and operation related issues, and assessed their importance to the Group and its stakeholders. This assessment helps to ensure the Group's business development is in line with the expectations and requirements of its stakeholders. The materiality assessment result is shown below:

| Issues of high importance | Issues of moderate importance | Issues of general |
|---|---|---|
| ▲ Recruitment and promotion | ▲ Diversity | ▲ Compensation and dismissal |
| ▲ Benefits and welfare | ● Hazardous wastes produced | ▲ Equal opportunity |
| ▲ Health and safety | ■ Anti-corruption | ▲ Anti-discrimination |
| ▲ Development and training | ■ Consumer data protection and privacy policies | ▲ Preventing child and forced labour |
| ● Air emissions | ■ Supply chain management | ▲ Community investment |
| ● Greenhouse gas emissions | ■ Product responsibility | ▲ Resources contributed |
| ● Use of resources (electricity and water consumption) | ■ Intellectual property rights | ● Non-hazardous wastes produced |
| ● Environment and natural resources | ■ Whistle-blowing procedures | |
| ● Climate change | | |
| ■ Quality assurance | | |

▲ Social　● Environmental　■ Operation

## MATERIALITY ASSESSMENT

The issues that matter most to the Group's business and its stakeholders are identified and presented in the materiality matrix above which is the risks and opportunities they present to the Group. Whilst higher priority is given to these areas, other ESG aspects are also monitored on an ongoing basis and are included in the ESG report to enhance corporate transparency.

## GOVERNANCE

### RISK MANAGEMENT AND INTERNAL CONTROL

The Group places a high priority on risk management and internal control. The Group's risk governance structure is based on a "Three Lines Model", with oversight and directions from the Board and the Audit Committee.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board holds the responsibility of overseeing the development of appropriate policies and devising strategies, ensuring that the effectiveness of the Group's risk management and internal control system undergoes regular review. The relevant responsibilities are managed by the Audit Committee and reports to the Board on a regular basis. The Internal Audit Department and the Risk Management Committee are established, and are responsible for identifying and mitigating the risks in all areas, including financial, operational and compliance control.

As the first line, individual business units act as the risk owner, responsible for identifying, assessing, monitoring and reporting their operational risk, and developing respective controls and mitigation strategies. Professional functional units (such as finance, legal and etc.) serve as the second line, providing risk prevention support to the risk owner and relevant supervision. As the third line, the Internal Audit Department conducts regular audit, to provide independent and objective verification and recommendation on corporate governance and risk management, ensuring that the Group's risk management and internal control systems are effective and appropriate, supporting the fulfillment of business objective, promoting and facilitating the continuous improvement.

## GOVERNANCE

The Group is committed to maintaining the highest standards of integrity and ethical conduct in all our business dealings. The Group has a zero-tolerance policy towards corruption, and takes active steps to prevent and detect any corrupt practices.

The Group strictly abides by the law and regulations of Hong Kong, the PRC and other jurisdiction that we have business relationship. The Group formulated the "Code of Conduct", "Anti-corruption Policy" and other policies to stipulate the guidelines on anti-bribery, anti-corruption, conflict of interest and other contents. These policies are regularly reviewed and updated to ensure that they remain effective in preventing corrupt practices. The Group also provides regular training to the employees on these policies and on the importance of ethical behavior.

Whistle-blowing channel is in place for reporting any suspected instances of corruption. This system is designed to protect whistleblowers and ensure that any allegations are investigated thoroughly and impartially. The Group believes that our commitment to anti-corruption is essential for building trust with our stakeholders and maintaining our reputation as a responsible corporate citizen.

## CONNECTED PARTY TRANSACTIONS

The Group takes a precise approach to all transactions with our connected party, ensuring that all transactions are conducted in compliance with the Listing Rules. All connected party transactions are subject to a rigorous review process, ensuring that the terms of transactions are fair and reasonable, and the transactions are conducted on normal commercial terms or better and in the ordinary and usual course of business. The Group strictly complies with all applicable provisions under the Listing Rules to ensure that all transactions are disclosed and/or approved by shareholders in a timely and transparent manner as required.

A robust internal control measures are in place to ensure that the interests of shareholders as a whole are taken into account. Regular checking on the transactions would be conducted to assess whether the terms of transactions are followed, and regular monitoring on the actual transaction amount would be performed to ensure that the annual caps are not exceeded. By being rigorous and rule-complying about the connected party transactions, the Group can demonstrate the commitment to ethical conduct and good governance.

## Environmental Policies and Performance

**ENVIRONMENT**

### Standardize Environmental Policies

- EHS Department is responsible for environmental issues
- Provide basic knowledge training on environmental protection to new employees when they join the Company
- Regularly carry out professional knowledge training for key environmental protection positions
- Hold regular environmental management meetings
- Promote environmental policies to employees through internal portals, internets, websites, brochures and etc.

### Climate Change

**Greenhouse gas emission monitoring**

- Greenhouse gas emission inventory completed in accordance with the greenhouse gas accounting system or other greenhouse gas measurement standards
- Measure greenhouse gas emissions at least once a year
- Greenhouse gas emissions verified by independent third parties

**Actions taken on energy consumption and reduction of greenhouse gas emissions**

- Use gasoline-electric hybrid business vehicles to reduce carbon emissions
- Employee energy conservation and climate action training (training topics: Energy management system standards and energy review training (March 2024), power supply and distribution system and fan system energy conservation technology training (April 2024), energy management system internal auditor training (June 2024)
- Reduce the use of office lights, control the opening hours of air conditioners in office areas, and daily energy-saving inspections of office appliances to reduce greenhouse gas emissions and energy consumption in the workplace

### Energy

**Use renewable energy**

- Renewable energy as a share of all other energy
- Types of renewable energy used: hydropower and wind power

### Waste

- Written regulations or waste management plan for waste management
- Reduce internal waste by reusing, collecting or repurposing, such as recycling some plastic trays and cartons
- Promote waste processing through internal classification and processing, such as classified collection and processing according to general waste and hazardous waste
- Training or activities to improve employees' awareness of waste reduction and classification, such as training on solid waste classification and collection methods

### Water Resources management

- Develop water or wastewater management rules and plans
- Carry out water-saving publicity and education, and use water-saving water appliances
- Installation of cooling towers, production wastewater recovery and purification units to reuse general water and water generated during operations
- Measure and manage to ensure emissions comply with legal requirement
- Measures to reduce the discharge of pollutants into drainage systems
- Measures to detect and eliminate unintentional water contamination (e.g. groundwater, surface water)

### Impact of Products on the Environment

- Integrate environmentally friendly design into product design, such as developing environmentally friendly products and improving energy efficiency, etc.
- Study the carbon footprint of key services

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### "IoT Vision, Carbon Exploration Future"



BOE's lean operation focuses on long-term development and social symbiosis. It is a carbon reduction path based on the four major sectors of "green management", "green factory", "green supply chain" and "green products", and constantly explores new integration of smart technology and green and low-carbon technology. In the future, BOE will continue to work closely with upstream and downstream partners, build a sustainable ecological system with partners, and jointly promote the green upgrade of the entire display industry, making important contributions to achieving the global carbon neutrality goal.

### 44.8-inch ultra-large vehicle-mounted Oxide smart cockpit

The 2024 World Display Industry Innovation and Development Conference was held in Chengdu, Sichuan Province. BOEVx and its ecological partners participated in the "BOE Green Low-Carbon Display Ecological Exchange Meeting" during the same period of the exhibition.

This smart cockpit solution features 9K ultra-high resolution and 90Hz ultra-high refresh rate. It also uses glass-based Mini LED backlight technology to present top-level image quality with over 6,000 partitions, million-level ultra-high contrast and peak 2,000nit brightness display effects, bringing the ultimate visual feast to users; it also adopts a cold-bent curved surface design, and adds Oxide and Mini LED technology to significantly reduce power consumption and bring an immersive visual experience, demonstrating the integration of BOEVx's innovative achievements in integrating green, low-carbon and smart technologies.

27-inch Mini LED vehicle display

Dual 12.3-inch flat Mini LED display

It has million-level high contrast and ultra-high color gamut, and uses Mini LED backlight technology to achieve excellent color reproduction and display effects. It can also significantly reduce power consumption to achieve low power consumption and low carbon emissions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## CLIMATE CHANGE

As an enterprise with social responsibility, the Group also recognises that climate change could create uncertainties in our business development. We assess how climate change could affect our business operations, and minimise the potential impacts on our sustainable growth. We are dedicated to reducing our electricity and water consumption, and emissions during operations as disclosed.

The main risks of climate change to the development of the business includes the market risk-increase in raw material costs. Our parts suppliers and their upstream suppliers may be subject to more stringent energy saving and emission reduction requirements, or be exposed to the risk of inclusion in the carbon emission market, carbon tax and other policy developments. If they face higher costs, these costs may be passed on to the Group. In order to manage the risks of climate change, we have carried out a series of actions to support the Group with climate change mitigation and adaptation, including but not limited to the plant construction photovoltaic power generation project, and will continue to deepen our innovation and iteration of green products and adhere to any sustainable development strategies in order to adapt to new green development trends within the market.

Waste management is a vital aspect to the Group. To lower environmental impact caused by waste generation, the Group has abided by relevant laws and regulations, and strengthened its monitoring on the waste management where the consumption of electricity and water, recycling of wastewater and disposal of hazardous and non-hazardous solid waste can be monitored more efficiently.

Greenhouse gas ("GHG") emissions are closely linked to climate-related crises nowadays. To reduce corporate GHG emissions as well as to lower individual carbon footprint of its employees, the Group has put efforts in the encouragement of employees to take public transport during local and cross-border business travel, while high speed rail is used or video/telephone conference is held whenever possible to reduce or avoid any unnecessary overseas business travel, and encourage direct flights are chosen to reduce carbon emissions caused by inevitable business travel.

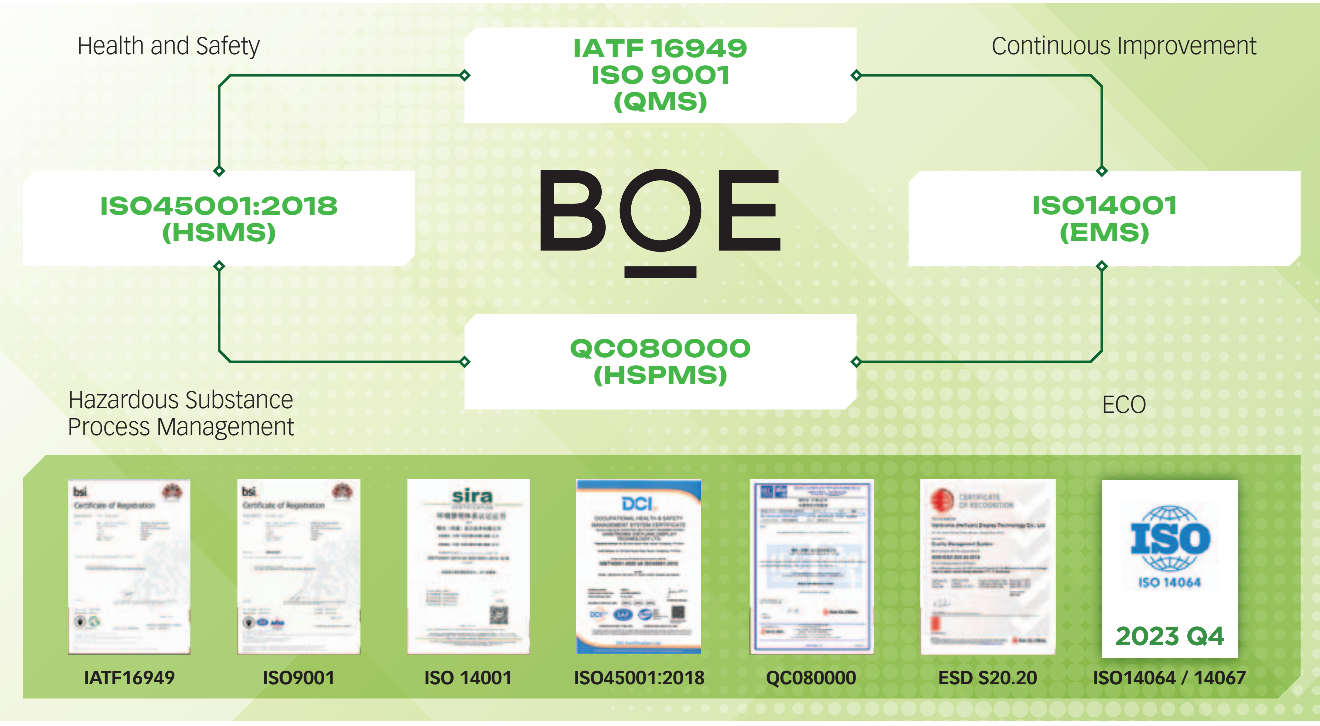
## ENVIRONMENT

Over years, the Group has developed streamlined operating processes and energy-efficient hardware to lessen energy and water utilisation, improved the use of resources and investigated new means for environmental preservation.

As a manufacturing company, the Group's management is always aware of the importance of sustainable development and environmental protection. The Group's policy on emissions and waste is fully complied with the requirements of the emission standard in《水污染物排放限值》(DB44/26-2001),《大氣污染物排放限值》(DB44/27-2001) and other relevant requirements and standards. The emission and waste treatment policies of Chengdu plant fully comply with Discharge Standard of Water Pollutants for Electronic Industry《電子工業水污染物排放標準》(GB39731-2020), Integrated Wastewater Discharge Standard《污水綜合排放標準》(GB8978-1996), Sichuan Emission Control Standard for Volatile Organic Compounds《四川省固定污染源大氣揮發性有機物排放標準》(DB51/2377-2017), Emission Standard of Air Pollutants for Boilers in Chengdu《成都市鍋爐大氣污染物排放標準》(DB51/2672-2020) and other relevant regulations.

The Group has been accredited with ISO 14001 since 2005. Under this accreditation, the Group resolves to comply with environmental laws, regulations and other applicable requirements, and to reduce or eliminate pollution while minimising any impact on the environment.

The manufacturing facilities in Heyuan and Chengdu are required to undergo stringent environmental audit and continuous monitoring, in order to protect the natural resources in the region and also to comply with all relevant local environmental laws and regulations.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Emission and Waste Performance | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Heyuan Plant | | | | Chengdu Plant | | | |
| | 2024 | | 2023 | | 2024 | | 2023 | |
| Waste | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) |
| **Air** | | | | | | | | |
| HCL | **0.128** | **0.01** | 0.147 | 0.01 | **N/A[a]** | **N/A** | N/A[a] | N/A |
| Particulates | **<0.007** | **0.0005** | <0.0070 | 0.0007 | **0.0005[c]** | **0.00** | 0.004 | 0.00 |
| $SO_2$ | **<0.050** | **0.0037** | <0.050 | 0.0046 | **0.0003[c]** | **0.0000** | 0.0013 | 0.0001 |
| $NO_x$ | **0.02** | **0.001** | <0.01 | 0.001 | **0.0045[c]** | **0.0003** | 0.024 | 0.0022 |
| Greenhouse Gas Total (Direct $CO_2$e emissions and Indirect $CO_2$e emissions) | **36,246.49 $CO_2$e tonnes** | **2,695.11** | 54,726.43 $CO_2$e tonnes | 5,086.10 | **18,264.78 $CO_2$e tonnes** | **1,358.08** | 18,217.46[b] $CO_2$e tonnes | 1,693.07 |
| Direct $CO_2$e emissions | **11,138.60 Mg $CO_2$e/ piece** | **828.2103** | 7,762.38 Mg $CO_2$e/ piece | 721.4108 | **40,487[d] Mg $CO_2$e/ piece** | **3,010.41** | 50,885[b] Mg $CO_2$e/ piece | 4,729.0892 |
| Indirect $CO_2$e emissions | **0.6552 Kg $CO_2$e/ piece** | **0.0487** | 0.9389 Kg $CO_2$e/ piece | 0.0873 | **1.6711 Kg $CO_2$e/ piece** | **0.1243** | 1.7650[b] Kg $CO_2$e/ piece | 0.1640 |
| Intensity (Direct $CO_2$e emissions and Indirect $CO_2$e emissions) per unit of production volume | **0.6664 Kg $CO_2$e/ piece** | **0.0496** | 0.9466 Kg $CO_2$e/ piece | 0.0880 | **1.7116 Kg $CO_2$e/ piece** | **0.1273** | 1.8158[b] Kg $CO_2$e/ piece | 0.1688 |
| Fumes | **0.012** | **0.0009** | 0.012 | 0.0011 | **0.0222** | **0.0017** | 0.025 | 0.0023 |
| Non-methane total hydrocarbon | **1.23** | **0.0915** | 1.060 | 0.0985 | **0.5048[e]** | **0.0375** | 0.121 | 0.0112 |
| **Water** | | | | | | | | |
| Wastewater | **626,808** | **46,606.29** | 694,554 | 64,550 | **123,941** | **9,216** | 100,369 | 9,328 |
| **Solid** | | | | | | | | |
| Solid Waste Hazardous | **106.43** | **7.91** | 78.55 | 7.30 | **94.61** | **7.03** | 48.48 | 4.51 |
| Solid Waste Non-hazardous | **1,262.56** | **93.88** | 881.35 | 81.91 | **577.11** | **42.91** | 352.09 | 32.72 |

Note:

a. Since there is no etching process in Chengdu plant, there is no hydrochloric acid discharge.

b. Data revised, which are verified by an independent third party.

c. In 2024, due to the reduction in boiler operating time, Chengdu plant's boiler flue gas emissions containing particulates, $SO_2$ and $NO_x$ were decreased.

d. As Chengdu plant's energy-saving measures were strengthened and energy efficiency improved, direct $CO_2$e emissions decreased.

e. The decrease in activated carbon treatment efficiency in Chengdu plant led to an increase in emission concentration of non-methane total hydrocarbons, and the increase in product output led to an increase in organic waste gas generation (non-methane total hydrocarbons); the activated carbon will be replaced in 2025 to improve the efficiency of organic waste gas treatment.

## EMISSIONS

### Air

For Heyuan, major emissions in the production plant are primarily collected at the exhaust vents of the production buildings and canteen kitchen of the plant. Hydrochloric acid and organic waste gas (non-methane total hydrocarbons) are the main emission created by the production process. It is used at the etching stage when producing LCD panels. The volatilised hydrochloric acid is drawn to the ventilation system in the production buildings, then transmitted to the neutralising machines on the rooftop and neutralised with alkali before being released to the air. Due to the reduction of black and white displays, the emission of HCL in 2024 decreased by 0.019 tonnes (12.9%) compared with 2023. In the cleaning process, cleaning alcohol, alcohol and other organic substances will be used, and the volatile organic waste gas will be transported to the centralized treatment facility on the roof of the production buildings through the exhaust pipe, and will be discharged up to the standard through the treatment method of water spraying and activated carbon adsorption. The wastewater in the process flows into the Company's sewage treatment facilities, and the activated carbon is replaced regularly. The replaced waste activated carbon is regarded as hazardous waste and is passed to qualified recycling contractors for disposal. Due to the increase in production capacity of TFT color displays in 2024, the emission of non-methane total hydrocarbon increased by 0.17 tonnes (16%) compared with 2023.

Emissions such as particulates, nitrogen oxide, sulphur dioxide and oil fumes are collected from the exhaust vent at the canteen kitchen of Heyuan plant. These substances are mainly produced during the process of fuel combustion. Since December 2018, the kitchen of Heyuan plant has been using bio-alcohol oil as fuel and processing it through a new model of oil fume purifier for reducing emissions effectively. However, due to the increase in production capacity and the number of staff in 2024, the canteen's nitrogen oxide emissions increased by 0.01 tonnes compared to 2023.

For Chengdu, the production plant is mainly engaged in automotive LCD module assembly and thus no notable emission is generated. Chengdu plant uses a large amount of absolute ethanol, adhesives and other chemicals commonly used in the electronics industry during the production process. These chemicals produce volatile organic compounds (VOCs) during use. In order to prevent these substances from polluting the workshop and the external air environment, the plant has built standardized exhaust gas collection and treatment equipment, which maintained good operation. In 2024, Chengdu plant conducted monthly monitoring of exhaust pollutant emissions, passing rate is 100%, and was subject to supervision and monitoring by the government. In addition, the canteen kitchen emits oil fumes. The plant has implemented strict control measures for air emissions, including: the main equipment and workstations in the module workshop that generate VOCs are equipped with exhaust gas collection devices. The exhaust gas collection efficiency is greater than 90%. The collected organic waste gas is purified through two stages of activated carbon towers adsorption to be emitted at a concentration far below the local emission limit in Sichuan Province; the particulates generated during the cutting process is purified by matching high-efficiency dust collectors and is locally discharged in clean workshops meeting the standards; the natural gas vacuum hot water boilers in the plant use low-nitrogen combustion technology, ensuring that the concentrations of various pollutants are below the emission limits for boilers in Chengdu; the canteen kitchen's oil fumes are treated and discharged after meeting the standards through an oil fume purifier.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


Actual picture of organic waste gas treatment facilities in Chengdu plant


Local government supervision and monitoring



## Greenhouse Gas

For Heyuan, our greenhouse gas emissions stem from burning clean oil at plant kitchens, use of purchased electricity and etc. The use of energy is the major contributor of both direct (Scope 1) and indirect (Scope 2) emissions in the Group. Direct emissions (Scope 1) come from the plant canteens and commercial vehicle fuel. Since the plant canteens now use burning bio-alcohol oil as clean energy, it is no longer within the scope of direct carbon emissions. Electricity (Scope 2) for carbon emission is more noticeable in our operations.

Scope 1 emissions mainly from commercial vehicle fuel, greenhouse gas emissions of plant air-conditioning and refrigeration, fire extinguishing equipment filling, wastewater and septic tanks. Scope 2 indirect energy emissions, the $CO_2$ equivalent emissions mainly from purchased electricity. Greenhouse gas emissions (Scope 1 and Scope 2) in 2024 are approximately 36,246.49 tonnes, of which direct greenhouse gas emissions (Scope 1) are approximately 605.88 tonnes of $CO_2$ equivalent; indirect greenhouse gas emissions (Scope 2) are approximately 35,640.61 tonnes of $CO_2$ equivalent. As a responsible enterprise, the Group is committed to reducing greenhouse gas emissions. This year, it purchased 35,900 green certificates, each of which is 1,000 kWh, a decrease of 33.77% from the greenhouse gas emissions (Scope 1 and Scope 2) of 54,726.43 tonnes in 2023. We do not report Scope 3 emissions because of the lack of complete and accurate data.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2024, we strengthened energy management, improved energy efficiency, promoted energy consumption reduction, established the ISO 50001:2018 energy management system and passed the third-party certification, and obtained the certificate in January 2025.

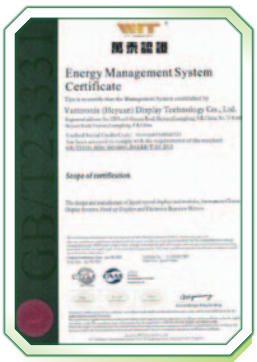
In December 2024, we signed a contract with a power sales company for 20 million kWh of green electricity in 2025. In 2025, we plan to purchase 2 electric commercial vehicles to replace fuel commercial vehicles, which will effectively reduce carbon emissions (Scope 1 and Scope 2).

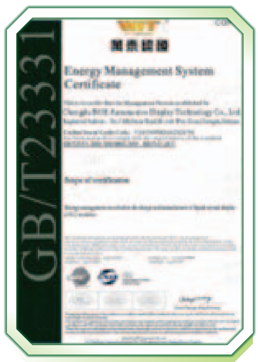
For Chengdu, 2024 is the second year of operation for Chengdu plant. We completed the 2023 carbon emissions verification in June 2024 and obtained the ISO 14064-1 certification. In January 2025, we completed the 2024 greenhouse gas emissions assessment for Scope 1 and Scope 2 (which third-party will verify), and expect to complete Scope 3 assessment by the end of May 2025 due to the data complexity.

In 2024, the greenhouse gas emissions (Scope 1 and Scope 2) of Chengdu plant amounted to approximately 18,264.78 tonnes, representing an increase of approximately 0.26% compared to the previous year. $CO_2$ equivalent direct greenhouse gas emissions (Scope 1) accounted amounted to approximately 432.04 tonnes. The main sources of emissions were from septic tanks, official vehicles and fire extinguishers. The $CO_2$ equivalent indirect greenhouse gas emissions (Scope 2) from the input of energy sources was approximately 17,832.74 tonnes.

In 2024, Chengdu plant purchased 6 million kWh of green electricity to replace part of the conventional electricity, and completed the construction and certification of the ISO 50001:2018 energy management system, effectively promoting energy conservation, consumption reduction and carbon reduction. Benefit from further implementation of energy-saving measures in the plant, improved production efficiency and the use of green electricity, the greenhouse gas emission intensity per unit product in 2024 decreased by approximately 5.5% compared with 2023.

As a responsible enterprise, the Group is committed to reducing energy consumption, upholds the principle of "Green Operation" and strives to improve our environmental performance by implementing various measures and practices. It includes: video conferences are held where possible to avoid any unnecessary overseas business travels and direct flights are chosen for inevitable business travel; water taps with water efficiency labels are installed and dripping taps are fixed immediately to avoid the wastage of water resource; divide the office area into different light zones using independent lighting switches and adopt energy-efficient lighting regularly to increase the energy efficiency of lighting system; regular inspection, repair and maintenance are performed to ensure the efficiency of machineries and vehicles. The Group repairs and maintains the equipment and machines regularly and thoroughly from time to time in order to ensure the equipment and machines under a good condition for operation. The Group is dedicated to upgrade the equipment and machines and develops technological innovation to strive for breakthroughs in the area of clean energy and low carbon emission technology. The Guangdong Administration for Market Regulation announced the results notice of the energy measurement review of key energy-consuming units in 2020. The Group's energy management meets the regulatory requirements. The Water Affairs Bureau of Heyuan, Guangdong Province announced in 2020 that the Group's enterprises are water-saving enterprises. Besides, the Group attaches great importance to the design and consumption of packaging of our products so as to reduce the usage of packaging materials.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Product Carbon Footprint

Chengdu plant places great emphasis on reducing the carbon footprint of its products. During the product design phase, we implement low-power design, lightweight design, and disassembly design to minimize the carbon footprint at the usage phase of the product. In the raw material procurement stage, we select high-quality materials and low carbon footprint through dualization and diversification of manufacturers. During the manufacturing phase, we utilize lean management practices to reduce raw material waste and energy consumption, as well as using green electricity, thereby lowering the carbon footprint of the production process. In the transportation phase, we employ low-carbon transportation methods, such as rail and water transport, to decrease the carbon footprint associated with product delivery.

During the operation period of the plants, it is required to measure the emissions of pollutants and fill in the monitoring report on a regular basis. The emission reduction measures of the PRC plant focused on reducing energy consumption.

Electricity and Water Consumption, and Emissions

### Wastewater

Waste is unavoidable during the manufacturing and operation process, but the Group keeps a stringent control on the emission and ensures it is properly treated to minimise any negative impact to the environment.

For Heyuan, wastewater generated during the manufacturing process is treated in a large underground wastewater treatment facility with a daily maximum treatment capacity of 4,000 $m^3$. The current actual daily treatment is about 2,000 $m^3$. A computer software program recognised by the Heyuan Environmental Protection Bureau has been installed to provide the data on elements such as Chemical Oxygen Demand (COD) and the PH level at the discharge vent directly to the Bureau's system. That means the wastewater discharge in the production plant is under continuous and timely monitoring by the Bureau. During the reporting period, there was no event or reported case of non-compliance which significantly influenced the water source.

Due to the adjustment of product structure and the reduction of wastewater-generating processes, wastewater discharged in 2024 decreased by 9.75% compared with 2023, to approximately 67,700 tonnes.

Chengdu plant uses municipal tap water in its production and operation processes, generating domestic sewage and production wastewater (including cooling tower drainage, concentrated water from the pure water preparation system, and wastewater from product cleaning machines). Most of the concentrated water and product cleaning wastewater enters the plant's wastewater recycling system and is reused for pure water preparation or for toilet flushing. Domestic sewage, cooling tower drainage and a small amount of production wastewater that cannot be recycled are discharged into the municipal sewage pipeline and undergoes unified processing at the municipal sewage treatment plant. The plant engages a third-party testing agency to conduct regular monitoring of the discharged wastewater, and the monitoring results are 100% passed.

For the year 2024, in Chengdu plant, the total amount of wastewater discharged was 123,941 $m^3$, with an average of 339 $m^3$ per day, a year-on-year increase of 23% mainly due to the increase in the number of employees and production capacity.

Chengdu plant cleaning and recycling device (partial)

### Solid Waste

For Heyuan, non-hazardous solid waste is usually produced during manufacturing and daily living. Used carton boxes, wooden packing cases and scrap glass are collected by qualified recycling contractors. Production plant staff are also encouraged to put rubbish into designated garbage containers. Such collected garbage is also collected by qualified recycling contractors. Hazardous waste from the production area consists primarily of materials used in the manufacturing process. Chemicals used during production are collected and treated in full compliance with local environmental regulations. The Group actively uses recyclable materials and is environmentally friendly, 14,729 recyclable plastic boxes (approximately 21.38 tonnes) were used in 2024. Due to the increase in production capacity in 2024, the amount of non-hazardous solid waste in 2024 was 381.21 tonnes more than in 2023; the amount of hazardous solid waste in 2024 was 27.88 tonnes more than in 2023.

Hazardous waste generated during the production process of Chengdu plant mainly includes hazardous chemical contaminants and waste circuit boards, which are classified and collected by various waste production units and stored uniformly in the hazardous waste storage facility within the plant, and regularly transferred to third-party units with legal and valid qualifications for disposal or comprehensive utilization.

### Measures to Reduce Emissions and Waste

For Heyuan, by using automated production equipment where possible, we reduce the usage of rags dipped in chemical for the glass surface cleaning processing which can mitigate by at least 3 tonnes (per annum) of hazardous waste. Besides, we strive to reuse and recycle by designating waste sorting areas and facilities for a wide range of recyclables. We maintain proper records of the recyclables collected and monitor our waste performance against waste recycling targets. All non-hazardous and non-recyclable wastes are collected by qualified waste recycling contractors. Besides, wastewater was also reduced to 40mg/L of Chemical Oxygen Demand (COD) through Mixed Wastewater Treatment of domestic sewage and industrial wastewater, which is lower than the emission standard value of 90mg/L. In 2017, an investment of HK$936,700 in the transformation of the water loop treatment system at the plant which was used to treat the waste water and recycling. It reduced the annual discharge of 6,000 tonnes of wastewater.

Through the introduction of automation equipment, the Company has added 4 new water washing lines in the patching process to clean the glass surface, replacing the previous manual cleaning with lint-free cloths, effectively reducing the emission of solid waste by about 1.5 tonnes.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For Chengdu, the plant is firmly committed to waste reduction, resource utilization and harmlessness. The plant has established standardized storage facilities for hazardous waste (approximately 700 $m^2$) and general solid waste (approximately 1,300 $m^2$), specifically for the collection and temporary storage of various types of solid waste, providing favorable conditions for achieving the "3R" (Reduce, Reuse, Recycle) of waste.

In addition, to achieve resource recycling, Chengdu plant encourages major raw material suppliers to reuse packaging materials. In 2024, Chengdu plant promoted 3 material suppliers to recycle a total of 548,177 packaging materials (plastic pallets) (about 103 tonnes), greatly reducing the amount of waste generated and promoting resource recycling. In the module production line, source separation was implemented to prevent general solid waste from being mixed into containers for hazardous waste collection, thus controlling the generation volume of hazardous waste.

Chengdu plant hazardous waste storage

Exterior view of general industrial solid waste storage facility

Waste wooden pallet transfer point


Interior view of general industrial solid waste facility

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Electronic waste

The electronic waste generated by Chengdu plant mainly includes waste backlight sources, waste LCD glass, and waste circuit boards, all of which are handed over to qualified units for comprehensive utilization. In 2024, a total of 321.45 tonnes of various electronic waste were processed, and both the transfer procedures and processing processes complied with national and local laws and regulations.

### Opportunities in Clean Technology

Chengdu plant utilizes advanced production equipment and processes. The general energy-consuming equipment in the plant meets the mandatory energy efficiency requirements specified in relevant standards, and there are no equipment that are explicitly prohibited from production or use, nor those that are energy-intensive and inefficient. The plant's main energy-consuming equipment includes chillers, cooling towers, power transformers, water pumps, air compressors, and lighting fixtures, all of which use energy-efficient products. Among them, the chillers have an energy efficiency rated Level I, power transformers are rated Level II, and the cooling towers are energy-saving and water-saving products, while various water pumps and lighting fixtures are also energy-efficient.

All process equipment in the plant is industry-leading and from well-known domestic and international brands, featuring a high degree of automation. The Group employs smart management and regular maintenance to ensure that specialized equipment operates with high efficiency, consumes relatively low energy, and has minimal environmental impact.

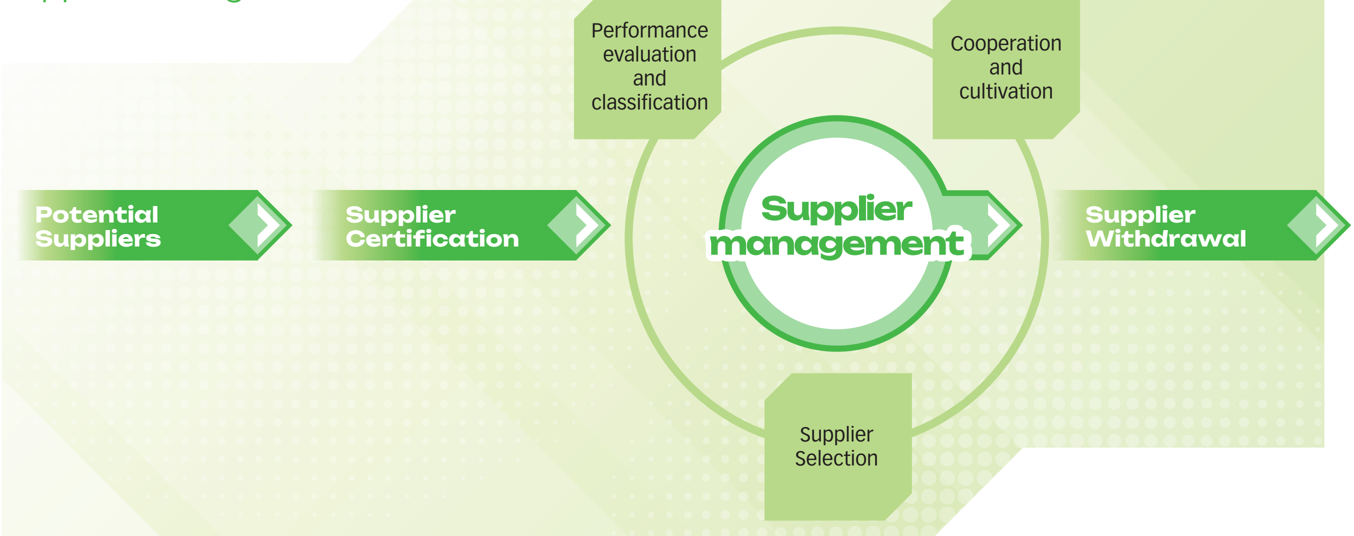
### Raw Material Procurement

The plant has established a supply chain management system to effectively manage supplier performance through initial certification and regular evaluation. Based on this, suppliers are graded and segmented, allowing for targeted cooperation and development of strategies. This continuous optimization of supplier resources ensures a healthy, stable, and efficient supply chain, enhancing the overall competitiveness of the supply chain.

The Group 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, clarifying quality requirements and acceptance criteria for procurement of products.

Procurement information provided by the Group to suppliers includes environmental requirements on the use of hazardous substances, use of recyclable materials and energy efficiency. The Group has also worked with European customer to select the use of the per-and polyfluoroalkyl substances (PFAS) free raw materials to build up our automotive display modules products.

Supplier Management Process



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Construction site of distributed photovoltaic power generation project in Chengdu plant

## Use of Resources

As a manufacturing company, electricity and water are the resources most used during the course of operations. The management of the Group recognises the significance of energy conservation, and ongoing measures are in place to reduce the use of natural resources. The Group regularly reviews ways for the efficient use of resources and develops improvement plans, with the aim of further reducing consumption of these resources while maintaining effective operation of the production plant.

For Heyuan, according to the change of production orders, the utilities supply is adjusted for the energy saving; eliminate energy-consuming equipment and replace it with more energy-saving equipment; add 243 new electric energy meters to monitor the power consumption in various regions, implement an electronic power management system, and strengthen energy management. Annual energy saved is 3,553,000 kWh and water consumption decreased by 3.19% in 2024 compared to 2023.

We are committed to developing green electricity resources to effectively reduce carbon emissions. In 2023, Heyuan plant's distributed photovoltaic power generation and container-type electrochemical energy storage power stations (peak shaving and valley filling + new energy consumption) on the roof of the plant, is with a building area of 5,150 $m^2$ and a land area of 5,150 $m^2$. The total designed photovoltaic power generation capacity is 544.5 kWh, the total energy storage capacity is 7.456 mWh, the annual power generation is expected to be about 559 mWh and annual emission reduction is 324.8 $tCO_2e$. The investment in the project is RMB16.74 million. It effectively responds to the national policy of promoting carbon neutrality and carbon peaking, and also provides the Group with clean and pollution-free green energy. Total power generation in 2024 is: 606 mWh, reducing emissions by 346 $tCO_2e$, achieving the original target.

Chengdu plant takes full advantage of local electricity trading policies, purchasing a total of 26.17 million kWh of green electricity and hydropower, with the proportion of renewable energy usage reaching 64.6%.

In addition, Chengdu plant has invested in a distributed photovoltaic power generation project with an installed capacity of 1.992MW through an energy management contract (EPC) model. Photovoltaic facilities are onstructed on the rooftops of the plant's module building, the comprehensive power station, and the executive parking lot. The project officially started construction in December 2024, and completes construction and acceptance in March 2025. Once operational, the project is expected to generate an average of 1.5 million kWh of electricity annually, further increasing the plant's use of renewable energy.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2024, the quantities of carton boxes and polyfoam trays used for product storage and transportation in Heyuan were 1,466 tonnes and 2,499 tonnes respectively. There is a decrease of 9.95% and an increase 33.35% respectively as compared with 2023 and 2024 as the product structure is migrating from PSV to TFT and the usage of carton boxes in TFT product is less than those in PSV; and both the volume of shipment and the sizes of product increase which need more trays to contain same amount of product compared to the past.

In 2024, the quantities of carton boxes and polyfoam trays used for product storage and transportation in Chengdu were 475 tonnes and 1,915 tonnes respectively. There is an increase of 18.75% and 8.50% respectively as compared with 2023 and 2024.

The Group strives to minimise any impact on the environment and save material costs by continuously reviewing the design for product packaging, with the aim of reducing packaging size. To further improve operational efficiency and reduce environmental impact, we have implemented a packaging optimization plan, including: (1) determining cost reduction targets; (2) optimizing logistics costs by adjusting transportation methods (such as palletized transportation); (3) optimizing processes and improving packaging materials; (4) evaluating the feasibility of cost reduction for raw materials (such as pallets) and promoting dualization of packaging materials to reduce resource waste; and (5) optimizing processes and exploring room for improvement in processes. It not only helps reduce operating costs, but also reduces resource consumption, further promoting the Group's sustainable development goals. Despite this, as the Group's products are glass LCD panels or modules, they must be protected with polyfoam trays during delivery and so the use of polyfoam trays is unavoidable.

Below is a table outlining the energy consumption, water utilisation and packaging material used by the Group during the reporting period, as compared with the data recorded in the last 2 financial years.

**Energy Consumption, Water Utilisation and Packaging Material Used**

| | Hong Kong Office | | | | Heyuan Plant | | | | Chengdu Plant | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | 2024 | | 2023 | | 2024 | | 2023 | |
| | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) | Total tonnes | Tonnes/ Revenue (HK$1,000 million) |
| Electricity (kWh) | 178,578 | 13,278 | 177,674 | 16,512 | 102,187,812 | 7,598,171 | 95,570,532 | 8,882,020 | 39,232,844 | 2,917,157 | 31,801,294 | 2,955,511 |
| Water (Tonne) | 99 | 7 | 116 | 11 | 1,190,541 | 88,523 | 1,229,765 | 114,290 | 180,566 | 13,426 | 176,352 | 16,390 |
| Carton boxes (Tonne) | – | – | – | – | 1,466 | 109 | 1,628 | 151 | 475 | 35 | 400* | 37 |
| Polyfoam trays (Tonne) | – | – | – | – | 2,499 | 186 | 1,874 | 174 | 1,915 | 142 | 1,765* | 164 |

Note*: Data updated.

### Measures to Reduce Energy Consumption and Water Utilisation

The Group has implemented a number of facility enhancements, including but not limited to improve energy efficiency, water conservation and indoor environmental quality of the plant and optimise interaction with the local microclimate.

For Heyuan, it includes: to replace old equipment with large energy consumption into new equipment with variable frequency control and low energy consumption, such as old-fashioned central vacuum pumps and old-fashioned air-conditioning chillers with Level I energy-consuming chillers, which can reduce electricity consumption by approximately 3,553,000 kWh each year; long-term use of wastewater from the production process was collected and reused in the toilet flushing system, thus the amount of tap water is reduced; the transformation of the water loop treatment system at Heyuan plant which was used to treat the waste water, recycling, and integrate production processes and reduced the annual discharge of 39,244 tonnes of water utilization.

For Chengdu: to conserve water resources and minimize the impact on aquatic ecosystems, Chengdu plant operates two sets of wastewater recycling systems, one air conditioning condensate recovery system, and one compressor condensate recovery system. In 2024, the plant's water recycling systems functioned effectively, the water saving effect is very significant, totaled 166,064 $m^3$, of which 12,076 $m^3$ was from condensate water, 54,350 $m^3$ was from concentrated water, and 99,638 $m^3$ was from cleaning wastewater, with an average daily water saving of 454$m^3$. The utilization rate of unconventional water resources reached 44.28%, an increase of 23% from 2023. Chengdu plant uses a water-saving cooling tower and a closed-loop cooling water system, which effectively improves the efficiency of water resource utilization. In 2024, the water resource reuse rate reached 97.51%, far higher than the industry standard requirement of ≥90%.

**2024 Energy Saving Project of Heyuan Plant**

| | Item | Execution time | Particular | Energy saved (kWh/Year 2024) |
|---|---|---|---|---|
| 1 | New purchase 2 Level I energy consumption chillers | May 2024 | Due to the expansion of the new workshop, 2 new Level I energy consumption chillers were purchased | 443,520 |
| 2 | Workshop Integration | October 2024 | The post-process section of Heyuan N2 is integrated into the post-process section of Heyuan N1 to facilitate energy waste caused by reduced production capacity. | 2,208,000 |
| 3 | Replace 1 SCB18 2500KVA dry-type transformer, Level I energy consumption | December 2024 | The original is a SCB9 2500KVA dry-type transformer, which is below Level 3. | 38,368.8 |
| 4 | Install intelligent cloud control system for compressors | December 2024 | A cloud control system is installed on compressors of the power room to reduce energy waste caused by reducing energy use in the workshop during the night shift. | 864,000 |
| Total power: | | | | 3,553,888.8 kWh |
| Reduced $CO_2e$ missions: | | | | 2,026.78 $tCO_2e$ |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2024 Energy Saving Project of Chengdu Plant

| | Item | Execution time | Particular | Energy saved (kWh/Year 2024) |
|---|---|---|---|---|
| 1 | **Fresh air filter unit deep speed reduction to save energy** | January 2024 | Fulfilling the cleanliness requirements, the Fan Filter Unit (FFU) in the module clean room runs at a reduced speed to save electricity. | **1,501,199** |
| 2 | **Lighting control and power saving in the Make-up Air Unit (MAU) room** | January 2024 | The MAU room turned off 71 lights and reduced the lighting in the MAU room while ensuring the safety of meter reading and inspection. | **564** |
| 3 | **Turn off Anisotropic Conductive Film (ACF) back support heating to save energy** | April 2024 | Without affecting the process, the ACF backing platform heating function of some small and medium-sized FOB equipment was turned off to save the power consumed by the original heating. | **31,536** |
| 4 | **Optimization of control mode of ion blower for process equipment** | May 2024 | Through logic program improvement, energy-saving control is implemented for 263 ion blowers of process equipment in the module workshop production line. | **476,543** |
| 5 | **Optimization of control mode of lighting fixtures for process equipment** | May 2024 | Optimize the control logic of 602 lighting fixtures in the process equipment, automatically turn off the lights in time according to the equipment switch status, and save electricity. | **23,453** |
| 6 | **Temperature control optimization and energy saving of data center** | June 2024 | To meet the safe use conditions of computer integrated manufacturing (CIM) equipment, the temperature control standard is adjusted to 23±2$^{o}$C to reduce the precision air conditioning load. | **4,158** |
| 7 | **Lean management of MAU air-conditioning mode** | July 2024 | In summer, by adjusting MAU air mode to the dew-point air mode, the power system operating state undergoes 3 adjustments: (1) the air compressor heat recovery water pump is disabled to save electricity; (2) the air compressor cooling water pump operates at a reduced frequency to save electricity; (3) the low-temperature system's cooling capacity is partially recovered to the medium-temperature system through the reheat plate, reducing the load on the refrigerator and saving electricity. | **102,700** |
| 8 | **Tray cleaning machine compressed air flow control** | October 2024 | Fulfilling the progress requirements, adjust the opening of the air knife compressed air pipeline valve of the Tray cleaning machine and reduce the flow rate by 50%, saving compressed air and electricity. | **15,748** |
| 9 | **Optimization of hot water boiler start-stop mode** | April 2024 | Install an outdoor dew point detector to transmit data to the control system in real time, and reasonably set alarm values based on historical operating trends to accurately quantify boiler start-stop signals and shorten boiler operation time. 11,370 $m^3$ natural gas can be saved in one year. | **Natural gas 11,370 $m^3$** |
| | **Total power:** | | | **2,155,901 kWh** |
| | **Total natural gas:** | | | **11,370 $m^3$** |
| | **Reduced $CO_2$ emissions:** | | | **1,181.46 $tCO_2e$** |

### *Earth Hour, 23 March 2024*

In line with our commitment to environmental sustainability, the Company and its employees actively participated in Earth Hour on 23 March 2024. By joining millions of individuals and organizations worldwide in turning off non-essential lights for one hour, the Company demonstrated its dedication to reducing energy consumption and promoting environmental awareness.


### *Hong Kong Green Day 2024*

The Company aims to foster collective responsibility and encourage employee engagement in environmental initiatives. Employees of the Company were encouraged to show support to the Hong Kong Green Day on 5 June 2024 by wearing green attire. At the same time, the Company also encourages employees to practice green living in the four aspects of "clothing, food, housing, and transportation" and provides opportunities to actively participate in sustainable practices.

### *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".

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.




### Others

*Chengdu plant actively carries out green and low-carbon publicity and education*

Every year, Chengdu plant carries out energy conservation, low carbon and environmental protection publicity activities on World Water Day on 22 March, Environment Day on 5 June, and National Energy Conservation and Low Carbon Publicity Week. It uses posters, banners, television, radio, internal corporate WeChat accounts and other channels to carry out energy conservation, low carbon and environmental protection publicity, cultivate employees' energy conservation and low carbon awareness, and create an energy conservation and low carbon culture.


Chengdu plant energy-saving and low-carbon publicity photos (partial)


Canteen water conservation poster


Canteen TV plays the promotional video of China Water Week

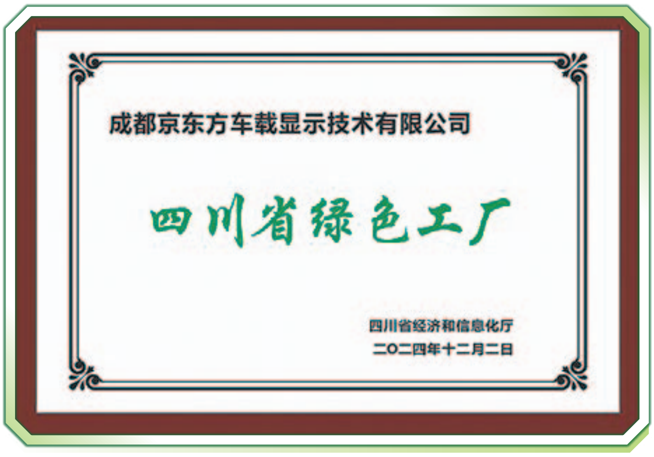

Internal publicity platform pushes
China Water Week promotional posters

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*Chengdu plant actively uses energy-saving and carbon-reduction technologies*

As the production capacity of Chengdu plant will continue to increase, the indirect greenhouse gas emissions caused by electricity consumption will also increase. We will continue to reduce the intensity of greenhouse gas emissions by establishing and improving carbon management systems, energy conservation, improving production efficiency, using green electricity and other measures, strive to control the rate of increase in greenhouse gas emissions and achieve carbon peak as soon as possible. By 2025, we will purchase at least 12 million kWh of green electricity to replace conventional electricity, which is expected to reduce greenhouse gas emissions by 6,439 tonnes of $CO_2e$.

Chengdu plant employed green building design during the design phase, passed the building green design grade review, and received completion acceptance from the local government. In 2024, Chengdu plant met high standards and strict requirements across various indicators including infrastructure, management systems, energy input, environmental emissions, and passed the self-evaluation and rigorous selection and publicity of the local government, and earned the title of "Sichuan Province Green Factory". By 2025, we will strive to create a "National Green Factory" and a "Chengdu Near-Zero Carbon Emission Industrial Enterprise."




| Areas | Actions Taken |
|---|---|
| **Governance:** Governance measures to address climate-related risks and opportunities | Board's Oversight and Management's Role<br>▶ 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.<br>▶ to formulate a climate change policy, guide our management approach to climate-related issues, and provide support and coordination for ESG issues. |
| **Strategy:** Impacts of climate-related risks and opportunities on the Group's businesses, strategies, and financial planning | Climate-related Risks and Opportunities<br>▶ 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.<br>▶ transitional risks, such as changing policies, potential increment in energy costs, and the need for green materials.<br>▶ 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. |
| **Risk Management:** The process of identifying, assessing and managing relevant climate-related risks | Climate Risk Assessment<br>▶ 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. |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Metrics and Target

We monitor the use of energy and resources, and performance in carbon emissions of the Group semi-annually and disclose the data on a yearly basis.

We have set clear targets for carbon emissions, energy consumption, consumption of water resource and waste as well as targets on green buildings.

The Group undertakes to achieve "carbon neutrality" by 2050.

To enhance our climate-related disclosures, we consider following recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), focusing on "Governance", "Strategy", "Risk Management" and "Metrics and Targets".

### Carbon Emissions / Energy Consumption

**Heyuan:** To reduce carbon emissions/ energy consumption intensity by 70% by 2025 (compared with the base year of 2018).

**Chengdu:** Compared with the base year 2023, carbon emissions within its own operations will reach a peak by 2028, drop by 30% and 50% by 2030 and 2035 respectively, and achieve carbon neutrality in its own operations by 2045. Through energy transformation, the proportion of renewable energy use will increase year by year, and 100% renewable energy use will be achieved and maintained by 2030.

### Waste

**Heyuan:** To reduce hazardous solid waste and non-hazardous solid waste intensities by at least 70% by 2025 (compared with the base year of 2018).

**Chengdu:** Decrease the intensity of solid waste generation by over 10% by 2028 compared to 2024 levels.

### Water Resources

**Heyuan:** To reduce water consumption intensity by 80% by 2025 (compared with the base year of 2018).

**Chengdu:** By implementing water-saving measures such as wastewater reuse and recycling, reduce water intensity by 15% by 2028 compared to 2023.

## Environmental Education

The Hong Kong headquarters and Heyuan production plant continue to adhere to the concept of "Green Office" as the theme in 2024. In the same year, the Hong Kong office participated in the "ESG Pledge" Scheme organized by The Chinese Manufacturers' Association of Hong Kong and co-operated with Hong Kong Brand Development Council. The Scheme is aim at strengthening the concern of sustainable development. It encourages the business and public sectors to sign the pledge and implement the action plans to improve the ESG (Environmental, Social and Governance) performance, thus building a sustainable environment in future.


In recent years, in the "low-carbon" and green and low-carbon transformation of paper, electronic documents are used to reduce the use of paper, which can achieve real-time information replacement, fast time, high accuracy, and save maintenance costs. The electronic signature management system meets the data display requirements, reduces traditional paper, and is green and efficient. We advocate paperless office and checking before printing to avoid wasting paper; we also set double-sided printing and copying as the default, using both sides of the paper to reduce paper waste.

In the Hong Kong office, the consumption level of electricity is announced on a monthly basis, in order to enhance the awareness of energy saving among colleagues.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SOCIAL

### EMPLOYMENT

The Group strictly observes the labour law in Hong Kong and the PRC. It is the policy of the Company to maintain a working environment that complies with the Race Discrimination Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance and the Family Status Discrimination Ordinance of the Ordinance and Code of Practice.

Diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, ethnicity and disability. We make reasonable workplace adjustments (including during the hiring process) to ensure all individuals feel supported and are able to participate fully and reach their potential. If employees are disabled, we proactively seek to support them with appropriate training and workplace adjustments where possible and explore every opportunity to ensure their employment continues. During the year, we have employed 56 disabled employees. The Group provides remuneration, welfare and fringe benefits to employees comparable to the market standard. Remuneration, salary and bonus distribution are determined with reference to a performance-linked scale. When it comes to annual reviews, factors such as the Group's financial performance, business prospects, individual performance, market rates and inflation rate are taken into consideration to decide the rate and scale.

In 2024, the turnover rates for Hong Kong, the PRC and Overseas staff were 8.1%, 14.7% and 7.8% respectively.

During the year, there was no significant reported case of non-compliance with the relevant laws and regulations in Hong Kong, the PRC and Overseas.

## HEALTH AND SAFETY

The Group's policy on health and safety is to comply fully with local government regulations, as stipulated in the law of prevention of occupational disease《中華人民共和國職業病防治》and fire prevention in the PRC 《中華人民共和國消防法》, and to maintain a healthy and safe working environment for all employees, including the plant and systems of work, and to provide such information, instruction, training and supervision as they need. The production plant in Heyuan and Chengdu has successfully renewed its ISO45001:2018 with Health and Safety accreditation. The accreditation test includes (but are not limited to) canteens and fire smoke (nitrogen oxides, sulphur dioxide, smoke and etc.), drinking water and workplace air (benzene, toluene, xylene, methylene chloride, dust, formaldehyde, isopropanol, n-hexane and etc.) and noise. According to the "Environmental Noise Emission Standard at the Boundary of Industrial Enterprises" (GB12348-2008), the measured value of the environmental noise at the plant boundary reaches the standard.

For the past 3 years, including 2024, there is no work-related fatality in the Group and no injury case was reported among Hong Kong employees. The factory recorded 30 (2023: 20) injury cases with 564 (2023: 569) lost days due to work injuries. Every injury case underwent a detailed review and evaluation, with precautionary measures put in place to avoid a repeat occurrence. Extra training was conducted with the parties involved.

The Group understands that natural disasters and accidents are unavoidable, and our management aims to mitigate any damage during mishaps. An emergency and fire drill, and fire precautionary training are conducted once a year in the Hong Kong office and twice a year at the production plant. First-aid training is provided to staff and workers. Training in safe handling of chemicals is also conducted for related workers on the production floors. In the production plant, a patrolling team is responsible for carrying out audits regarding workplace efficiency, effectiveness, and safety measure.


Prevent heatstroke and cool down, ensure stable operation

Strengthen safety awareness, pay attention on the work and rest balance, and put physical health and production safety first. On-site management has been strengthened to ensure that various safety measures are effectively implemented and that all work is carried out in an orderly manner under the premise of "preventing high temperatures and ensuring safety."


Safety Month Activities — Safety Knowledge Contest

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Fire control room open day



Power outage and evacuation drill

## Workforce and Turnover Rate

| Age | 2024 Overall Ratio | 2024 Hong Kong | 2024 PRC | 2024 Overseas | 2023 Hong Kong | 2023 PRC | 2023 Overseas |
|---|---|---|---|---|---|---|---|
| **Male** | | | | | | | |
| 18–45 | 45.37% | 47 | 3,284 | 23 | 45 | 3,176 | 27 |
| 46–65 | 3.06% | 40 | 169 | 17 | 39 | 172 | 15 |
| Turnover rate | | 2.2% | 17.5% | 9.1% | 7.7% | 15.2% | 0% |
| Total male ratio | 48.43% | | | | | | |
| **Female** | | | | | | | |
| 18–45 | 44.60% | 21 | 3,262 | 15 | 26 | 3,136 | 11 |
| 46–65 | 6.97% | 16 | 495 | 4 | 12 | 521 | 3 |
| Turnover rate | | 19.6% | 12.0% | 5.0% | 25.5% | 14.5% | 17.6% |
| Total female ratio | 51.57% | | | | | | |
| Total ratio | 100% | | | | | | |
| **Employment Type** | | | | | | | |
| Staff | 25.92% | 124 | 1,733 | 59 | 122 | 1,362 | 56 |
| Workers | 74.08% | 0 | 5,477 | 0 | 0 | 5,643 | 0 |
| Total ratio | 100% | | | | | | |
| Full-time | 99.99% | 123 | 7,210 | 59 | 121 | 7,005 | 56 |
| Part-time | 0.01% | 1 | 0 | 0 | 1 | 0 | 0 |
| Total ratio | 100% | | | | | | |

## Development and Training

| | 2024 Total Training Hours | 2024 Total Participants | 2024 Total Headcounts | 2024 Average Training Hours per Staff Member | 2023 Total Training Hours | 2023 Total Participants | 2023 Total Headcounts | 2023 Average Training Hours per Staff Member |
|---|---|---|---|---|---|---|---|---|
| **HK Staff** | | | | | | | | |
| Male | 1,926 | 184 | 82 | 23.5 | 808 | 88 | 54 | 15.0 |
| Female | 696 | 68 | 30 | 23.2 | 453 | 56 | 29 | 15.6 |
| **PRC Staff** | | | | | | | | |
| Male | 13,984 | 4,008 | 712 | 19.6 | 4,200 | 1,408 | 387 | 10.9 |
| Female | 7,879 | 4,497 | 387 | 20.4 | 4,429 | 1,561 | 355 | 12.5 |
| **PRC Workers** | | | | | | | | |
| Male | 70,783 | 11,060 | 3,575 | 19.8 | 5,638 | 1,844 | 1,287 | 4.4 |
| Female | 42,000 | 10,972 | 3,901 | 10.8 | 16,892 | 7,046 | 3,644 | 4.6 |
| **Total** | | | | | | | | |
| Male | 86,693 | 15,251 | 4,369 | 19.8 | 10,645 | 3,340 | 1,728 | 6.2 |
| Female | 50,575 | 15,536 | 4,318 | 11.7 | 21,773 | 8,663 | 4,028 | 5.4 |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## DEVELOPMENT AND TRAINING

The Group values its employees and is committed to providing an ideal workplace in which its staff members may grow and develop. At the same time, the Group promotes a staff engagement culture and aims to build an innovative, energetic and highly motivated workforce to meet with accelerating business development.

The Group's policy is to ensure that all employees achieve personal growth in their careers, and training is therefore encouraged. This is usually held during working hours, so that employees need not sacrifice personal time for training. A flexible work pattern may be scheduled for Hong Kong staff members working in the production plant if they need to pursue further studies.

All new employees are required to undergo orientation training organised by the Human Resources department to better comprehend the Group's core values, business goals, as well as code of conduct.

Training covers a wide range of topics including operational skills, craftsmanship, display technology, quality standards, environmental matters, health and safety and soft management skills. Senior managerial staff members are usually invited to be technical instructors. External coaches are employed for specific trainings on soft management skills.

In the same year, the Group also provided a training on fraud and anti-corruption for directors and employees to discourage any form of corruption. The training content included the impact of fraud on a company, fraud prevention and reporting, and related regulations and case studies. Participants included the directors and staff from Hong Kong, Heyuan and Chengdu. The relevant training materials are circulated in the Company's public domain, so that the remaining staff could participate by reading the training materials to gain knowledge and updates of anti-corruption.

| Training Topics | Total Training Hours |
|---|---:|
| Professional development | 38,928 |
| Legislative training | 424 |
| Orientation training | 22,860 |
| Industry knowledge training | 12,407 |
| Sustainability and ESG development | 3,726 |
| Safety training | 57,441 |
| Other trainings | 1,482 |
| **Total** | **137,268** |

2024 Work Seminar



2024 Financial Conference

Finance from Hong Kong, Heyuan, Chengdu, Huizhou, Hefei and Shenzhen gathered in Heyuan to hold the 2024 Financial Annual Conference, aiming to build consensus through in-depth exchanges and sharing, and work together to cope with the future. Through in-depth understanding on the front line of the business, and in cooperation with the second entrepreneurial venture, the goal of 2027 is achieved.

The definition of an excellent company includes excellent products, market value comparable to or better than peers, stable financial indicators, and excellent management systems. BOEVx will continue to work hard, and the industry-financial linkage will help achieve greater achievements in the future.

2024 Campus Recruitment — COO and General Manager Workplace Salon

As an outstanding talent of BOEVx, ask more, see more, think more, realize your own value, and have the courage to take on responsibilities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Mini-STP Strategic Thinking Training Camp

The project aims to cultivate a group of strategic talents with a strong ambition to achieve success and to lay a solid talent foundation for the Company's strategic deployments, such as overseas market expansion and product and business transformation and upgrading. This project selects 30 outstanding young high-potential strategic personnel to participate in the training. They are young, have outstanding performance, high development potential, have a certain length of service and rich professional experience.



Training

## LABOUR STANDARDS

The Group complies with and observes the respective Labour Laws and Regulations in its operating countries. As a responsible employer, the following principles are strictly enforced:

- No child labour
- Ensure that wages comply with or exceed the minimum legal requirements of the country where employees are based
- Overtime practice is based on a voluntary pattern, no forced labour is allowed
- Respect for the opinions of general employees and the labour union
- Formal complaint channels are established and are regularly promoted to employees
- Equal employment opportunities — employment of disadvantaged employees and diversity and inclusion are encouraged in the workplace
- Harassment and abuse — these are actively discouraged in any form, to or among all employees
- Protection of privacy and personal data at work

All potential applicants are required to complete the Company's Employment Application Form, where personal data such as, names, contact details, ID numbers, etc. will be provided by the applicants. Human Resources Department will then reference check the ID cards to ensure that they meet the minimum age standard, i.e. 18 years old or above. If the Group observes any serious violation of the company system by employee, it is entitled to terminate their employment relations.

## LABOUR MANAGEMENT

Based on people orientated approach, the Group promotes respect, equality, and inclusiveness to build a friendly workplace and environment. Formulating human rights policy, promoting employee relationship management, and fulfilling labour rights protection. Maintain labour human rights, respect labour rights, fulfil social responsibility commitments, and support and encourage suppliers to follow the same guidelines. Provide education and training, multiple communication platforms and channels, self-assessment questionnaires, and stakeholders can file complaints via telephone and email.

Identify labour/human rights incidents within and outside the Group and changes in relevant domestic and international regulations, establish a confirmation list, and conduct due diligence at each location through systematic procedures such as self-assessment, audit procedures, and questionnaires to identify major issues. According to the extent of the impact of each issue on different operating locations and the objects affected, formulate improvement policies and measures, conduct risk control and remediation, and track improvement results.

To enable employees to understand their own rights and interests through training courses, as well as the Group's introduction of relevant courses on issues such as labour, human rights, health and safety, environment and ethics. The Group values the opinions and rights of employees, builds a diverse communication platform and channels, builds consensus among employees, and promotes harmonious labour-management relations.

## PEOPLE CARING

The Hong Kong headquarters was awarded the "Happiness-at-work Promotional Scheme" logo sponsored by the Hong Kong Enhancement Happiness Index Fund for 11th year in 2024. The Company has been committed to promoting and creating a pleasant working environment. Building a "Happy Workplace" can help motivate employees' morale. The ultimate goal of achieving people and things.

The Group arranges annual heath check for its employees in Hong Kong and the PRC. We also encourage work-life balance, and interest classes such as yoga, aerobics, and dancing were organised to encourage healthy living, and attracted many colleagues to join, which enhanced the cohesion of the Group, and strengthened the physical and mental development of employees.

## OPEN COMMUNICATION

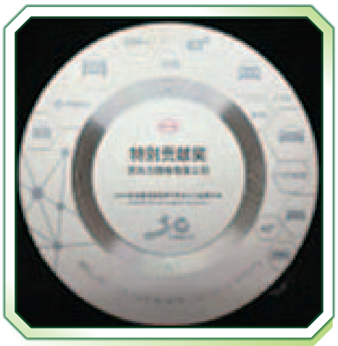
The Group sees the importance of fostering a culture of open communication, transparency, and collaboration of its employees. Core businesses undertake employee engagement activities regularly to collect feedback and identify areas for improvement. Employee Satisfaction Surveys are conducted annually to hear the voices of staff. These interactions help gauge overall employee sentiment and alignment with the core values of the Group.

## 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 Company 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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.

In 2024, the Group took the initiative to evaluate its suppliers' social responsibility performance. Both material suppliers and logistics service vendors were included in an evaluation distribution list. Completed questionnaires helped the Group to understand and evaluate the performance of its suppliers and vendors in the aspects of:

- Work hours
- Child labour
- Forced labour
- Health and safety
- Environmental concerns
- Corporate social responsibility

**Table of Distribution and Response Status**

| | Number | Percentage (%) |
|---|---|---|
| Total No. of major suppliers for manufacturing operations | 100 | – |
| Total No. of major suppliers questionnaires sent | 100 | 100 |
| Total No. of completed questionnaires returned | 88 | 88 |

**Table of Results**

| Rating | Number | Percentage (%) |
|---|---|---|
| Outstanding | 63 | 71.6 |
| Above Average | 20 | 22.7 |
| Average | 5 | 5.7 |
| Need Improvement | 0 | 0 |
| Below Standard | 0 | 0 |
| **Total** | **88** | **100** |

## DISTRIBUTION OF SUPPLIERS

Suppliers are divided into material suppliers and logistics service vendors, and machinery makers. Certain material suppliers are requested to sign a declaration declaring that their packing material and Bill of Material (BOM) contains no hazardous substance. There was no reported case of violation of the declaration by any of our suppliers in the reporting period.

**Suppliers by Geographical Region**

| | PRC | Asia | Europe | United States |
|---|---|---|---|---|
| Material Suppliers | 297 | 35 | 10 | 7 |
| Logistics Service Vendors | 2 | 5 | 5 | 2 |

## SELECTION AND EVALUATION OF SUPPLIERS

The Group selects suppliers and purchases materials and/or services from suppliers and vendors using 3 methods, namely, price comparison, bidding and sentinel procurement. Audits of suppliers and vendors are performed on a regular basis. Results are compiled for review by the Supplier Quality Team and are approved by the department head of Quality.

Criteria for audit include:

- General operation and workforce condition
  - capability for semi and/or fully automation
  - financial analysis
  - nature of business
- Quality qualification
- Quality system training
- Inspection procedures for quality systems
- Handling procedures for customer complaints
- Calibration
- Material suppliers control and handling procedures
- Production process control and inspection
- Past performance record

## SERVICE VENDORS

The Logistics Department screens and selects service vendors by considering of the following factors:

- Company background — financial stability, reputation and global network
- Pricing, competitiveness and future new technology development
- Services — performance track record, efficiency and customer service
- Environmental performance — for instance, most of vendors use trucks compliant with Euro standards

## MACHINERY MAKERS

The Logistics Department screens and selects machinery makers by considering of the following factors:

- Company background — financial stability, reputation and global network
- Pricing, competitiveness and future new technology development
- Past track record
- Response time and customer servicing

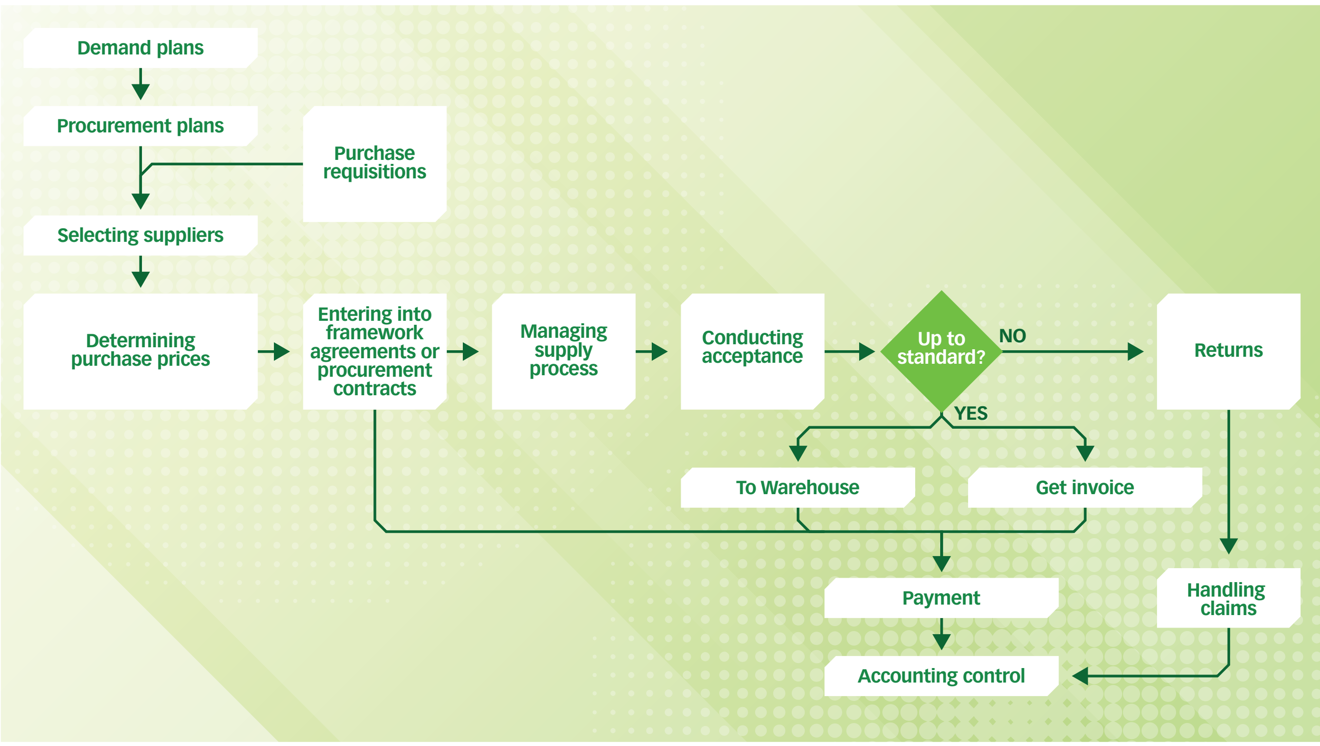
## ENVIRONMENTAL AND SOCIAL RISKS OF SUPPLY CHAIN

The Group had established and strictly observing the guidelines and procedures as accordance to Group's policy. Essentially, we adhered to high ethical standards and fair competition practises during our procurement processes. We performed annual performance evaluation for supplier to ensure they continuous delivering the quality services

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. The Group has embedded environmental and social consideration in the procurement process and supplier communication. Supplier's environmental, social and governance policies, including emissions, use of resources, environmental and natural resources, health and safety, staff development and training, the prevention of child labour, product responsibility and anti-corruption would be measured. The Group will continue to monitor its supply chain regarding the environmental and social standards.

We have also formulated policies and procedures to ensure that the suppliers could compete in a transparent and fair way. The Group should not have differentiated or discriminate treatment on certain suppliers. The procedures include measures to prevent all kinds of business bribery and conflict of interest such as the avoidance of employees' personal interest directly or indirectly in or given by the suppliers.

**Post-purchase Evaluation**



## CORPORATE PROCUREMENT BUSINESS

Procurement business refers to the activities related to purchasing materials (or accepting labor services) and making payments. It primarily involves tasks such as preparing demand plans and procurement plans, creating purchase requisitions, selecting suppliers, determining purchase prices, entering into framework agreements or procurement contracts, managing the supply process, conducting acceptance, handling returns, making payments, and accounting control.

For further information regarding the Group's measures in relation to environmental compliance, safety and quality control, please refer to the sections headed "Environment", "Health and Safety" and "Product Responsibility".

## PRODUCT RESPONSIBILITY

The Group has no recall on products sold or shipped due to safety and health reasons in 2024. There are average 140 cases and 128 cases per month of automotive quality enquiries in 2023 and 2024 respectively.

Safety is always the core of the Group quality policy. To pursue such policy, the Group is qualified by International Standard: ISO 14001 (Environmental Management Systems), ISO45001 (Occupational Health and Safety Management System) and QC 080000 (Electrical and Electronic Components and Products Hazardous substance Process Management System Requirements). With these standards, the Group has developed an intensive system, to ensure no harmful substances (dangerous material lists from RoHS/REACH) going into finished goods. For environmental protection concern from customer, we have also applied the "Greenhouse Gases Emissions verification statement" and "Carbon Footprint Assessment certificate". There is no concerned recall in 2024 record.

Automotive Huizhou Co., Ltd., a wholly owned subsidiary of BOEVx, is accredited with ISO 26262 (Road vehicles — Functional safety) certification which demonstrated a functional safety management system has been established.

As part of the green energy improvement, our plant had invested and built photovoltaic power project, the Group has discussed the decarbonization with European customer which is a requirement to the Company to reach 100% green electricity by 2030. Besides, the Group has also worked with European customer to select the use of the per-and polyfluoroalkyl substances (PFAS) free raw materials to build up our LCD products.

As one of major automotive component suppliers, the Group takes responsibility for providing customers with quality and completed after-sale services. Such responsibility covers 8-discipline reporting (8D), customer complaint review meeting (CCR) and 6 sigma improvement plan (6 sigma). With 8D approach, the negative impact from defects is quickly limited by containment action (which is mostly defined in 48 hours). With weekly CCR, "cause and action" will be fully consolidated across departments like Production, Process and Design. Furthermore, to achieve reject rate in PPM (parts per million) level, 6 sigma is carried out yearly with the involvement of the senior management.

The Group's prime objective is to provide high quality products that fully conform to their requirements and specifications. This commitment is fundamental to all work undertaken and is closely observed by all members of the Group in their daily activities. All products must strictly comply with the Group's policy of operating Quality Management System that fully meets the requirements of ISO 9001 and IATF 16949 for automotive products and customer requirements for supplementary standards. This standard stipulates all processes from product development to completion of production and to after-sale services. In addition, Hazardous Substance Process Management is in place where procedures and related processes have been assessed and confirmed to be compliant with QC 080000. Also, we have applied the "Greenhouse Gases Emissions verification statement" and "Carbon Footprint Assessment certificate". Heyuan plant and Chengdu plant are accredited with ISO 14001, ISO 9001, IATF 16949, QC 080000, ISO14064, ISO14067 and ISO 45001 certifications.

The "2485 principle" is the fine tradition of "customer-oriented" that the Group has adhered to for many years to give quick response to customer issue. After receiving customer enquiry, there will have a first response within 2 hours to give an advice to customer to isolate the issue. In the next 48 hours, the Group gives information to formulate the countermeasures the products on the way or products at customer side and give the analysis and improvement action to customer within 5 days.

To ensure stringent quality management, the Group's Incoming Quality Control Team screens the incoming materials by sampling scheme. Only good quality materials that meet the requirements are accepted for the production process. Similarly, finished goods go through a stringent quality check before being passed to the finished goods warehouse. The Quality Department and sales people also provide comprehensive service ranging from failure analysis and 8D reporting to production and process improvement when handling customer enquiries.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

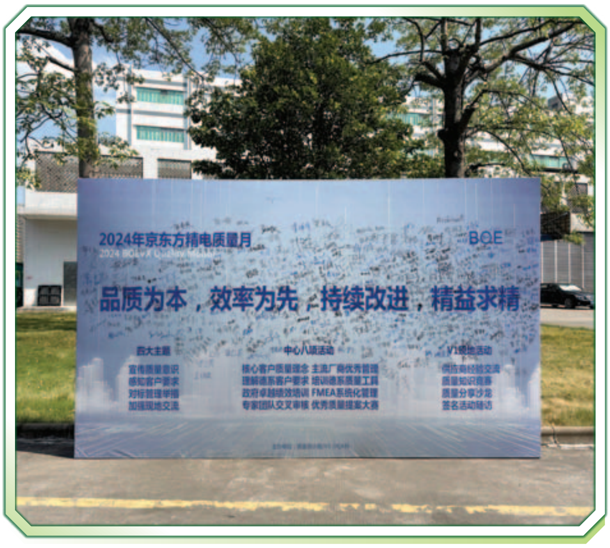
Automatic Optical Inspection (AOI) and Vision System Test (VST) are used by the TFT/TP module department of the plant for automatic screen inspection and automatic OTP program. Through automatic lighting of products, high-speed camera image capture, automatic image analysis, detection of product display defects, such as points, lines, dust spots, spots, mura, and electrical defects, and automatically product test information with product ID upload to MES system. The application of AOI and VST in machine vision will bring the cost lower than the labor rising cost, adapt to 24-hour uninterrupted and repetitive work, and the effect is stable.

The Company regularly offers marketing training and lectures to marketers, strengthens the awareness of marketing, improves employees' responsibility awareness continuously, and promotes the healthy development of the Company. During the year, the Company launches some special training sessions, e.g. the head of the CSO customer service center shared the organizational structure, functional interpretation, business process, and operation management and etc., and discussed how the CSO customer service team can better cooperate with other business departments to further improve customer satisfaction. We have established a quality control committee to prepare for future resource, mechanism and organization planning.

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.





Quality Month 2024 — Cross-audit of Heyuan plant and Chengdu plant. Strengthen the quality awareness, continue to improve, and strive for excellence

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。

## 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.

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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT





On 27 September 2024, Varitronix (Heyuan), BOE CD and Varitronix (Huizhou) successfully passed multiple rounds of strict audits by the BSI expert team and won the TISAX AL2 level label and ISO/IEC 27001 information security management system certification and ISO/SAE 21434 automotive cybersecurity management system certification issued by BSI.

BSI fully recognized the efforts and achievements made by the 3 companies under BOEVx in establishing and maintaining a high-standard information security management system. These certifications further demonstrated that we have reached a new level in information security management and established Industry model and benchmark.

The fact that three companies under BOEVx obtained the certificates at the same time indicates that the cooperation between BSI and BOEVx has crossed over from the traditional automotive industry quality control system certification field to the more modern and higher-level digital trust field. The information security of the three companies, especially the information security and network security system management level and risk control level in the automotive field, have met the requirements of the automotive industry including German vehicles, and are capable of providing complete solutions for more international brand OEMs. The ability to ensure information security and network security is of milestone significance to BOEVx.



Li Auto "Win-Win Cooperation Award"

During the cooperation, BOEVx has always maintained outstanding performance in its various business products and delivered them to customers on time and with quality.

Looking ahead, we will continue to strengthen cooperation, continue collaborative innovation, explore the infinite possibilities of in-vehicle display and interactive technologies, and provide more advanced, safer and more comfortable products and services to global vehicle users. The in-vehicle display and interactive experience will jointly shape a new chapter in the global in-vehicle display market and empower a new era of intelligent development of the automotive industry.


Restar "Outstanding Contribution Award for Quality Improvement"

BOEVx ranked first in Mitsubishi's supplier quality performance for the year, and the customer is very satisfied with the high efficiency on quality service response. Therefore, Restar, on behalf of Mitsubishi, presented the Outstanding Contribution Award for Quality Improvement.


Quality system optimization

— Focus on customer quality and achieve No. 1 in quality performance
— Complete system audit and obtain evidence, customer audit pass rate is 100%

## Certification

| | |
|---|---|
| ISO 14001 | Environmental Management Systems |
| ISO14064 | Greenhouse Gases Emissions verification statement |
| ISO14067 | Carbon Footprint Assessment certificate |
| ISO 45001 | Occupational Health and Safety Management System |
| QC 080000 | Electrical and Electronic Components and Products Hazardous substance Process Management System Requirements |
| ISO 26262 | Road vehicles — Functional safety |
| ISO 9001 | Quality Control Systems |
| IATF 16949 | Quality Management System |

| BOEVx Principles | Quality Policy |
|---|---|
| Quality First<br>One Stop Solution Provider | 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. |
| Value-oriented Culture<br>Pragmaticism, Preciseness, Speed, Resoluteness | 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. |
| 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


## PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Recognizing that intellectual properties are important assets to an enterprise, the Group has always adhered to the concept of respect for intellectual property, being devoted to implementing protection for intellectual properties. The intellectual properties as possessed by the Group include but not limited to patents, trademarks, designs, copyrights and trade secrets, with protection scopes covering products, technologies, designs, processes, commercial information, video/audio/graphic materials, software and etc. These intellectual properties can be maintained and used in various legitimate ways such as application for registration, confidentiality measure, enforcement, litigation and etc. Suitable administration systems for intellectual properties are adopted both internally and externally. The Group respects intellectual property rights of third parties, particularly those of the cooperating parties of the Group, and proactively avoids unauthorized use of relevant intellectual properties. Contracts of cooperation projects will be reviewed by the involved parties before commencement, with security and confidentiality measures taken during the process. During the course of cooperation, confidentiality, licensing, acquisition and other agreements can be signed with mutual respect, for the sake of lawful acquirement and transfer of intellectual properties among the different parties, therefore achieving mutual benefits.

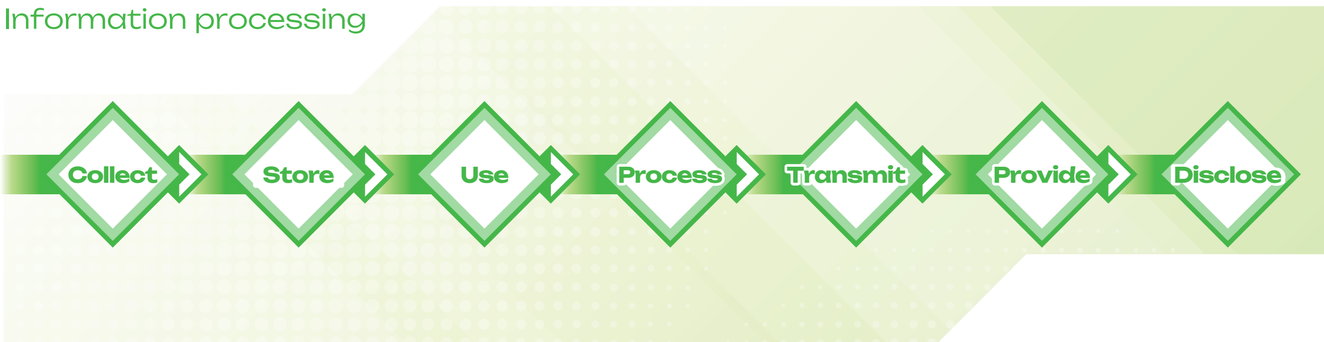
Varitronix (Heyuan) Display Technology Ltd., a wholly-owned subsidiary of the Company, was recognized as the 2022 "National Intellectual Property Demonstration Enterprise" by the State Intellectual Property Office, becoming the first enterprise in Heyuan City to receive this honor, and realized Heyuan City's national intellectual property demonstration enterprise zero breakthrough. The Company has established a comprehensive intellectual property management system and is committed to innovation and improvement, passing the High and New Technology Enterprise certification in 2021 and the Intellectual Property Standard certificate in 2022. As the key laboratory of Guangdong Provincial Vehicle-mounted Intelligent Liquid Crystal Display Enterprise, up to now, the Group has been granted a total of 89 patents, including 43 patents for invention, 45 patents for utility models and 1 design patent, and we have been granted 7 China Patent Excellence Awards for 4 consecutive years.

## DATA PROTECTION AND PRIVACY POLICIES

In order to gain trust from our stakeholders, the security of their personal information is important to us. The Group acknowledges the importance in handling the personal information carefully.

The Group understands stakeholders use their personal information for different purpose. Therefore, it is important for us to handle this information with care. To protect this information from any unauthorised access, accidental loss and destruction, the Group adopts appropriate security measures in the transfer and storage of the personal data.

Information processing



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Business and Personal Information Processing

| Management | Technology | Operation |
|---|---|---|
| Clarify the organizational structure and responsibilities, and formulate internal management systems and processes | Adopt security technical measures such as encryption and de-identification to ensure information security | Incorporate privacy protection requirements into all aspects of product design and service delivery |
| Establish an information protection compliance system, conduct compliance risk assessments, and conduct information protection impact assessments when necessary | Ensure the integrity of information processing activity records, including collection, storage, usage, processing, transmission, provision, disclosure, deletion, etc. | Conduct regular compliance audits to understand how information protection compliance obligations are implemented and maintained |
| Conduct regular safety education and training | Establish an information security monitoring and alert mechanism on real-time monitoring of abnormal conditions during information processing, and promptly discover and deal with potential security threats | Establish emergency plans to respond and handle information leakage security incidents in a timely manner |

Information security and data privacy are a top priority. The stability and efficiency of our services depend on critical information systems and the secure transmission of data, and we are committed to respecting and protecting data privacy in all our operations and activities. To that end, we pay close attention to potential information security risks, and are diligent in our efforts to identify and quickly respond to any conceivable security incident or data breach, going to great lengths to protect the information entrusted to us by our clients and partners.

### Quality and safety

BOEVx has officially passed the triple stringent certification audit of ISO 27001, ISO 21434, and TISAX for its network security system. This marks the Company's globally recognized high standards in information security management. It is also the Company's information security policy that has been adhered to for many years to ensure information security and product network security, comply with laws and regulations, and implement risk management. The Company's products fully meet international standards for cybersecurity risks throughout the entire life cycle process, including concept, development, production, implementation, maintenance and decommissioning, and have the ability to provide automotive industry customers with cybersecurity capabilities that are in line with the industry's best practices. With the three certificates, the Company wins deeply the trust of customers around the world.

By standardizing product quality requirements, from design approval, new product quality management, mass production and supply to after-sales quality warranty, we aim to continuously improve and ensure the quality of the Group's products and ensure the quality of supply.

## ANTI-CORRUPTION

The Group are committed to maintaining the highest level of business ethics and integrity in carrying out its business activities. The Group places emphasis on ensuring all business is conducted in accordance with relevant local laws and regulations, including but not limited to Prevention of Bribery Ordinance (Cap.201 of the Laws of Hong Kong), Criminal Law of the People's Republic of China (中華人民共和國刑法), Foreign Corrupt Practices Act of United States and the United Nations Convention against Corruption.

The Group has formulated its internal policies, namely "Code of Conduct" and "Anti-corruption Policy", to ensure that business activities are conducted integriously, transparently, and legitimately, as well as to abstain from all forms of misconduct, including corruption, bribery, extortion and fraud within the Group. Such measures are preventive, detective and punitive in nature. All employees shall sign and abide by the "BOEVx Declaration of Professional Ethics", follow the code of conducts and professional ethics, perform the duties with integrity, fairness and professionalism, not taking advantage of their job position to engage in any form of bribery or solicit any personal benefits or favors from business partners, and are subjected to supervision.

During the year, concluded legal cases were reported regarding corrupt practices against the Group or its employees. The Group reported no cases of serious violations of laws and regulations in relation to corruption, bribery, extortion and fraud that would have a significant impact to the Group.

**Code of Conduct**

set the upper limit on the value of the gifts that the staff can accept; prohibit the staff from soliciting or accepting any benefits from business partner; procedures and reporting mechanisms for handling conflicts of interest.

**Anti-corruption Policy**

the staff shall not engage in any form of corruption or bribery, shall not offer or accept any gifts, gratuities or entertainment that may be considered to have an unfair impact on business relationships.

**Travel Policy**

establish the standards and approval procedures for the travel and business entertainment expense that occurs in the normal course of business.

## WHISTLEBLOWING MECHANISM

To commit a high standard of corporate governance, the Group has devised a whistleblowing policy for all employees of the Group to report serious concerns about any misconduct, malpractice or irregularities that the Company or any of its subsidiaries has been or may become involved in. Whistleblowing matters may include but are not confined to breach of legal or regulatory requirements (such as corruption or acts of fraud) or, malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters of the Group. The Group has set a specific reporting channel to receive reports from whistleblowers on misconduct and relevant details and evidence. To safeguard its interests, the Group will conduct the investigation against any suspicious or misconduct based on the actual circumstances.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will make every effort to treat all disclosures in a confidential and sensitive manner. The identity of the individual employee of the Group making the allegation will not be divulged without the employee's consent, where appropriate. Harassment or victimization of a genuine whistleblower will be treated as gross misconduct, which if proven, may result in dismissal. The Group assess the efficiency of current whistleblowing measures annually. In case of appropriate necessity, the Group will amend existing policies or develop and introduce additional policies.

Extract of whistleblowing policy:

**Reporting Channel**

report to the Audit Committee via designated email

**Confidentiality**

may raise a concern anonymously or in confidence.

will not disclose the identity of whistleblower without their consent

**Protection**

whistleblower shall not suffer any form of intimidation, reprisal, retaliation or adverse reaction as a consequence of whistleblowing

**Investigation Procedure**

depending upon the nature and particular circumstances of each complaint made, investigation would be conducted internally or by referring to external organisation

**Record Retention**

all relevant information relating to the case shall be properly filed

## COMMUNITY INVOLVEMENT, CHARITY AND STAFF WELLBEING


When planning social engagement activities, in addition to considering public welfare and charitable donation activities, we also consider social activity strategies, use core functions, pool internal and external resources and the strength of overseas bases to promote participation in social activities, while exerting social influence, creating corporate competitiveness and creating an environment where business and society prosper together.

As a responsible enterprise, the Group is involved in a variety of events that combine charity and sports and committed to encouraging caring for the community and help those in need. In 2024, the Group made charitable and other donations of over HK$72,630.

As of the latest practicable date, the Group sponsored our employees to participate in various charity sports activities and company cultural and sports activities. These included:

| Hong Kong | PRC |
|---|---|
| • Standard Chartered Marathon | • 2024 Athletic Carnival |
| • Oxfam Trailwalker — 100km | • BADT Family Day |
| • Oxfam Trailwalker — 40km | • Friendly Badminton Tournament |
| • The Hong Kong International Airport • Standard Chartered Hong Kong Marathon: Three Runway System 10K International Race | • The 2nd "Dragon Cup" Football League |
| | • Riding Club Activities |
| | • "Raindrop" Volunteer Program |
| | • Chinese New Year Cup Soccer Tournament |

Standard Chartered Hong Kong Marathon 渣打香港馬拉松 2025

樂施毅行者 OXFAM TRAILWALKER

## SCHOLARSHIP

Since 2012, Heyuan plant established a school-enterprise cooperation with the Heyuan Polytechnic to enrol students in "Specialized BOEVx Class". A scholarship is sponsored for outstanding students. In addition, the Group has also specially set up a "Specialized BOEVx Scholarship" to help students with financial needs to complete their studies.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


2024 Oxfam Trailwalkers


2024 Athletic Carnival

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


The second 「龍騰杯」


BOEVx New Manpower

# APPENDIX 1

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

| SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIs | | PAGE NUMBER |
|---|---|---|
| **A ENVIRONMENTAL** | | |
| **ASPECT A1: EMISSIONS** | INFORMATION ON THE POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE ISSUER RELATING TO AIR AND GREENHOUSE GAS EMISSIONS, DISCHARGES INTO WATER AND LAND, AND GENERATION OF HAZARDOUS AND NON-HAZARDOUS WASTE. | |
| A1.1 | The types of emissions and respective emissions data. | 40 |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 42 |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 40 |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 40 |
| A1.5 | Description of emission target(s) set and steps taken to achieve them. | 41, 56 |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | 46, 57 |
| **ASPECT A2: USE OF RESOURCES** | POLICIES ON THE EFFICIENT USE OF RESOURCES, INCLUDING ENERGY, WATER AND OTHER RAW MATERIALS. | |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility). | 44, 50 |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 50 |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 51-52, 57 |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | 45, 57 |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | 47, 50 |
| **ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES** | POLICIES ON MINIMISING THE ISSUER’S SIGNIFICANT IMPACTS ON THE ENVIRONMENT AND NATURAL RESOURCES. | |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 49 |
| **ASPECT A4: CLIMATE CHANGE** | POLICIES ON IDENTIFICATION AND MITIGATION OF SIGNIFICANT CLIMATE-RELATED ISSUES WHICH HAVE IMPACTED, AND THOSE WHICH MAY IMPACT, THE ISSUER. | |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | 39, 52 |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIs | | PAGE NUMBER |
|---|---|---|
| **B SOCIAL**<br>**EMPLOYMENT AND LABOR PRACTICES** | | |
| **ASPECT B1: EMPLOYMENT** | INFORMATION ON THE POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE ISSUER RELATING TO COMPENSATION AND DISMISSAL, RECRUITMENT AND PROMOTION, WORKING HOURS, REST PERIODS, EQUAL OPPORTUNITY, DIVERSITY, ANTI-DISCRIMINATION, AND OTHER BENEFITS AND WELFARE. | |
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | 61 |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | 61 |
| **ASPECT B2: HEALTH AND SAFETY** | INFORMATION ON THE POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE ISSUER RELATING TO PROVIDING A SAFE WORKING ENVIRONMENT AND PROTECTING EMPLOYEES FROM OCCUPATIONAL HAZARDS. | |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 58 |
| B2.2 | Lost days due to work injury. | 58 |
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | 58 |
| **ASPECT B3: DEVELOPMENT AND TRAINING** | POLICIES ON IMPROVING EMPLOYEES' KNOWLEDGE AND SKILLS FOR DISCHARGING DUTIES AT WORK. DESCRIPTION OF TRAINING ACTIVITIES. | |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management) | 61 |
| B3.2 | The average training hours completed per employee by gender and employee category. | 61 |
| **LABOR STANDARDS** | INFORMATION ON THE POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE ISSUER RELATING TO PREVENTING CHILD AND FORCED LABOR. | |
| B4.1 | Description of measures to review employment practices to avoid child and forced labor. | 65 |
| B4.2 | Description of the steps taken to eliminate such practices when discovered. | 65 |

| SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIs | | PAGE NUMBER |
|---|---|---|
| **OPERATION PRACTICES** | | |
| **ASPECT B5: SUPPLY CHAIN MANAGEMENT** | POLICIES ON MANAGING ENVIRONMENTAL AND SOCIAL RISKS OF THE SUPPLY CHAIN. | |
| B5.1 | Number of suppliers by geographical region. | 67 |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | 67 |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | 68 |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | 68 |
| **ASPECT B6: PRODUCT RESPONSIBILITY** | INFORMATION ON THE POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE ISSUER RELATING TO HEALTH AND SAFETY, ADVERTISING, LABELLING AND PRIVACY MATTERS RELATING TO PRODUCTS AND SERVICES PROVIDED AND METHODS OF REDRESS. | |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 69 |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | 69 |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 75 |
| B6.4 | Description of quality assurance process and recall procedures. | 69 |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | 75 |
| **ASPECT B7: ANTI-CORRUPTION** | INFORMATION ON THE POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE ISSUER RELATING TO BRIBERY, EXTORTION, FRAUD AND MONEY LAUNDERING. | |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | 77 |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | 78 |
| B7.3 | Description of anti-corruption training provided to directors and staff. | 62 |
| **COMMUNITY INVESTMENT** | POLICIES ON COMMUNITY ENGAGEMENT TO UNDERSTAND THE NEEDS OF THE COMMUNITIES WHERE THE ISSUER OPERATES AND TO ENSURE ITS ACTIVITIES TAKE INTO CONSIDERATION THE COMMUNITIES' INTERESTS. | |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). | 78 |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | 78 |

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTOR'S BIOGRAPHICAL INFORMATION

**GAO Wenbao**

aged 50, is our Executive Director and the Chairman appointed since September 2018. Mr. Gao is the chairman of the Nomination Committee and Investment Committee, and a member of the Remuneration Committee of the Company. He is also a director of certain subsidiaries of the Group.

Mr. Gao holds a doctor degree in microelectronics and solid-state electronics from Jilin University.

Mr. Gao joined BOE since 2003. He is currently a director and a vice chairman of the 11th Board of Directors and a member of the strategic committee of the BOE Group.

**KO Wing Yan, Samantha**

aged 45, is an Executive Director and the Vice Chairlady of the Company appointed since October 2014 and January 2019 respectively. Ms. Ko is a member of the Remuneration Committee and the Investment Committee of the Company and a director of various subsidiaries of the Group. Ms. Ko was also appointed as the chief executive officer of the Company in March 2015 and was redesignated to a co-chief executive officer of the Company in April 2016 before redesignated to the current position. Ms. Ko is appointed as an independent non-executive director of AInnovation Technology Group Co., Ltd (formerly known as Qingdao AInnovation Technology Group Co., Ltd) which is listed on the Main Board of the Stock Exchange in May 2021.

Ms. Ko holds a Bachelor Degree in Economics and Mathematics from Mount Holyoke College, U.S.A., and a Master Degree in Finance from the Imperial College, London. She has over 7 years of experience in banking and has extensive experience in the securities and capital markets, and was a director of global markets — structured credit and fund solutions of HSBC until August 2009. Before joining HSBC, Ms. Ko served at Morgan Stanley (Hong Kong) and JP Morgan Securities Limited (London).

Ms. Ko was awarded the 2024 Young Industrialist Awards of Hong Kong by the Federation of Hong Kong Industries.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**SU Ning**

aged 44, is our Executive Director and the Chief Executive Officer of the Company appointed since April 2016 and January 2019 respectively. He was appointed as a Co-chief Executive Officer of the Company in April 2016 before redesignated to the current position. Mr. Su is a member of the Nomination Committee and the Investment Committee, and a director of various subsidiaries of the Group.

Mr. Su holds doctorate of advanced professional studies in applied finance from the University of Geneva, master degree in control engineering from the Graduate School of Chinese Academy of Sciences and is a senior engineer of electronic components and materials.

Since 2005, Mr. Su had served as a deputy division chief in the module technical department, a deputy department head in the new application business department, the division chief, a deputy general manager in the application business department of Beijing BOE Optoelectronics Technology Co., Ltd. (a subsidiary of BOE). Mr. Su was a general manager of the application business department of Beijing BOE Display Technology Co., Ltd. (a subsidiary of BOE) and the general manager of the Strategic Business Unit of the display device and the Internet of Things innovation business.

Mr. Su is currently a vice president of the BOE Group.

**SHAO Xibin**

aged 55, is our Non-executive Director appointed since April 2019. Mr. Shao graduated from Changchun Institute of Physics, Chinese Academy of Sciences with a doctor degree in condensed matter physics. From 1994 to 2006, Mr. Shao worked at Changchun Institute of Physics, Chinese Academy of Sciences, Tohoku University and Jilin North Color Crystal Display Co., Ltd.. Since 2006, Mr. Shao joined the BOE Group. He worked as a deputy director of strategic planning department, a director of research and development of central research institute, a director of product development of BOE Display, a director of DT development and a department head of TV development, a deputy head of IT/TV product development, head of IT/TV product development, the chief product officer, a co-chief technology officer of Display Business Group of BOE.

Mr. Shao is currently the chief new product officer of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the head of LCD product development centre of the mid-desk of the technology and product of the display device and the IoT innovation business of BOE, the deputy head of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**JIN Hao**

aged 51, is our Non-executive Director appointed since April 2019. Mr. Jin graduated from Northeast Forestry University with a bachelor's degree in trade economy. From 1997 to 2003, Mr. Jin worked at Beijing Gucheng Tourism Vocational School, K.E.D. Co., Ltd. and BTC Information and Communication Co., Ltd.. Since 2003, Mr. Jin joined the BOE Group.

Mr. Jin is currently the deputy person in charge of the mid-desk of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the head of the mid-desk of the production and marketing operation centre of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the team leader of business operation team of the domestic marketing platform area of the front-desk of the display device and the IoT innovation business of BOE.

**MENG Chao**

aged 37, is our Non-executive Director appointed since February 2023. Mr. Meng graduated from Beijing Institute of Technology with a master's degree in business management. Mr. Meng joined BOE in 2009. He was the deputy head of the Planning and Finance Department, the deputy head of the Budget Analysis Section of the Budget Management Department, the deputy head of the Budget Management Department, the head of the Smart System Budget and Operation Innovation Department, the head of the Major Project Performance Management Section of Budget Management Department and the deputy head of the Budget Center of BOE.

Mr. Meng is currently the CPIO of the performance management center of the back-desk of BOE (business support system), and the Vice Chief Financial Officer of Chief Financial Officer organisation.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**FUNG, Yuk Kan Peter**

aged 58, is our Independent Non-executive Director appointed in June 2016. Mr. Fung is the Chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Company. Mr. Fung was trained and qualified in KPMG London before returning to KPMG Hong Kong in 1993. Since his return Mr. Fung has travelled regularly into China to lead different types of China projects, including Initial Public Offerings and due diligence exercises for merger and acquisitions. Mr. Fung became a partner in October 2000. Later in 2006 he moved to and started stationing in Beijing. In the past two decades, he has been in many positions within KPMG, including the partner in-charge of large accounts, regional head of audit and regional head of business development.

Mr. Fung's last position before retirement from KPMG was the Global Chair of KPMG Global China Practice ("GCP"). The GCP is a community of professionals in China and across the globe with a total focus on inbound and outbound China businesses and assists Chinese businesses with their globalisation strategy and helps multinational companies enter or expand into the China market. In this role, he regularly met with market players to discuss the continuous development of China and issues confronting executives from different businesses. He also wrote publications and appears in conferences and events as presenters/panelists to share his experience and views on these matters.

Mr. Fung is a fellow member of the Institute of Chartered Accountants of England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor of science in Economics from London School of Economics and Political Science in 1988.

**CHU, Howard Ho Hwa**

aged 60, is our Independent Non-executive Director appointed since June 2016. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chu has 20 years of business experience and 15 years of experience in corporate governance. Mr. Chu is a partner of Go Capital Limited which is a private equity firm based in Hong Kong and Shanghai. Mr. Chu was appointed as an independent non-executive director of Guolian Minsheng Securities Co., Ltd. (formerly known as Guolian Securities Co., Ltd.) and Crypto Flow Technology Limited which are listed on the Main Board of the Stock Exchange in June 2019 and the Growth Enterprise Market of the Stock Exchange in September 2022 respectively.

From 2012 and 28 February 2018, Mr. Chu was the chief executive officer of mReferral Corporation (HK) Limited which is a leading mortgage referral company and is a joint venture of Midland Holdings Limited and Cheung Kong (Holdings) Limited. From March 2012 to June 2012, he was the chief financial officer of China Smart Electric Co. Ltd.. From July 2009 to October 2011, he was the chief financial officer of Trony Solar Holdings Company Limited which is a publicly listed company on the Main Board of the Stock Exchange. From September 2010 to May 2012, he was an independent non-executive Director of China Kingstone Mining Holdings Limited which is a publicly listed company on the Main Board of the Stock Exchange. He has previously worked for Shanghai Century Acquisition Corporation, a company listed on the American Stock Exchange, and United Energy Group Limited, a company listed on the Stock Exchange. He was a director at ABN AMRO Asia Corporate Finance Ltd. and was also a director at the Hong Kong and Shanghai Banking Corporation Ltd.. From June 2012 to June 2015, he was an independent non-executive Director of Weichai Power Co. Ltd. which is a publicly listed company on the Main Board of Stock Exchange. He resigned as an independent non-executive director of Directel Holdings Limited which is listed on the Growth Enterprise Market of the Stock Exchange in June 2016.

He obtained a master degree of business administration from the Columbia University and a bachelor degree of science from the University of Rochester in 1990 and 1986 respectively.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**PANG Chunlin**

aged 54, is our Independent Non-executive Director appointed in April 2023. Mr. Pang is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Pang holds doctorate of electronics and information engineering from University of Electronic Science and Technology of China and master degree in business administration from Kunming University of Science and Technology.

Mr. Pang is a member of, among others, the Ministry of Industry and Information Technology Expert Committee of Vehicles Network Identity Authentication and Safety Trust Work in Vehicles Network Safety Field* (工業和信息化部車聯網安全領域車聯網身份認證和安全信任工作專家委員會); the deputy chairman of the Artificial Intelligence Sub-Committee of The Chinese Society for Agricultural Machinery* (中國農業機械學會人工智能分會委員會); the deputy secretary-general of the Agricultural Electronics Sub-Technical Committee of the National Agricultural Machinery Standardization Technical Committee (TC201)* (全國農業機械標準化技術委員會(TC201)農業電子分技術委員會).

Mr. Pang is an independent director of ZKTeco Co., Ltd., the shares of which are listed on the Growth Enterprise Market of the Shenzhen Stock Exchange. From May 2022 to April 2023, Mr. Pang was a non-independent director of Shenzhen Qingyi Photomask Limited, the shares of which are listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT'S BIOGRAPHICAL INFORMATION

### CHUNG Kai Cheong

aged 47, is the Chief Financial Officer and Company Secretary of the Group. He obtained a Master's degree in Corporate Governance and Compliance from the Hong Kong Baptist University and a Bachelor's degree majoring in Accountancy from the City University of Hong Kong. He is a Fellow Member of each The Hong Kong Institute of Certified Public Accountants, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He joined the Group in April 2022.

### CHOI Wing

aged 46, is the Chief Operating Officer of the Group. She obtained a Bachelor's degree in Chemistry from the Chinese University of Hong Kong and a Master's degree in Data Science and Business Statistics from the Chinese University of Hong Kong. She joined the Group in October 2000.

### PARK Soo Bin, James

aged 54, is the Chief Marketing Officer of the Group. He obtained a Bachelor's degree in Physics from the Sogang University in South Korea. He joined the Group in October 2006.

### YOON Dae Keun

aged 50, is the Chief Technology Officer of the Group. He obtained a Master's degree in Optics from the Sogang University in South Korea. Before joining the Group, Mr. Yoon served at the BOE Group and has more than 21 years of TFT module development experience. He joined the Group in October 2023.

### LO Pak Chi, Patrick

aged 51, is the General Manager responsible for operation of Chengdu plant of the Group. He obtained a Bachelor's degree in Applied Physics from the Hong Kong Baptist University. He joined the Group in May 1998.

### QIU Huirong

aged 42, is the General Manager responsible for operation of Heyuan plant of the Group. He obtained a Bachelor's degree in Chemistry from the Xiamen University, China. Before joining the Group, Mr. Qiu served at the BOE Group and has more than 18 years of TFT module production and operational management experience. He joined the Group in February 2019.

### CHENG Wei

aged 43, is the General Manager — Smart Vehicle Solutions (China region), is responsible for Systems and Smart Vehicle Solutions of the Group. He obtained a degree in Information Engineering from the Beijing Institute of Technology, China and a Master's degree in Software Engineering from the Huazhong University of Science and Technology, China. Before joining the Group, Mr. Cheng served at the BOE Group and has more than 18 years of TFT module production and operational experience. He joined the Group in August 2017.

### MA Chung Man, Alex

aged 49, is the Assistant General Manager — Head of Purchasing of the Group. He obtained a degree in Industrial and Manufacturing Systems Engineering from the University of Hong Kong and a Master's degree in System Engineering and Engineering Management from the Chinese University of Hong Kong. He joined the Group in October 1998.

### NG Ah Loi, Lloyd

aged 57, is the Assistant General Manager — Head of Quality of the Group. He obtained a Bachelor's degree in Applied Physics from the City University of Hong Kong. Mr. Ng has over 17 years of experience in automotive quality assurance management. He joined the Group in August 2017.

# CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board (the "Board") of Directors (the "Directors") recognises that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

## CORPORATE GOVERNANCE PRACTICES

The corporate governance standards of the Company are built on the principles of independence, accountability, transparency and fairness. The Company has adopted and complied with the code provision set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Board has taken actions and measures to ensure that the Company is in all aspects in strict compliance.

In the opinion of the Directors, the Company has complied with the code provisions of the CG Code throughout the year ended 31 December 2024, other than as summarised as below.

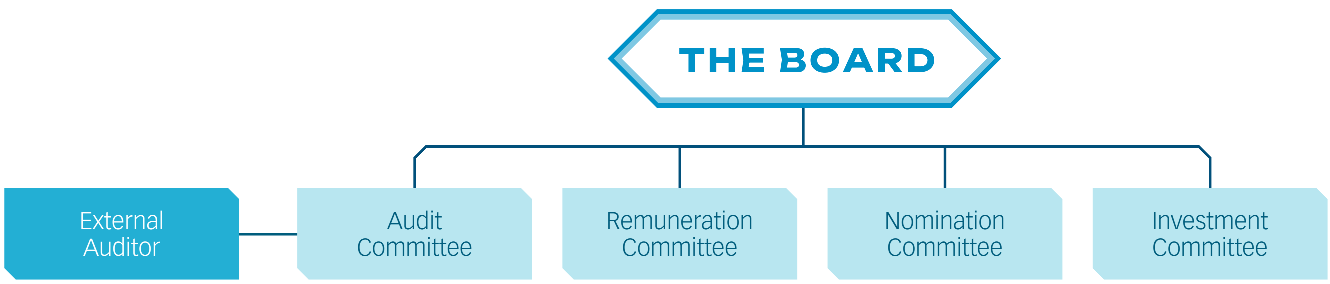
Code provision C.1.6 stipulates that independent non-executive directors and non-executive directors should attend general meetings. Mr. Chu, Howard Ho Hwa, an independent non-executive Director, was unable to attend the special general meeting of the Company held on 21 November 2024 ("SGM") due to other business arrangements.

Apart from code provision F.2.2 stipulates that the chairman of the board should attend the annual general meeting, Mr. Gao Wenbao, the Chairman of the Board, was unable to attend the SGM due to other business arrangements. Mr. Su Ning was appointed to chair the SGM and address any questions raised. Given his extensive knowledge of the Group's business, he was considered a suitable candidate to act as the chairman in the absence of Mr. Gao.

## 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules. 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 year under review.

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.



# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

The Company benefits from the professional management expertise of its Directors. Brief biographies of the Directors are set out in the "Board of Directors and Senior Management" section in this Annual Report. The professional management expertise of the Directors ensures that the Board has the capabilities of sustaining the Company's continued success.

As at 31 March 2025 (the latest practicable date), Board comprises 3 Executive Directors, 3 Non-executive Directors and 3 Independent Non-executive Directors.

| | |
|---|---|
| Executive Directors: | Mr. Gao Wenbao *(Chairman)*<br>Ms. Ko Wing Yan, Samantha *(Vice Chairlady)*<br>Mr. Su Ning *(Chief Executive Officer)* |
| Non-executive Directors: | Mr. Shao Xibin<br>Mr. Jin Hao<br>Mr. Meng Chao |
| Independent Non-executive Directors: | Mr. Fung, Yuk Kan Peter<br>Mr. Chu, Howard Ho Hwa<br>Mr. Pang Chunlin |

The Company has established a mechanism to ensure independent views and input are available to the Board. All the Independent Non-executive Directors meet the guidelines for assessment of independence as set out in Rule 3.13 of the Listing Rules.

The Board meets at least 4 times a year with additional meetings (physical and electronic, with all board members would attend the electronic meetings) arranged when necessary to review the financial performance, material investments and other matters of the Group that require the resolution of the Board.

During the financial year ended 31 December 2024, a total of 4 meetings and 2 general meetings ("GM") of which 1 is an annual general meeting and 1 is a special general meeting, were held and the attendance of each Director is set out as follows:

| | Number of meetings attended in 2024 | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **Board** | **GM** | **Remuneration Committee** | **Nomination Committee** | **Audit Committee** | **Investment Committee** |
| **Executive Directors:** | | | | | | |
| Mr. Gao Wenbao | 4/4 | 1/2 | 2/2 | 1/1 | N/A | 5/5 |
| Ms. Ko Wing Yan, Samantha | 4/4 | 2/2 | 2/2 | N/A | N/A | 5/5 |
| Mr. Su Ning | 4/4 | 2/2 | N/A | 1/1 | N/A | 5/5 |
| **Non-executive Directors:** | | | | | | |
| Mr. Shao Xibin | 4/4 | 2/2 | N/A | N/A | N/A | N/A |
| Mr. Jin Hao | 4/4 | 2/2 | N/A | N/A | N/A | N/A |
| Mr. Meng Chao | 4/4 | 2/2 | N/A | N/A | N/A | N/A |
| **Independent Non-executive Directors:** | | | | | | |
| Mr. Fung, Yuk Kan Peter | 4/4 | 2/2 | 2/2 | 1/1 | 2/2 | N/A |
| Mr. Chu, Howard Ho Hwa | 4/4 | 1/2 | 2/2 | 1/1 | 2/2 | N/A |
| Mr. Pang Chunlin | 4/4 | 2/2 | 2/2 | 1/1 | 2/2 | N/A |

# CORPORATE GOVERNANCE REPORT

The Directors have no financial, business, family or other material/relevant relationships among the members of the Board except that:

Mr. Gao Wenbao is a director and a vice chairman of the 11th Board of Directors and a member of the strategic committee of the BOE Group. Mr. Su Ning is a vice president of the BOE Group. Mr. Shao Xibin is the chief new product officer of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the head of LCD product development centre of the mid-desk of the technology and product of the display device and the IoT innovation business of BOE, the deputy head of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE. Mr. Jin Hao is the deputy person in charge of the mid-desk of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the head of the mid-desk of the production and marketing operation centre of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the team leader of business operation team of the domestic marketing platform area of the front-desk of the display device and the IoT innovation business of BOE. Mr. Meng Chao is the CPIO of the performance management center of the back-desk of BOE (business support system), and the Vice Chief Financial Officer of Chief Financial Officer organisation.

In the Board's opinion, these relationships do not affect the Directors' independent judgment and integrity in executing their roles and responsibilities and there is mechanism to protect respective stakeholders' interest.

## CORPORATE CULTURE

A healthy corporate culture across the Group is integral to attain its vision and strategy. The Board endeavors to promote, by act of lawfully, ethically and responsibly, a performance culture in the Group and continually reinforce the desired corporate culture which is aligned with the Group's purpose, values and strategy.

The Group committees to workforce development, workplace safety and health, diversity, and sustainability. In addition, the Group's strategy in the business development and management are to achieve long-term, steady and sustainable growth, ensure satisfactory and sustainable returns to shareholders, safeguard the interests of business partners, assess and manage the overall business risk, deliver high-quality products to the satisfaction of customers and maintain high standards of ethics.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

## PROFESSIONAL DEVELOPMENT

Pursuant to C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. On 15 November 2024, an on-line training to the Directors about the overview of directors' responsibilities; ESG and internal control; and roles and responsibilities of independent non-executive directors was provided. Up to the date of this report, all Directors have participated in continuous professional development by participating seminars, training course and/or lectures, and/or referring materials on the topics related to corporate governance and regulations.

## RESPONSIBILITIES OF THE BOARD

The Board has established the Company's purpose, values and strategy, and satisfy itself that these and the Company's culture are aligned. The Board promotes the desired culture which should instill and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

With integrity, the Board has the collective responsibility for leadership and control of, and for promoting the success of, the Company by directing and supervising the Company's affairs. The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on important matters such as interim and annual results, major transactions, director appointments or reappointments, and dividend and accounting policies, and so on. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the management.

The Board has reviewed the implementation and effectiveness of the mechanism which ensures independent views and input are available to it on an annual basis.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, code of conduct of employees and directors, and practices on compliance with the CG Code.

The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment, and in a timely manner for any change of, the number and nature of offices held in public companies or organisations and other significant commitments.

Every Board member has full access to the advice and services of the company secretary of the Company with a view to ensuring that board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman of the Board, Mr. Gao Wenbao and the Chief Executive Officer, Mr. Su Ning are separated, with a clear division of responsibilities. The Chairman of the Board is responsible for formulating corporate strategies and overall business development planning. Chief Executive Officer's duty is to oversee the execution of daily business activities. The division of responsibilities is to ensure a balance of power and authority.

The Vice Chairlady, Ms. Ko Wing Yan, Samantha, shall assist the Chairman of the Board in performing the latter's duties and responsibilities. In particular, the Vice Chairlady shall take the important role in monitoring the implementation of the Company's strategies. During the period when the Chairman is absent and the normal functions of the Chairman cannot be carried out, the Vice Chairlady will take the role as the acting Chairman until the Chairman resumes carrying out his normal duties or a new Chairman has been elected and appointed by the Board.

The division of responsibilities between the Chairman and the Chief Executive Officer are clearly established and set out in writing in March 2012.

## TERM OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Non-executive Directors have been appointed for a term of 3 years and all Independent Non-executive Directors have been appointed for a term subject to re-appointment as required by Bye-law.

Pursuant to the Company's bye-law 84(1), all Directors are subject to retirement by rotation at least once every 3 years. At least one-third of the Directors must retire from office at each annual general meeting and their re-election is subject to the approval of the Shareholders.

Pursuant to the Company's bye-law 83(2), any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

### 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 terms of reference of the AC are available at the websites of the Company and the Stock Exchange.

The AC held 2 meetings in 2024 in which the AC reviewed with management the accounting principles, estimates and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters so as to ensure that an effective control and corporate governance environment is maintained. The number of AC meetings held during the year and record of individual attendance of members, on a named basis, at meetings held during is set out in the section headed "BOARD OF DIRECTORS" above in this report.

The AC also made its recommendation to the Board that the external auditors should be reappointed, reviewed and approved the audit service, non-audit services, remuneration and the terms of engagement of the external auditors.

The internal and external auditors have unrestricted access to the AC, which ensures that their independence remains unimpaired. There was private meeting between the AC and external auditors for the best corporate governance purposes.

There is no disagreement between the Board and the AC on the selection, appointment, resignation or dismissal of the external auditors.

The AC meets and holds discussions with the directors and other senior management of the Group on the interim results and annual results as well as respective reports. The AC reviews and discusses the management's report and representations with a review to ensure that the Group's consolidated financial statements and prepared in accordance with accounting principles generally accepted in Hong Kong with reference to the terms of reference. It also considers reports from the Company's external auditors, KPMG, on the scope and the outcome of their annual audit of the consolidated financial statements.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Report of the Independent Auditor) for preparing the financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The reporting responsibilities of KPMG are set out in the Report of the Independent Auditor on pages 129 to 134 of this Annual Report.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for evaluating and determining the nature and extent of the risks they are willing to take in achieving the Group's strategic objectives, overseeing the risk management and internal control systems including reviewing their effectiveness through the AC to ensure appropriate and effective risk management and internal control systems are in place. The Company has established an Internal Audit Department and the Risk Management Committee (the "RMC"). The RMC consists of representatives from operations departments, the Finance Department and the Internal Audit Department of the Company.

The AC assists the Board in meeting its responsibility for maintaining effective systems of risk management and internal control. The AC reviews all significant aspects of risk management and internal control, including financial, operational and compliance controls; the adequacy of resources, qualifications and experience, training programmes and budgets of the staff of the Group's accounting, internal audit, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting. It reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and control risks are managed. The AC reviews the effectiveness of the internal audit department and its annual work plans, and considers the reports of the RMC on the effectiveness of the systems of risk management and internal control. These reviews and reports are considered by the AC before it makes its recommendation to the Board for approval of the annual consolidated financial statements.

The risk management and internal control systems of the Group are reviewed at least semi-annually. During the year, the AC has reviewed the effectiveness of the risk management and internal control systems of the Group and considered the systems are effective and adequate.

Effective risk management is fundamental to the achievement of the Group's strategic objectives, and an enterprise risk management framework is in place to provide top-down and bottom-up approaches to identify, assess, mitigate and monitor key risks in a pro-active and structured manner.

The Company's management encourages a risk aware and control conscious environment, setting objectives, performance targets or policies for the management of key risks including strategic planning, business operations, acquisitions, investments, legal and regulatory compliance, expenditure control, treasury, environment, health and safety, and customer service. The Company has a well-established organisational structure with defined levels of responsibility and authority and reporting procedures. There are inherent limitations in any systems of risk management and internal control and accordingly the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business of objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Executive Directors review operational and financial reports and key operating statistics and hold regular meetings with the management to review their reports.

Budgets are prepared annually by the management and are subject to review and approval by the Chief Executive Officer and then by the Executive Directors. Re-forecasts of operating results for the current year are prepared regularly, reviewed and approved by the Executive Directors and the Board.

The Group has established guidelines and procedures for the approval and control of expenditure. Operating expenditure is subject to overall budget control. Capital expenditure is subject to overall control within the approved budget of individual projects with more specific controls and approvals being required for overspending, unbudgeted expenditure and material expenditure within the approved budget. Regular reports of actual versus budgeted and approved expenditure are also reviewed.

The treasury function, overseeing the Group's investment and funding activities, regularly reports to the Executive Directors on the Group's cash and liquid investments, borrowings, outstanding contingent liabilities and financial derivatives commitments. The Board has reviewed and adopted a treasury policy governing the management of the financial risks of the Group (including interest rate risk, foreign exchange risk and liquidity risk) and the operational risks associated with such risk management activities.

# CORPORATE GOVERNANCE REPORT

The legal and company secretarial function reports to the Chief Executive Officer and the Board, and oversees, among other things, the Group's compliance of the Listing Rules and other legal and regulatory requirements.

Reported to the AC, the Internal Audit provides necessary information to support the AC to assess the effectiveness of the risk management and internal control systems in order to achieve the business objectives and corporate governance requirements of the Group. At the beginning of each year, Internal Audit prepares its annual audit work plan, using risk assessment methodology, for the AC for review and approval, ensuring that over a number of years, all parts of the Group are audited as regards financial and material internal controls, in addition to key risk mitigation. As the audit work is performed, detailed reports are submitted to the AC for review and comment, all of which are related to the application of internal control in different parts of the Group and the management response to the point made in the report. Internal Audit follows up audit recommendations on implementation and the progress is reported to the AC. The AC is generally satisfied by the responses given and remedial action taken. The scope of work on the Group performed by Internal Audit includes financial and operational review, recurring and unscheduled audits, fraud investigation, productivity and efficiency review and laws and regulations compliance review.

With the assistance of Internal Audit, the Chief Executive Officer and the Executive Directors review, among other things, the profile of the significant risks (including ESG risks) and sustainability, and how these risks have been identified, evaluated and managed, the changes since the last semi-annual assessment in the nature and extent of significant risks and the Group's ability to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of the risk management and internal control systems. In addition, they review the work of internal audit department and other assurance providers, the extent and frequency of communication of monitoring results to the AC which enables it to assess control of the Group and the effectiveness of risk management, any significant failing or weaknesses in internal control that have been reported, the necessary actions that are being taken promptly to remedy any significant failings or weaknesses, and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance.

Reports from the external auditor on material non-compliance with procedures and significant internal control weakness, if any, are presented to the AC. These reports are considered and reviewed and the appropriate action is to be taken if required.

Whistleblowing channel is established for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the AC about possible improprieties in any matter related to the Group. For details, please refer to the section headed "Anti-Corruption" under the ESG Report.

There are also procedures including pre-clearance on dealing in the Group's securities by designated Directors and key employees notification of regular blackout period and securities dealing restrictions to the Directors and key employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

## AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

Total auditors' remuneration in relation to audit and non-audit services provided to the Group amounted a sum of HK$3.9 million (2023: HK$3.9 million) was paid to KPMG. The auditor's remuneration for audit services was HK$3.2 million (2023: HK$3.3 million).

The non-audit services provided by the auditor of the Group are as follow:

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Review services | **583** | 586 |
| Tax advisory services | **115** | 31 |
| | **698** | 617 |

## 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. The terms of reference of the RC are available at the websites of the Company and the Stock Exchange.

The roles and functions of the RC include consulting the Chairman of the Board about their remuneration proposals for other Executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management of the Group. The RC has adopted the approach under E.1.2(c) of the CG Code to make recommendations to the Board on the remuneration packages of individual Executive Director and senior management of the Group.

The Company's remuneration policy is to link remuneration packages for Executive Directors and key executives with the achievement of annual and long-term performance goals. By providing competitive and performance-linked compensation, the Company seeks to attract, motivate and retain key executives, which is essential to its long-term success.

The RC held 2 meetings in 2024. During the meetings, the RC reviewed the Company's remuneration policy and fixed the remuneration packages for the directors and senior management of the Group. No change has been proposed to the remuneration policy and the Directors' remuneration. The number of RC meetings held during the year and record of individual attendance of members, on a named basis, at the meeting held is set out in the section headed "BOARD OF DIRECTORS" above in this report.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is set out in Note 8 to the consolidated financial statements of this Annual Report.

Mr. Gao Wenbao is not be entitled to any salary for serving as the Chairman of the Board or any director's fee or remuneration for his appointment as an executive Director. Mr. Su Ning is not entitled to any director's fee or remuneration for his appointment as an executive Director but is entitled to remuneration to his appointment as the Chief Executive Officer of the Company.

Each of Mr. Shao, Mr. Jin and Mr. Meng has not entered into any service contract with the Company. The Company has entered into an appointment letter with each of them, pursuant to which each was appointed as a non-executive Director. The appointment for each of them is for a term of 3 years and is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. Each of them is entitled to an annual director's fee of HK$200,000 which is determined by the RC and the Board with reference to each experience and the prevailing market director's fees for non-executive directors. Mr. Shao, Mr. Jin and Mr. Meng have agreed to waive their respective annual director's fee.

The remuneration paid to the members of the senior management (excluding directors) by bands in 2024 is set out below:

| Remuneration Bands | Number of Individuals |
|---|---|
| HK$1,000,001 to HK$1,500,000 | 4 |
| HK$1,500,001 to HK$2,000,000 | 3 |
| HK$2,000,001 to HK$2,500,000 | 2 |

The RC and the Board have resolved to grant certain awarded shares to directors and employees of the Group for the long term development of the Group. For details of the grant, please refer to sections headed "Share Schemes and Directors' and Chief Executives' Right to Acquire Shares or Debentures" as set out in Report of the Directors for further information.

## 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 terms of reference of the NC are available at the websites of the Company and the Stock Exchange.

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 Company'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. New Directors are sought mainly through referrals. In evaluating whether an appointee is suitable to act as a Director of the Company, the Board will review the independence, experience and expertise of the appointee as well as personal ethics, integrity and time commitment of the appointee.

The NC held 1 meeting in 2024. Issues concerning the structure, size and composition of the Board and appointment of new directors were discussed and reviewed. The number of NC meetings held during the year and record of individual attendance of members, on a named basis, at the meetings held during is set out in the section headed "BOARD OF DIRECTORS" above in this report.

## BOARD DIVERSITY POLICY

The Board adopted the board diversity policy (the "Board Diversity Policy") which to comply with the CG Code on board diversity. The Board Diversity Policy was adopted to ensure that diversity in its broadest sense continues to remain a feature of the Board. The NC's assessment of the candidates includes, but is not limited to, consideration of the relevant knowledge and diversity of backgrounds, skills, experience and perspectives that would complement the existing Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing it, and the progress made towards achieving those objectives are disclosed as below:

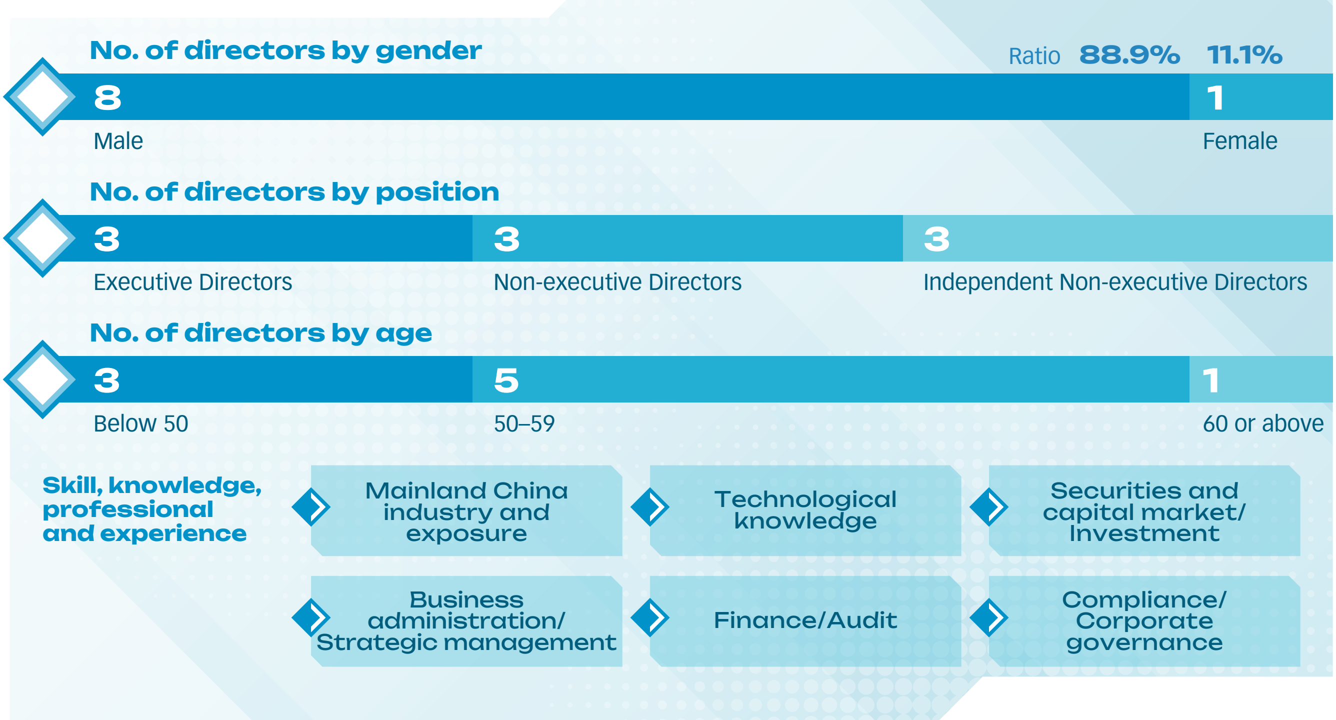
### — Summary

The Company recognized and embraced the benefits of having a diverse board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the board. In designing the board's composition, board diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board currently comprises 8 male Directors and 1 female Director. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the Board Diversity Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Please refer to the Environment, Social and Governance Report of this annual report for details of our workforce.

# CORPORATE GOVERNANCE REPORT

Board composition profile




### — Measurable objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the amount of time and effort that candidates will devote to discharge their duties and responsibilities and, in the case of independent non-executive director(s), the independence requirements set out in the Listing Rules (as amended from time to time). The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. It will not consider diversity to be achieved for a single gender board. The Board's composition will be disclosed in the Corporate Governance Report annually.

### — Implementation and Monitoring

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, taking into account the benefits of all relevant diversity aspects and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy.

### — Reviewing

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Board constitutes male and female directors, age of different group, knowledge from business development, auditing, accounting and finance, corporate finance, technology development, products, etc. and it is considered there is enough diversity.

The Board should review the implementation and effectiveness of the Board Diversity Policy on board diversity on an annual basis.

We target to maintain the current level of female representation on the Board as we considered the existing board composition to be sufficiently diverse.

We are also committed to diversity and inclusion at the workforce level, recruiting employees and summer interns from diverse backgrounds.

# CORPORATE GOVERNANCE REPORT

## INVESTMENT COMMITTEE

The investment committee of the Company (the "IC") is established to source, review (including exit) and select appropriate investment projects to achieve the Group's advancement and transformation strategy. The IC is also responsible for the examine of the investment management risk policies, research of the Group's capital policies and major financing plans. The IC comprises 9 members, including Mr. Gao Wenbao (Chairman of the IC), Ms. Ko Wing Yan, Samantha and Mr. Su Ning, and other management of the Company .

The IC held 5 meetings in 2024 in which the IC reviewed investment and exit proposals, plant/office expansion and business development. The number of IC meetings held during the year and record of individual attendance of members (who is a director of the Company), on a named basis, at the meetings held during is set out in the section headed "BOARD OF DIRECTORS" above in this report.

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

The terms of reference and operating rules of the Investment Committee was adopted and effective on 11 July 2022.

## COMPANY SECRETARY

Mr. Chung Kai Cheong was appointed as the Company Secretary of the Company in April 2022. The Company Secretary is responsible for that board procedures comply with applicable laws, rules and regulations and advising the Board on corporate governance and other matters. The Company Secretary reports to the Board through the Chairman whilst all Directors have rights to access to the advice and service of the Company Secretary. The biographical details of Mr. Chung are set out under the section head "Board of Directors and Senior Management" in this Annual Report.

Mr. Chung has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2024 and has complied with the requirement as set out in Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders of the Company and the Board. The Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting ("SGM") whenever necessary.

### — Right to convene SGM

Members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "Registered Office") or its principal office at Units A–F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong (the "Principal Office"), for the attention of the company secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the general meeting, signed by the member(s) concerned and may consist of several documents in like form, each signed by one or more of those members.

If the requisition is in order, the company secretary of the Company will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

Such special general meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a special general meeting in form of a physical meeting, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board would be reimbursed to the requisitionists by the Company.

### — Right to put enquiries to the Board

Members of the Company do not generally have any right to put forward enquiries to the Board. There is no procedure set out in the Bermuda Companies Act 1981 or in the Bye-Laws of the Company available for any member to put forward an enquiry to the Board. A member of the Company may, of course, at any time write to the Board and it is up to the Board to decide whether or not to entertain any request made by a member of the Company.

Members of the Company who have enquiries about the above procedures or have enquiries to put to the Board may write to the company secretary of the Company at Units A–F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

### — Right to put forward proposals at shareholders' meetings

Member(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all members having the right to vote at the shareholders' meeting; or (ii) not less than 100 members, can submit a written request stating the resolution intended to be moved at an AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular shareholders' meeting.

The written request/statements must be signed by the member(s) concern and deposited at the Registered Office or the Principal Office, for the attention of the company secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in the case of any other requisition.

If the written request is in order, the company secretary of the Company will ask the Board (i) to include the resolution in the agenda for an AGM; or (ii) to circulate the statement for the shareholders' meeting, provided that the member(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the member(s) concerned in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid or the member(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the member(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the shareholders' meeting.

The procedures for shareholders of the Company to propose a person for election as a director is posted on the Company's website.

## 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 Company. 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) and the Stock Exchange's website (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 Company has reviewed the implementation and effectiveness of the shareholders' communication policy conducted during the year and believes that the current communication policy has been effective at maintaining clear and timely communication with its shareholders and stakeholders.

# CORPORATE GOVERNANCE REPORT

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 off-line 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 2024, the Group participated in more than 100 investor relations' events, including but not limited to, post-results roadshows, self-organized investor day, seller-side organized investor conferences/corporate days, individual/group meetings and conference calls. Currently, there are 14 equity research analysts actively covering the Group.

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, remuneration, nomination and any other committees (as appropriate) 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.

## 2024 ANNUAL RESULTS CONFERENCE

On March 27, 2025, the Company hosted its first on-site annual results conference in Shenzhen, fostering closer interaction with investors and enhancing their understanding of the Group. Executive Director and the Chairman Mr. Gao Wenbao, Executive Director and CEO Mr. Su Ning, together with CFO and Company Secretary Mr. Chung Kai Cheong presented the annual results and business development of 2024, and unveiled the core annual strategy of fostering "Twin Engines" fast growth through both automotive and industrial businesses, and a three-year value enhancement plan. The management team actively and patiently responded to enthusiastic questions from investors and media, providing comprehensive and practical answers.

Mr. Gao concluded the meeting with the statement "Honoring the past and embracing the future," emphasizing the importance of adopting a "long-termism" perspective to increase investment in new technologies and overseas markets. Under the strategic synergy between the BOE Group and the Company, the Company aims to steadily advance towards the vision of becoming a "global leader in automotive and industrial display solutions." Through a robust profit model, high-quality products, and pragmatic smart development paths, the Company strives to create greater value for investors and society. Additionally, Mr. Gao introduced enhancement in the Company's "5V" strategic: Vehicle (focus on automotive scenarios), Volume (scale-driven growth), Value (value creation upgrade), Victory (competitive winning path), and Vision (long-term development goals), to realize the Company's own value elevation and empower industry and business partner value growth.

## PROTECTION OF THE RIGHTS OF THE INVESTORS

BOEVx places a high premium on information disclosure and investor relations management. We publish interim and annual result reports as well as circulate other announcements where necessary. The Company communicates with investors on a periodic basis and actively shares the investors' suggestions and feedback about the Company's products, operations and governance with internal teams so as to maximize the protection of the investors' rights.

## PUBLIC RELATIONS MEDIA COMMUNICATION FORMS AND CHANNELS

**News Release** | **Video/ Live Stream/ Media Event/ Interview** | **Promotional Poster** | **KOL Check-in** | **Stock Investment** | **Financial Statements**

- Group public account/video account
- Group cooperative media
- Company official website
- Cooperation with third-party institutions

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- The Company's own WeChat public account platform
- Related display/smart cockpit/cooperation with automotive industry professional media

Comprehensively showcasing the solid foundation of the Company's intelligent cockpit, the leading global intelligent cockpit display technology, as well as innovative application scenarios for the future-oriented "HERO" cockpit intelligent interaction. Through extensive media coverage and wide-spread dissemination across the Internet, it has gained broad, in-depth, and precise communication effects and attracted high attention.

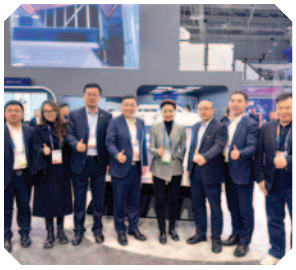
### Highlights

- The third time we participated in CES, to show the innovative power of our products to the world.
- The first quality conference was held, together with the upstream partners to improve quality performance.
- Released the first PRC smart cockpit through-display and two-wheeler smart classification standard.
- Won the best supplier awards from Changan, BYD, Li Auto, Dongfeng and other vehicle manufacturers.

# CORPORATE GOVERNANCE REPORT











## Exhibition/Innovation Day

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1. CES 2024
2. 2024 Beijing International Automotive Exhibition
3. 2024 Supply Quality Conference
4. 2024 Society for Information Display's display week
5. Hongqi E-HS9's smart cockpit shine at Frankfurt Airport
6. International Display Technology and Application Innovation Exhibition
7. 2024 World Conference on Innovation and Development in the Display Industry
8. The 6th Supply Chain Innovation Technology Exhibition
9. Chengdu Automotive Show
10. 2024 NavInfo New User Conference

# CORPORATE GOVERNANCE REPORT

## Forum


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1. Beijing China-Germany Forum for Industrial Cooperation and Development
2. International New Energy and Intelligent Connected Vehicle Innovation Ecology Congress (CIEV 2024)
3. 2024 3rd Automotive Intelligent Cockpit and Display Technology Forum
4. 2024 9th Shenzhen International Vehicle Display and Intelligent Cockpit Summit Forum

## Launch of new products

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7

1. ZEEKR 001
2. Chery iCAR 03
3. Leapmotor C10
4. Fengxing Xinghai V9
5. AIC JiFox Alpha S5
6. Chery Exeed Stellar C-DM
7. Xiaopeng Huitian explores low-altitude economy

# CORPORATE GOVERNANCE REPORT

## Honours and Awards


1. Chery Collaborative Innovation Special Contribution Award
2. Changan Automobile Strategic Partnership Award
3. GAC Aion Outstanding Collaboration Award
4. NETA Outstanding Collaboration Award
5. Xiaopeng Outstanding Supplier Award
6. Hangsheng Group Special Contribution Award
7. The Telematics Industry Application Alliance (TIAA)
8. 2024 Top 100 Automotive Supply Chain
9. Taxonomy of Smart Riding for motorcycle and moped — Honorary award for participating units
10. Li Auto Win-Win Cooperation Award
11. BYD Special Contribution Award
12. The 9th China Auto Parts Annual Contribution Award Lingxuan Award
13. Top 10 Brands in China's Intelligent Cockpit Industry in 2024
14. Typical Innovation Case for Guangdong Province Enterprises in 2024
15. Xiaopeng Business Partner Award
16. The Oversized Oxide Smart Cockpit — DIC AWARD 2024 International Display Technology Innovation Award
17. GAC Technology Innovation Award

# CORPORATE GOVERNANCE REPORT

## MAJOR PUBLICITY EVENTS IN 2024

| Exhibitions/Talks/Seminars | | |
|---|---|---|
| BOEVx made appearance at CES2024, collaborating with partners to shape the future of smart mobility | Exciting highlights as BOEVx shines at DIC 2024, empowering a better travel experience through smart displays | Partnering with collaborators at the Beijing Automotive Exhibition, BOEVx leads the new trend in smart cockpit |
| Embracing the new and steering towards the future, BOEVx showcases at the Hongqi Innovation Technology Exhibition | BOEVx 2024 Supplier Quality Conference was grandly held, marking a new chapter for high-quality development in the automotive display industry | BOEVx recognized as one of the top 100 automotive supply chains in China for 2024, showcasing its leading capabilities in driving the future development of smart vehicle connectivity |
| BOEVx collaborate with SemiDrive to create a "One Chip, Multiple Screens" smart cabin, showcasing a new interconnected ecosystem at the Beijing Automotive Exhibition | BOEVx made its presence known at the Chengdu Automotive Show, partnering with collaborators to create a new driving and riding experience | BOEVx collaborate with Yanfeng International to reshape the momentum for upgrading automotive display technology |
| BOEVx participate in the formulation of the industry's first taxonomy standard for smart two-wheel vehicles, which has officially been released | "Within Reach, Illuminating the Future" \| BOEVx shines at the Beijing China-Germany forum for Industrial Cooperation and Development | BOEVx make a notable appearance at C-Touch & Display Shenzhen and is invited to speak at the summit forum |
| BOEVx showcase innovative automotive display products and solutions at the 2024 International Display Week, leading the future of automotive technology | BOEVx win the Lingxuan Award once again, with its integrated smart display for vehicles setting the trend in automotive technology | BOEVx is invited to participate in the CIEV Forum to discuss the new blueprint for the development of smart cockpits |
| BOEVx's high-quality automotive electronics project has been successfully selected as a typical innovation case for Guangdong province enterprises | BOEVx make an appearance at the 2024 World Display Industry Innovation Development Conference | BOEVx is invited to participate in the DIC Forum, exploring the exciting future of automotive displays |


# CORPORATE GOVERNANCE REPORT

## Collaborations

| | | |
|---|---|---|
| BOEVx has been awarded GAC Aion Outstanding Collaboration Award, collaborating to create an enhanced travel experience | BOEVx empower AIC JiFox Alpha S5 with AR-HUD technology, ushering in a new era of smart driving | BOEVx has been awarded NETA Outstanding Collaboration Award, jointly creating a new chapter in intelligent mobility |
| Clearly Intelligent, Seamlessly Enjoyable \| BOEVx once again partners with Chery Exeed Stellar to create a smart cockpit | BOEVx support the upgrade of the new luxury cockpit for the ZEEKR 001 | Win-Win Collaboration: BOEVx Teams Up with Chery to establish a joint innovation display laboratory |
| BOEVx empower the Chery iCAR 03, integrating aesthetic beauty and enhanced driving experience in the cabin | A New Era of Future Mobility — BOEVx Partners with Xiaopeng Huitian explores low-altitude economy | BOEVx collaborate with Leapmotor's new series of vehicles, creating an exceptional cabin with high-standard display assemblies |
| A New Starting Point for Collaboration \| BOEVx Partners with NavInfo to Lead a Bright Future in Smart Mobility | BOEVx support the launch of Fengxing Xinghai V9, integrating a triple-screen technology to create an immersive smart driving experience | |



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. All questions or comments will be replied to the extent permitted by applicable laws, regulations and the Listing Rules.

## CHANGE OF CONSTITUTIONAL DOCUMENT

During the year ended 31 December 2024, there had been no change in the Company's constitutional documents.

# REPORT OF THE DIRECTORS

The Directors have pleasure in submitting herewith their report together with the audited financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT module assembly capacity. 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 (liquid crystal display) and modules for the specific needs of its customers. Particulars of the Company's principal subsidiaries set out in Note 15(a) to the financial statements of this Annual Report. Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of The Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis using financial key performance indicators, can be found in Chairman's Statement on pages 5 to 17, Management Discussion and Analysis on pages 18 to 21, Review of Operations on pages 22 to 27, Environmental, Social and Governance Report on pages 28 to 83, and Notes 28(e) and 29 to the financial statements of this Annual Report.

A discussion on the Group's key relationships with its stakeholders, environmental policies and performance, and its compliance with the relevant laws and regulations that have a significant impact on the Group is contained in Environmental, Social and Governance Report on pages 28 to 83 of this Annual Report. These discussions form part of this Directors' Report.

The analysis of the principal activities, revenue by location of sourcing decision of customers during the financial year are set out in Notes 4 and 12(b) to the financial statements of this Annual Report.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in Note 15(a) to the financial statements.

## FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 135 to 194 of this Annual Report.

## DIVIDEND AND DIVIDEND POLICY

The Board has recommended declaring a final dividend of 17.0 HK cents (2023: 19.0 HK cents) per share, representing a total of 17.0 HK cents (2023: 19.0 HK cents) per share for the year ended 2024.

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%. 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. The determination to pay dividends in the future will be made at the discretion of 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 Group has no change in the Dividend Policy for the year ended 2024.

## ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Wednesday, 25 June 2025. The notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

# REPORT OF THE DIRECTORS

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 19 June 2025 to Wednesday, 25 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited ("Computershare"), of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 18 June 2025.

Subject to the shareholders approving the recommended final dividend at the AGM of the Company, such dividend will be payable on or around Friday, 18 July 2025 to shareholders whose names appear on the register of members of the Company on Friday, 11 July 2025. To determine eligibility for the final dividend, the register of members of the Company will be closed from Tuesday, 8 July 2025 to Friday, 11 July 2025 (both days inclusive), during which period no shares can be registered. In order to qualify for the aforementioned final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Computershare, of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 7 July 2025.

## SHARE CAPITAL AND SHARE SCHEMES

Details of the movements in the share capital and share scheme of the Company during the year are set out in Note 28(c) and 27 respectively to the financial statements.

## CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$87,373 (2023: HK$83,172).

## PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 13 to the financial statements.

## RESERVES

Details of movements in reserves of the Company during the year are set out in Note 28(a) to the financial statements. Details of movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity.

## BANK LOANS

The Group has bank loan of HK$376 million as at 31 December 2024 (2023: HK$620 million).

## CAPITALISATION OF INTEREST

No interest was capitalised by the Group during the year.

## FIVE YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 195 of this Annual Report.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of the compliance with the laws and regulations in commercial activities that domicile, and the failure to comply could result in serious risk and consequences. The Group has reasonably allocated legal, corporate governance, financial and human resources, in particular, the setting up of the compliance and risk management team, to ensure ongoing compliance with respective requirements of the laws and regulations and the policies. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. During the year under review, to the best of our knowledge, the Group has complied with the following salient PRC laws and regulations, namely the Foreign Investment Law, the Company Law, the Environmental Protection Law, Control of Foreign Exchange Regulations and other relevant laws and regulations.

The Group is also committed to the compliance with the following salient laws and regulations in Hong Kong, including but not limited to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has been working with external professionals to develop internal guidelines and educating its employees so as to ensure that the Group and its employees will adopt business practices that are compliant with the relevant laws from time to time.

# REPORT OF THE DIRECTORS

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group follows the principle to behave ethically and responsibly in daily operation to fulfill its environmental and social responsibilities. The Group has obtained ISO 9001 (Quality Control System), ISO 45001 (Occupational Health and Safety Management System), ISO 14001 (Environmental Management Systems) and etc. to govern environmental, social and governance related aspect of its operations. The Group has not noted any material incompliance with relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. Further details of the Group's environmental policies and performance is disclosed in the Environmental, Social and Governance Report of this Annual Report.

## DIRECTORS

The Directors during the financial year and up to the latest practicable date of this Annual Report were:

### 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

In accordance with bye-law 84 of the Company, Mr. Gao Wenbao, Mr. Su Ning and Mr. Fung, Yuk Kan Peter will retire by rotation at the forthcoming annual general meeting (the "AGM"). All the above-mentioned retiring Directors, being eligible, will offer themselves for re-election at the AGM.

## DIRECTORS OF SUBSIDIARIES

List of directors of subsidiaries of the Company during the year and up to the date of this report is kept at the Company's principal place of business.

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

As at 31 December 2024, the interests of the Directors and chief executive 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 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 maintained by the Company under Section 352 of the SFO or as required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

### (A)(I) INTERESTS IN SHARES OF THE COMPANY AS AT 31 DECEMBER 2024

| Name of Director | Capacity | Number of shares in the Company held | Approximate percentage of the total issued share capital of the Company (Note 2) |
|---|---|---|---|
| Ko Wing Yan, Samantha | Personal Interest | 1,422,800 | 0.1797% |
| Su Ning | Personal Interest | 1,566,200 | 0.1979% |
| Fung, Yuk Kan Peter | Personal Interest | 242,000 | 0.0306% |
| Chu, Howard Ho Hwa (Note 1) | Personal Interest | 139,000 | 0.0176% |
| Pang Chunlin | Personal Interest | 12,000 | 0.0015% |

Notes:

1. Mr. Chu, Howard Ho Hwa purchased 49,000 shares on 23 August 2024.
2. Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2024.
3. The above interest represented long positions.

### (A)(II) INTERESTS IN SHARES OF BOE TECHNOLOGY GROUP CO., LTD. ("BOE") (AN ASSOCIATED CORPORATION) AS AT 31 DECEMBER 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 | 342,820 (Note 3) | 0.0009% |
| Jin Hao | Personal Interest | 189,750 (Note 4) | 0.0005% |
| Meng Chao | Personal Interest | 537,500 (Note 5) | 0.0014% |

Notes:

1. 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.

2. On 21 December 2020, BOE granted 1,500,000 shares to Mr. Gao under the 2020 share option and restricted share incentive scheme.

3. On 21 December 2020, BOE granted 634,000 shares to Mr. Shao under the 2020 share option and restricted share incentive scheme. In April and October 2024, 135,560 shares and 209,220 shares were disposed respectively.

4. 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.

5. On 21 December 2020, BOE granted 487,500 shares to Mr. Meng under the 2020 share option and restricted share incentive scheme.

6. Calculated based on BOE's total number of issued share capital of 37,645,016,203 shares as at 31 December 2024.

7. All the interests disclosed above represent long positions.

Other than the aforesaid and as disclosed under the section headed "Share Schemes and Directors' and Chief Executives' Rights to Acquire Shares or Debentures" below, as at 31 December 2024, none of the Directors, chief executives or any of their associates had any interests or short positions 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.

## BASIS OF DETERMINING REMUNERATION TO DIRECTORS

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's results, individual duties, responsibilities and performance and prevailing market conditions. The remuneration of all Directors is subject to monitoring by the Remuneration Committee to ensure that the levels of their remuneration are appropriate.

## SHARE SCHEMES AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

### (B) 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.

# REPORT OF THE DIRECTORS

## Total Number of Shares Available for Grant (Excluding Treasury Shares)

During the year under review, 1,800,000 shares of the Company (representing 0.23%* of the issued share capital of the Company) were purchased on the Stock Exchange at a total consideration of approximately HK$9,172,000 (including purchase price of HK$9,153,000 and transaction costs of HK$19,000). Total accumulated number of shares of the Company purchased is 14,173,000 (representing 1.79%* of the issued shares 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 shares capital of the Company) to the 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 2,407,100 as of 1 January and 31 December 2024, representing 0.31%* and 0.30%* of the issued share capital of the Company respectively. The total number of awarded shares available for grant (excluding treasury shares) is 2,407,100 as of the latest practicable date of this annual report, representing 0.30%^ of the issued share capital of the Company.

At the end of the financial year of 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 2,407,100 (representing 0.30%* of the issued share capital of the Company) based on the accumulated number of shares of the Company purchased in so far and was 61,587,520 (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 year. The number of shares that may be issued in respect of awards granted under the share award plan during the year divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year is nil.

* Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2024.

^ Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at the latest practicable date (i.e. 31 March 2025).

## 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 31 December 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.

# REPORT OF THE DIRECTORS

Movements in the Company's awarded shares during the year are as follows:

| Category | Date of grant | Number of awarded shares yet to be vested as at 1 January 2024 | Number of awarded shares granted during the year | Number of awarded shares vested during the year | Number of awarded shares cancelled/ lapsed during the year | Number of awarded shares yet to be vested as at 31 December 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | | | |
| Ko Wing Yan, Samantha | 15 June 2022 | 45,000 | – | 45,000 | – | 0 | (Note 1) | HK$11.38 | N/A | HK$4.28 |
| | 22 March 2023 | 18,900 | – | 8,100 | – | 10,800 | (Note 2) | HK$14.82 | N/A | HK$4.82 |
| | 22 March 2024 | – | 24,000 | 9,600 | – | 14,400 | (Note 3) | HK$5.18 | HK$5.38 | HK$5.46 |
| Su Ning | 15 June 2022 | 45,000 | – | 45,000 | – | 0 | (Note 1) | HK$11.38 | N/A | HK$4.28 |
| | 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 |
| Fung, Yuk Kan Peter | 15 June 2022 | 9,000 | – | 9,000 | – | 0 | (Note 1) | HK$11.38 | N/A | HK$4.28 |
| | 22 March 2024 | – | 30,000 | 12,000 | – | 18,000 | (Note 3) | HK$5.18 | HK$5.38 | HK$5.46 |
| Chu, Howard Ho Hwa | 15 June 2022 | 9,000 | – | 9,000 | – | 0 | (Note 1) | HK$11.38 | N/A | HK$4.28 |
| | 22 March 2024 | – | 30,000 | 12,000 | – | 18,000 | (Note 3) | HK$5.18 | HK$5.38 | HK$5.46 |
| Pang Chunlin | 22 March 2024 | – | 30,000 | 12,000 | – | 18,000 | (Note 3) | HK$5.18 | HK$5.38 | HK$5.46 |
| **Other** | | | | | | | | | | |
| Hou Ziqiang (Note 5) | 15 June 2022 | 9,000 | – | 9,000 | – | 0 | (Note 1) | HK$11.38 | N/A | HK$4.28 |
| **Employees** (Note 6) | 15 June 2022 | 601,500 | – | 588,000 | 13,500 | 0 | (Note 1) | HK$11.38 | N/A | HK$4.28 |
| | 21 December 2022 | 297,000 | – | 148,500 | 7,500 | 141,000 | (Note 4) | HK$13.86 | N/A | HK$4.74 |
| | 22 March 2023 | 407,700 | – | 172,800 | 13,700 | 221,200 | (Note 2) | HK$14.82 | N/A | HK$4.82 |
| | 22 March 2024 | – | 1,814,000 | 718,000 | 41,800 | 1,054,200 | (Note 3) | HK$5.18 | HK$5.38 | HK$5.46 |
| | | 1,463,800 | 2,047,000 | 1,854,900 | 76,500 (Note 7) | 1,579,400 | | | | |

# REPORT OF THE DIRECTORS

Notes:

1. Vesting date:
   (i) the first 40% of the awarded shares shall be vested on 26 August 2022;
   (ii) the second 30% of the awarded shares shall be vested on 28 August 2023; and
   (iii) the remaining 30% of the awarded shares shall be vested on 26 August 2024.

2. Vesting date:
   (i) the first 30% of the awarded shares shall be vested on 12 April 2023;
   (ii) the second 30% of the awarded shares shall be vested on 12 April 2024; and
   (iii) the remaining 40% of the awarded shares shall be vested on 11 April 2025.

3. Vesting date:
   (i) the first 40% of the awarded shares shall be vested on 2 May 2024;
   (ii) the second 30% of the awarded shares shall be vested on 2 May 2025; and
   (iii) the remaining 30% of the awarded shares shall be vested on 4 May 2026.

4. Vesting date:
   (i) the first 40% of the awarded shares shall be vested on 27 March 2023;
   (ii) the second 30% of the awarded shares shall be vested on 27 March 2024; and
   (iii) 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 vested on 26 August 2024, and reclassified from the category "Directors" to "Other".

6. The total number of awarded shares granted to the five highest paid individuals during the financial year of 2024 was 307,000.

7. The awarded shares are lapsed.

8. During the year ended 31 December 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. All the interests disclosed above represent long positions.

As at 31 December 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(s)(iv) on page 152 of this Annual Report.

| 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 |

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# REPORT OF THE DIRECTORS

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

As at 31 December 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 | Capacity | 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. | Interest of controlled corporation | 419,730,000 (Note 1) | – | 419,730,000 | 53.02% |
| China Orient Asset Management (International) Holding Limited | Interest of controlled corporation | 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 ("China Orient"), held 45,892,000 shares and 33,060,000 shares of the Company respectively. Based on the latest disclosure of interests filing available at the latest practicable date of this Annual Report, China Orient holds less than 5.00% of the issued share capital of the Company.

3. Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2024.

4. All the interests disclosed above represent long positions.

Saved as disclosed above, as at 31 December 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.

## DEBENTURE ISSUE

The Group has not issued any debenture during the year ended 31 December 2024.

## DIRECTORS' SERVICE CONTRACTS

Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha and Mr. Su Ning have entered into a management agreement with the Company which may be terminated by either party to the agreement at one month's notice.

Non-executive Directors are appointed for a term of 3 years. Independent Non-executive Directors are appointed for a term subject to re-appointment as required by Bye-law.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than normal statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Referring the section headed "Continuing Connected Transactions, Connected Transactions and Other Related Party Transactions" as disclosed, Mr. Gao Wenbao ("Mr. Gao") held 1,860,700 A shares of BOE, Mr. Su Ning ("Mr. Su") held 150,000 A shares of BOE, Mr. Shao Xibin ("Mr. Shao") held 342,820 A shares of BOE, Mr. Jin Hao ("Mr. Jin") held 189,750 A shares of BOE and Mr. Meng Chao ("Mr. Meng") held 537,500 issued A shares of BOE. In addition, Mr. Gao is a director and a vice chairman of the 11th Board of Directors and a member of the strategic committee of the BOE Group. Mr. Su is a vice president of the BOE Group. Mr. Shao is the chief new product officer of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the head of LCD product development centre of the mid-desk of the technology and product of the display device and the IoT innovation business of BOE, the deputy head of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE. Mr. Jin is the deputy person in charge of the mid-desk of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the head of the mid-desk of the production and marketing operation centre of the planning and operation of the mid-desk of the display device and the IoT innovation business of BOE, the team leader of business operation team of the domestic marketing platform area of the front-desk of the display device and the IoT innovation business of BOE. Mr. Meng is the CPIO of the performance management center of the back-desk of BOE (business support system), and the Vice Chief Financial Officer of Chief Financial Officer organisation.

Mr. Gao, Mr. Su, Mr. Shao, Mr. Jin and Mr. Meng may be considered having interests in the above-mentioned transactions. They have been abstained from voting in respect of those transactions.

Except as disclosed above, there has been no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. There is no material interest of directors in contracts involving the Company.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS, CONNECTED TRANSACTIONS AND OTHER RELATED PARTY TRANSACTIONS

A number of continuing connected transactions are entered into and between the Group and members of BOE. BOE Technology (HK) Limited ("BOE(HK)"), a wholly-owned subsidiary of BOE, is the controlling shareholder of the Company throughout the year under review, holding approximately 53.02% of the issued share capital of the Company as at 31 December 2024 and is an associate of the controlling shareholder and thus a connected person of the Company.

### (A) CONTINUING CONNECTED TRANSACTIONS

#### (1) Master Purchase Agreement and Renewed Master Purchase Agreement

On 27 October 2016, the Company and BOE entered into the master purchase agreement (the "Master Purchase Agreement"), pursuant to which the Group agreed to purchase TFT panels and other products including, but not limited to, raw materials for manufacturing TFT/TP modules from the BOE and its subsidiaries (the "BOE Group") up to 31 December 2018 (as renewed by the agreements dated 22 November 2018, effective up to 31 December 2021).

The Master Purchase Agreement was approved at the special general meeting of the Company held on 29 December 2016, and was approved for renewal at the special general meeting of the Company held on 10 January 2019 and 22 October 2021 respectively, pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2024.

Pursuant to the Master Purchase Agreement, the Group has from time to time since 2016 engaged the BOE Group to purchase the TFT panels and other products including, but not limited to, raw materials for the manufacturing of its LCDs and related products, in particular TFT/TP modules, from the BOE Group.

Leveraging its competitive edges, such as panel research and automated manufacturing process, the BOE Group has supplied the Group with TFT panels with customized design and comprehensive quality support at prices considered to be fair and reasonable by the Company. With the stable supply of TFT panels and provision of technical support by the BOE Group, together with the availability of the BOE Group's full spectrum of state-of-the-art display products, the Group's TFT business expanded rapidly, especially in the PRC, even though the automotive display market faced keen competition.

Pursuant to the approval obtained at the special general meeting of the Company held on 22 October 2021, the annual caps under the Master Purchase Agreement for the three years are as follows:

| | For the year ended 31 December 2022 HK$ million | For the year ended 31 December 2023 HK$ million | For the year ended 31 December 2024 HK$ million |
|---|---|---|---|
| Purchase Transactions | 6,800 | 6,000 | 6,800 |

The total amounts of the Purchase Transactions during the years 2023 and 2024 are HK$4,592,212,000 and HK$5,386,318,000 respectively.

On 10 October 2024, in view of the expiration of the Master Purchase Agreement on 31 December 2024, the Company, after considered the benefit as mentioned in the announcement dated 10 October 2024, has entered into the Renewed Master Purchase Agreement (the "Renewed Master Purchase Agreement"), pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2027.

Pursuant to the Renewed Master Purchase Agreement, the annual caps under the Renewed Master Purchase Agreement for the three years are as follows:

| | For the year ending 31 December 2025 HK$ million | For the year ending 31 December 2026 HK$ million | For the year ending 31 December 2027 HK$ million |
|---|---|---|---|
| Purchase Transactions | 6,150 | 7,550 | 9,400 |

For details of the continuing connected transactions contemplated under the Master Purchase Agreement and Renewed Master Purchase Agreement, please refer to the announcement of the Company dated 10 October 2024 and the circular of the Company dated 1 November 2024.

### (2) The Trademark Licence Agreement and Renewed Trademark Licence Agreement

On 30 December 2021, the Company and BOE Group entered into the trademark licence agreement (the "Trademark Licence Agreement"), pursuant to which BOE agrees to grant the Group the right to use the Trademark in connection with the display products and services, the brand identity and brand promotion, and as a trade name for a company, for a term commencing from 1 December 2021 to 31 December 2022 (as renewed by the agreements dated 21 November 2022, effective up to 31 December 2024).

Since the Company has amended its name to BOE Varitronix Limited in 2017, the Company has been adopting the Trademark for all its businesses, corporate promotions and other business activities in the display products and services, which are generally known and recognised by the public. With the stable supply of TFT panels and the provision of technical support by the BOE Group, the Group's TFT business expanded rapidly, especially in the PRC. In view of the above, the Company entered into the Trademark License Agreement to continue to use the Trademark.

Pursuant to the Trademark Licence Agreement, the annual caps for the total annual payment for the relevant periods in 2023 and 2024 are as follows:

| | For the year ended 31 December 2023 HK$ million | For the year ended 31 December 2024 HK$ million |
|---|---|---|
| Trademark Licence Fee | 30 | 65 |

The total amounts of the Trademark Licence Fee during the years 2023 and 2024 are HK$19,257,000 and HK$14,352,000 respectively.

On 30 December 2024, in view of the expiration of the Trademark Licence Agreement on 31 December 2024, the Company, after considered the benefit as mentioned in the announcement dated 30 December 2024, has entered into the Renewed Trademark Licence Agreement (the "Renewed Trademark Licence Agreement"), pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2026.

Pursuant to the Trademark Licence Agreement, the annual caps for the total annual payment for the relevant periods in 2025 and 2026 are as follows:

| | For the year ending 31 December 2025 HK$ million | For the year ending 31 December 2026 HK$ million |
|---|---|---|
| Trademark Licence Fee | 40 | 47 |

For details of the continuing connected transactions contemplated under the Trademark Licence Agreement and Renewed Trademark Licence Agreement, please refer to the announcement of the Company dated 30 December 2024.

# REPORT OF THE DIRECTORS

### (3) The New Tenancy Agreement, The Assets Lease Agreement, The Renewed Tenancy Agreement and The Renewed Assets Lease Agreement

On 14 February 2019, Varitronix (Chengdu) Display Technology Limited (the "Chengdu Vx", formerly known as Chengdu BOE Vehicle Display Technology Co. Ltd.) entered into the new tenancy agreement (the "New Tenancy Agreement") and assets lease agreement (the "Assets Lease Agreement") with Chengdu BOE Optoelectronics Technology Co., Ltd. ("Chengdu BOE").

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.

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 new tenancy agreement for the new premises are beneficial to the Group for cost-saving purpose.

On 30 December 2021, in view of the expiration of the New Tenancy Agreement and the Assets Lease Agreement on 31 December 2021, and the benefit as mentioned in the announcement dated 30 December 2021, the Company therefore entered into the Renewed Tenancy Agreement (the "Renewed Tenancy Agreement") and Renewed Assets Lease Agreement (the "Renewed Assets Lease Agreement"), pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2024.

Pursuant to the Renewed Tenancy Agreement and the Renewed Assets Lease Agreement on an aggregate basis, the annual caps (including VAT) for the total annual payment (comprising the rental, management fee and utilities fee) and total annual payment received under Renewed Assets Lease Agreement for the relevant periods in 2022, 2023 and 2024 are as follows:

| | For the year ended 31 December 2022 RMB | For the year ended 31 December 2023 RMB | For the year ended 31 December 2024 RMB |
|---|---|---|---|
| Total Rental | 31,784 | 31,784 | 31,784 |
| Total Management Fee | 29,711 | 29,711 | 29,711 |
| Total Utilities Fee | 29,832 | 29,832 | 29,832 |
| Total payment under the Renewed Tenancy Agreement | 91,327 | 91,327 | 91,327 |
| Total payment received under the Renewed Assets Lease Agreement | 13,685,608 | 13,685,608 | 13,685,608 |
| Total (Annual Caps) | 14,500,000 | 14,500,000 | 14,500,000 |

The total annual payment (comprising the rental, management fee and utilities fee) for the year 2023 and 2024 are HK$101,000 (equivalent to approximately RMB91,000) and HK$92,000 (equivalent to approximately RMB84,000) respectively. The total annual payment received under Assets Lease Agreement for the year 2023 and 2024 are HK$3,341,000 (equivalent to approximately RMB3,028,000) and HK$Nil (equivalent to RMBNil) respectively.

For details of the continuing connected transactions contemplated under the New Tenancy Agreement, the Assets Lease Agreement, the Renewed Tenancy Agreement and the Renewed Assets Lease Agreement, please refer to the announcement of the Company dated 30 December 2021.

### (4) Master Subcontracting Agreement

On 29 April 2022, the Company entered into the master subcontracting agreement (the "Master Subcontracting Agreement") with Beijing BOE Optoelectronics Technology Co., Ltd., Hefei BOE Optoelectronics Technology Co., Ltd, Hefei Xinsheng Optoelectronics Technology Co., Ltd. and Chengdu BOE (collectively known as the "Subcontractors"), pursuant to which the Group has agreed to provide subcontracting services of manufacturing TFT/TP modules and other products on a non-exclusive basis to the Subcontractors, for a term from 29 April 2022 to 31 December 2024. Each of the Subcontractors 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.

The Group has its own plant and equipment and is engaged in the processing of TFT/TP modules and other products. The Subcontracting Transactions could provide benefits to the Group, among others, (i) generating additional revenue to the Group; (ii) utilising our production facilities more efficiently; (iii) allowing the Group to keep up-to-date knowledge to the development of technology and the industry; and (iv) allowing the Group to meet the production and quality requirement of the ultimate customers, and has a better chance to be a qualified supplier of them for other products and increase our market share and revenue in future.

Pursuant to the Master Subcontracting Agreement, the annual caps for the total amount for the relevant periods in 2022, 2023 and 2024 are as follows:

| | For the year ended 31 December 2022 HK$ million | For the year ended 31 December 2023 HK$ million | For the year ended 31 December 2024 HK$ million |
|---|---|---|---|
| Subcontracting | 60 | 85 | 120 |

The total amounts of the Subcontracting Transactions during the years 2023 and 2024 are HK$3,666,000 and HK$994,000 respectively.

For details of the continuing connected transactions contemplated under the Master Subcontracting Agreement, please refer to the announcement of the Company dated 29 April 2022.

### (5) Master Framework Agreement — Equipment, Software, Construction and Engineering Services and Renewed Master Framework Agreement — Equipment, Software, Construction and Engineering Services

On 22 July 2022, the Company and BOE entered into the master framework agreement in relation to purchase and/or lease equipment and related software; and engage the construction and engineering services (the "Master Framework Agreement — ESCE"), pursuant to which the Group may (i) purchase and/or lease equipment and related software from the BOE Group; and (ii) engage the BOE Group to provide the construction and engineering services from time to time during the term from 22 July 2022 to 31 December 2024.

# REPORT OF THE DIRECTORS

Over the years, the BOE Group has accumulated extensive experience in producing equipment as well as providing construction and engineering services with the technical know-how and more than 70,000 patents. Being a well-established market leader in the industry and equipped with the well-established streamline supply chain and the profound technical maintenance team, the BOE Group can (i) supply and/or lease certain high-quality equipment and related software; and (ii) provide the Group with professional construction and engineering services for the expansion of manufacturing facilities in the PRC.

By entering into the Master Framework Agreement — ESCE, the Group would be benefited with the flexibility (but not an obligation) to purchase and lease equipment and related software, and procure construction and engineering services from the BOE Group. Moreover, it could allow the Group to obtain more competitive offer among equipment and related software suppliers and service providers which are market leaders, and also facilitate the operation and growth of the Group's business.

Pursuant to the Master Framework Agreement — ESCE, the annual caps for the total amount for the relevant periods in 2022, 2023 and 2024 are as follows:

| | For the year ended 31 December 2022 HK$ million | For the year ended 31 December 2023 HK$ million | For the year ended 31 December 2024 HK$ million |
|---|---|---|---|
| Purchase and lease equipment and related software, and procure construction and engineering services | 110 | 110 | 50 |

On 29 May 2024, in view of the expected transaction amount under the Master Framework Agreement —ESCE for the year ended 31 December 2024 will be higher than the approved annual amount in respect of the procurement transaction under the Master Framework Agreement — ESCE, and the expiration of the agreement on 31 December 2024, the Company therefore revised the Existing Annual Cap for the year ended 31 December 2024 and entered into the Renewed Master Framework Agreement — Equipment, Software, Construction and Engineering Services (the "Renewed Master Framework Agreement — ESCE") , pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2025.

Pursuant to the Renewed Master Framework Agreement — ESCE, the revised annual cap for year ended 31 December 2024 and the annual caps for year ended 31 December 2025 are as follows:

| | For the year ended 31 December 2024 (Revised) HK$ million | For the year ending 31 December 2025 HK$ million |
|---|---|---|
| Purchase and lease equipment and related software, and procure construction and engineering services | 100 | 80 |

The total amounts of the Transactions of purchase and lease equipment and related software, and procure construction and engineering services during the years 2023 and 2024 are HK$79,326,000 and HK$63,988,000 respectively.

For details of the continuing connected transactions contemplated under the Renewed Master Framework Agreement — ESCE, please refer to the announcement of the Company dated 29 May 2024.

### (6) Master Framework Agreement — Factory Maintenance Services

On 8 May 2023, the Company and BOE Environmental and Energy Technology Co., Ltd ("BOE Environmental and Energy") entered into the master framework agreement in relation to factory maintenance services (the "Master Framework Agreement — Factory Maintenance Services"), pursuant to which the Group may engage BOE Environmental and Energy to provide factory facilities repair, maintenance and related services from time to time during the term from 8 May 2023 to 31 December 2024 for the reason and benefit as mentioned in the announcement of the Company date 8 May 2023.

Pursuant to the Master Framework Agreement — Factory Maintenance Services, the annual caps for the total amount for the relevant periods in 2023 and 2024 are as follows:

| | For the year ended 31 December 2023 HK$ million | For the year ended 31 December 2024 HK$ million |
|---|---|---|
| Factory Maintenance Services Fee | 11 | 17 |

The total amounts of the Factory Maintenance Services Fee during the year 2023 and 2024 are HK$Nil and HK$Nil respectively.

For details of the continuing connected transactions contemplated under the Master Framework Agreement — Factory Maintenance Services, please refer to the announcement of the Company dated 8 May 2023.

### Governance

Pursuant to Listing Rules 14A.55, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that these continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Listing Rule 14A.56, the Company's auditor was engaged by the Board of Directors to report on the continuing connected transactions in relation to the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter advised that nothing has come to their attention that causes them to believe that above continuing connected transactions:

i. have not been approved by the Company's Board of Directors;

ii. the transactions (which involved provision of goods or services) were not, in all material respects, in accordance with the pricing policies of the Group;

iii. were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing the continuing connected transactions; and

iv. the relevant cap amounts have been exceeded during the financial year ended 31 December 2024.

# REPORT OF THE DIRECTORS

### (B) OTHER RELATED PARTY TRANSACTIONS

Except as disclosed above, there was no related party transactions entered into by the Group during the year which (i) do not constitute connected transactions or continuing connected transactions or (ii) fall under the definition of a connected or continuing connected transaction under Chapter 14A of the Listing Rules, but are exempted from the reporting, annual review, announcement and independent shareholder's approval requirements under the Listing Rules. Related party transactions are disclosed in 31(b) to the financial statements.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions and connected transactions entered into by the Group during the year ended 31 December 2024.

## EQUITY-LINKED AGREEMENTS

Other than the aforesaid and as disclosed under the section headed "Share Schemes and Directors' and Chief Executives' Rights to Acquire Shares or Debentures" above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## PERMITTED INDEMNITY PROVISION

The Company's Bye-law provides that the Directors shall be indemnified out of the assets of the Company against any actions, costs, charges, losses, damages and expenses as a result of any act or failure to act in carrying out their functions.

The Company has arranged directors' and officers' liability insurance during the year in respect of any possible legal action against the Directors and officers.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and the law of Bermuda.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, for the year under review, the Company has maintained the prescribed public float under the Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the five largest customers of the Group accounted for 46.6% of the Group's total revenue while the largest customer of the Group accounted for 23.9% of the Group's total revenue. In addition, for the year ended 31 December 2024, the five largest suppliers of the Group accounted for 42.6% of the Group's total purchases while the largest supplier of the Group accounted for 16.8% of the Group's total purchases. The largest supplier of the Group represents collectively a group of different subsidiaries of BOE which is an associate of BOE, the substantial shareholder of the Company.

Saved as disclosed above, at no time during the year have the Directors or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total issued share capital) had any interest in these major customers and suppliers.

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

Mr. Gao Wenbao has been re-designated as a vice chairman of the 11th Board of Directors and a member of the strategic committee of the BOE Group, and has ceased to be the chairman of Beijing Zhongxiangying Technology Co., Ltd. and other positions, the group president and BOE University principal of the back-desk (business support system) of BOE, and the front-desk head of the display device and IoT innovation business of BOE.

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

During the year ended 31 December 2024, the trustee of the Company's share award plan (adopted on 28 August 2020) (the "Share Award Plan") purchased 1,800,000 shares of the Company (representing 0.23%* of the issued share capital of the Company) on the Stock Exchange at a total consideration of approximately HK$9,172,000 (including purchase price of HK$9,153,000 and transaction costs of HK$19,000). Total accumulated number of shares of the Company purchased is 14,173,000 (representing 1.79%* of the issued shares capital of the Company) under the Share Award Plan.

During the year ended 31 December 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.

As at 31 December 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 2,407,100 (representing 0.30%* of the issued share capital of the Company) based on the accumulated number of shares of the Company purchased in so far and was 61,587,520 (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 year ended 31 December 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 31 December 2024.

## COMPETING INTEREST

None of the Directors has interest in any business which competes or its likely to compete, either directly or indirectly, which the business of the Group that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

# REPORT OF THE DIRECTORS

## AUDITORS

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

**By order of the Board**

**Gao Wenbao**
*Chairman*

Hong Kong, 26 March 2025

# REPORT OF THE INDEPENDENT AUDITOR

**Independent auditor's report to the shareholders of BOE Varitronix Limited**

*(Incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of BOE Varitronix Limited ("the Company") and its subsidiaries ("the Group") set out on pages 135 to 194, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# REPORT OF THE INDEPENDENT AUDITOR

## TIMING OF REVENUE RECOGNITION

Refer to note 4 to the consolidated financial statements and the accounting policy note 2(v).

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| Revenue from sales of the Group's liquid crystal display ("LCD") products is recognised when the Group transfers the control of the goods to the customer.<br><br>The Group's sales contracts with customers, which principally comprise automotive manufacturers, have a variety of trade terms relating to goods acceptance. The Group evaluates the trade terms of each sales contract in order to determine the appropriate timing for revenue recognition.<br><br>There is a risk that revenue transactions may not be recognised in the appropriate financial period due to lead times for sales made around the year end and the variety of trade terms offered to the customers.<br><br>We identified the timing of revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and could be subject to manipulation to meet targets or expectations. | Our audit procedures to assess the timing of revenue recognition included the following:<br><br>• obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition;<br><br>• comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying sales invoices and delivery documents with the customers' acknowledgement of goods acceptance to determine whether the related revenue had been recognised in the appropriate financial period;<br><br>• inspecting underlying customer contracts to identify terms and conditions relating to goods acceptance and assessing the Group's timing of recognition of revenue with reference to the requirements of the prevailing accounting standards; and<br><br>• inspecting underlying documentation for journal entries relating to revenue selected based on specific risk-based criteria. |

# REPORT OF THE INDEPENDENT AUDITOR

## VALUATION OF INVENTORIES

Refer to note 19 to the consolidated financial statements and the accounting policy note 2(m).

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| The Group held significant inventories as at 31 December 2024, which comprised raw materials, work-in-progress and finished goods in respect of LCD and related products.<br><br>Inventories are stated at the lower of cost and net realisable value.<br><br>The Group maintains its inventory levels based on customer orders and forecast demand. There is a risk that the net realisable value of inventories may fall below their costs due to changes in customer demand and the consequent overstocking of inventories at the end of the reporting period. In addition, a significant proportion of the Group's products are manufactured to meet specific customer requirements. There is a risk that if a customer experiences financial difficulty or there is a demand issue with a customer's product that includes products manufactured and held by the Group as inventories which may not be sold or may be sold at a price below their costs.<br><br>Management assesses the level of write-down of inventories required at each reporting date after considering inventory ageing, net realisable value and other relevant factors. Such assessment involves significant management judgement and estimation in determining the value of inventories which will not be recoverable at each reporting date.<br><br>We identified the valuation of inventories as a key audit matter because inventories are significant to the consolidated financial statements and because of the significant degree of management judgement involved in determining the write-down of inventories. | Our audit procedures to assess the valuation of inventories included the following:<br><br>• obtaining an understanding of and assessing the design and implementation of the Group's key internal controls over the inventory write-down assessment process, including the Group's monitoring controls over slow-moving inventories;<br><br>• evaluating the Group's inventory write-down policy with reference to the requirements of the prevailing accounting standards;<br><br>• assessing whether the inventory write-downs at the reporting date were calculated on a basis consistent with the Group's inventory write-down policy by recalculating the inventory write-downs based on the percentages and other parameters in the Group's inventory write-down policy;<br><br>• assessing the classification of inventory items in the inventory ageing report by comparison with purchase invoices and other relevant underlying documentation, on a sample basis;<br><br>• selecting raw materials and work-in-progress items, on a sample basis, at the reporting date and comparing their usage subsequent to the reporting date;<br><br>• enquiring of the senior members of the production department whether there are any expected changes in production plans which may indicate write-down of inventories would be required;<br><br>• evaluating inventory items, on a sample basis, whether they were stated at the lower of cost and net realisable value at the reporting date by comparing the sales price of those inventory items and the related selling costs subsequent to the reporting date with their carrying values; and<br><br>• assessing whether there is management's bias in the calculation of write-down of inventories by examining the utilisation or release of write-downs recorded at the end of the previous financial year during the current financial year. |

# REPORT OF THE INDEPENDENT AUDITOR

## EXPECTED CREDIT LOSS ALLOWANCE FOR TRADE RECEIVABLES

Refer to notes 20 and 29(a) to the consolidated financial statements and the accounting policies notes 2(l) and 2(o).

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| The Group held significant trade receivables as at 31 December 2024, which comprised a large number of individual balances.<br><br>The Group has a wide range of customers with different individual characteristics which are exposed to their own risks. Therefore, there is a risk that certain of the Group's trade receivables may not be recoverable.<br><br>Management has implemented internal controls to monitor credit control, collection of trade receivables and follow up of overdue balances.<br><br>Management measures the expected credit loss allowance required at each reporting date at an amount equal to the lifetime expected credit losses based on estimated loss rates for each category of trade receivables grouped according to the shared credit risk characteristics. The estimated loss rates take into account the ageing of trade receivable balances, the repayment history of the Group's customers of different risk characteristics, current market conditions and forward-looking information. Such assessment involves significant management judgement and estimation.<br><br>We identified the loss allowance for trade receivables as a key audit matter because of the significance of trade receivables to the consolidated financial statements and because of the significant degree of management judgement involved in determining the expected credit losses. | Our audit procedures to assess the expected credit loss allowance for trade receivables included the following:<br><br>• obtaining an understanding of and assessing the design and implementation of the Group's key internal controls over the processes of credit control, and estimate of expected credit losses;<br><br>• evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard;<br><br>• obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the Group, including the basis of the segmentation of trade receivables based on shared credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rate;<br><br>• assessing the appropriateness of the Group's estimates of expected loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;<br><br>• re-performing the calculation of the loss allowance as at 31 December 2024 based on the Group's credit loss allowance policies; and<br><br>• assessing whether items in the trade receivables ageing report were categorised in the appropriate ageing bracket by comparing a sample of individual items with the underlying goods delivery notes, sales invoices and other relevant underlying documentation. |

# REPORT OF THE INDEPENDENT AUDITOR

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness

# REPORT OF THE INDEPENDENT AUDITOR

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chui Kin Pong.

KPMG

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

26 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

| | Notes | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Revenue** | 4 | **13,448,506** | 10,760,416 |
| Other operating income, net | 5 | **199,046** | 174,215 |
| Change in inventories of finished goods and work in progress | | **(279,040)** | 549,090 |
| Raw materials and consumables used | | **(10,899,226)** | (9,307,367) |
| Staff costs | | **(1,116,425)** | (938,819) |
| Depreciation | 13 | **(244,301)** | (202,110) |
| Other operating expenses | 6(c) | **(671,107)** | (465,702) |
| **Profit from operations** | | **437,453** | 569,723 |
| Finance costs | 6(a) | **(15,362)** | (25,220) |
| Share of losses of associates | | **–** | (4,471) |
| **Profit before taxation** | 6 | **422,091** | 540,032 |
| Income tax | 7(a) | **(20,506)** | (58,951) |
| **Profit for the year** | | **401,585** | 481,081 |
| **Profit attributable to:** | | | |
| Equity shareholders of the Company | | **391,282** | 475,260 |
| Non-controlling interests | | **10,303** | 5,821 |
| | | **401,585** | 481,081 |
| **Earnings per share for profit attributable to equity shareholders of the Company (in HK cents)** | 11 | | |
| Basic | | **49.6 cents** | 60.4 cents |
| Diluted | | **49.5 cents** | 60.2 cents |

The notes on pages 141 to 194 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(b).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

| | Note | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Profit for the year** | | **401,585** | 481,081 |
| **Other comprehensive income for the year (after tax and reclassification adjustments):** | 10 | | |
| **Item that may be reclassified subsequently to profit or loss:** | | | |
| — Exchange translation adjustments: net movement in exchange reserve | | **(65,343)** | (26,894) |
| **Total comprehensive income for the year** | | **336,242** | 454,187 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **327,149** | 449,146 |
| Non-controlling interests | | **9,093** | 5,041 |
| | | **336,242** | 454,187 |

The notes on pages 141 to 194 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024
(Expressed in Hong Kong dollars)

| | Notes | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **2,060,385** | 1,759,580 |
| Intangible assets | 14 | **29,428** | 25,061 |
| Other financial assets | 18 | **40,186** | 41,897 |
| Non-current deposits and prepayments | 20 | **38,822** | 101,264 |
| Restricted bank deposits | 21(b) | **41,101** | – |
| Deferred tax assets | 25(b) | **59,718** | 8,843 |
| | | **2,269,640** | 1,936,645 |
| **Current assets** | | | |
| Inventories | 19 | **1,778,379** | 1,947,101 |
| Trade and other receivables, deposits and prepayments and other contract costs | 20 | **3,325,957** | 2,555,501 |
| Amounts due from associates | 17 | **–** | 12,220 |
| Other financial assets | 18 | **389,759** | 15,405 |
| Current tax recoverable | 25(a) | **9,923** | 10,354 |
| Fixed deposits with more than three months to maturity when placed | 21(a) | **843,817** | – |
| Restricted bank deposits | 21(b) | **147,326** | 55,884 |
| Cash and cash equivalents | 21(a) | **2,700,141** | 3,500,760 |
| | | **9,195,302** | 8,097,225 |
| **Current liabilities** | | | |
| Trade and other payables | 22 | **6,228,142** | 4,738,130 |
| Lease liabilities | 24 | **14,793** | 8,159 |
| Current tax payable | 25(a) | **23,272** | 13,925 |
| Bank loans | 23 | **205,322** | 236,439 |
| Deferred income | 26 | **28,072** | 26,138 |
| | | **6,499,601** | 5,022,791 |
| **Net current assets** | | **2,695,701** | 3,074,434 |

| | Notes | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Total assets less current liabilities** | | **4,965,341** | 5,011,079 |
| **Non-current liabilities** | | | |
| Lease liabilities | 24 | **20,113** | 13,907 |
| Deferred tax liabilities | 25(b) | **2,448** | 3,468 |
| Deferred income | 26 | **171,821** | 200,496 |
| Bank loans | 23 | **170,464** | 383,497 |
| | | **364,846** | 601,368 |
| **NET ASSETS** | | **4,600,495** | 4,409,711 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 28(c) | **197,894** | 197,894 |
| Reserves | | **4,337,392** | 4,155,701 |
| Total equity attributable to equity shareholders of the Company | | **4,535,286** | 4,353,595 |
| Non-controlling interests | 16 | **65,209** | 56,116 |
| **TOTAL EQUITY** | | **4,600,495** | 4,409,711 |

Approved and authorised for issue by the board of directors on 26 March 2025.

**Gao Wenbao**
*Director*

**Ko Wing Yan, Samantha**
*Director*

The notes on pages 141 to 194 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

| | | Attributable to equity shareholders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | Share capital (note 28(c)(i)) $'000 | Share premium (note 28(d)(i)) $'000 | Awarded shares held under the Share Award Plan (note 28(d)(v)) $'000 | Exchange reserve (note 28(d)(iii)) $'000 | Capital reserve (note 28(d)(iv)) $'000 | Other reserves (note 28(d)(vi)) $'000 | Contributed surplus (note 28(d)(ii)) $'000 | Retained profits $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| **Balance at 1 January 2023** | | 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 |
| **Changes in equity for 2023:** | | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | 475,260 | 475,260 | 5,821 | 481,081 |
| Other comprehensive income | 10 | – | – | – | (26,114) | – | – | – | – | (26,114) | (780) | (26,894) |
| **Total comprehensive income** | | – | – | – | (26,114) | – | – | – | 475,260 | 449,146 | 5,041 | 454,187 |
| Dividends approved in respect of the previous year | 28(b)(ii) | – | – | – | – | – | – | (180,964) | – | (180,964) | – | (180,964) |
| Issuance of shares upon exercise of share options | 28(c)(ii) | 41 | 392 | – | – | (103) | – | – | – | 330 | – | 330 |
| Vesting of shares under the Share Award Plan | | – | – | 10,072 | – | (20,228) | – | – | 10,156 | – | – | – |
| Equity settled share-based transactions | 6(b) | – | – | – | – | 20,385 | – | – | – | 20,385 | – | 20,385 |
| Release upon lapse of share options | | – | – | – | – | (311) | – | – | 311 | – | – | – |
| | | 41 | 392 | 10,072 | – | (257) | – | (180,964) | 10,467 | (160,249) | – | (160,249) |
| **Balance at 31 December 2023** | | 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 |

The notes on pages 141 to 194 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

| | | Attributable to equity shareholders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | Share capital (note 28(c)(i)) $'000 | Share premium (note 28(d)(i)) $'000 | Awarded shares held under the Share Award Plan (note 28(d)(v)) $'000 | Exchange reserve (note 28(d)(iii)) $'000 | Capital reserve (note 28(d)(iv)) $'000 | Other reserves (note 28(d)(vi)) $'000 | Contributed surplus (note 28(d)(ii)) $'000 | Retained profits $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| **Balance at 1 January 2024** | | 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 |
| **Changes in equity for 2024:** | | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | 391,282 | 391,282 | 10,303 | 401,585 |
| Other comprehensive income | 10 | - | - | - | (64,133) | - | - | - | - | (64,133) | (1,210) | (65,343) |
| **Total comprehensive income** | | - | - | - | (64,133) | - | - | - | 391,282 | 327,149 | 9,093 | 336,242 |
| Dividends approved in respect of the previous year | 28(b)(ii) | - | - | - | - | - | - | (149,660) | - | (149,660) | - | (149,660) |
| Share purchase by the trustee under the Share Award Plan | | - | - | (9,172) | - | - | - | - | - | (9,172) | - | (9,172) |
| Vesting of shares under the Share Award Plan | | - | - | 7,283 | - | (17,358) | - | - | 10,075 | - | - | - |
| Transfer to surplus reserves | | - | - | - | - | - | 30,294 | - | (30,294) | - | - | - |
| Equity settled share-based transactions | 6(b) | - | - | - | - | 13,374 | - | - | - | 13,374 | - | 13,374 |
| | | - | - | (1,889) | - | (3,984) | 30,294 | (149,660) | (20,219) | (145,458) | - | (145,458) |
| **Balance at 31 December 2024** | | 197,894 | 2,101,856 | (15,652) | (254,169) | 7,797 | 58,215 | 280,283 | 2,159,062 | 4,535,286 | 65,209 | 4,600,495 |

The notes on pages 141 to 194 form part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| **Cash generated from operations** | 21(c) | **1,518,531** | 1,306,883 |
| **Tax paid** | | | |
| — Hong Kong Profits Tax paid | | **(11,360)** | (56,551) |
| — Chinese Mainland income taxes paid | | **(44,186)** | (54,381) |
| — Tax paid in respect of jurisdictions outside Hong Kong and Chinese Mainland | | **(6,297)** | (9,873) |
| **Net cash generated from operating activities** | | **1,456,688** | 1,186,078 |
| **Investing activities** | | | |
| Proceeds from disposal of property, plant and equipment | | **347** | 1,721 |
| Proceeds from disposal of associates | | **26,765** | – |
| (Increase)/decrease in fixed deposits | | **(843,817)** | 61,723 |
| Increase in restricted bank deposits | | **(132,543)** | (55,884) |
| Payment for the purchase of property, plant and equipment | | **(567,721)** | (502,059) |
| Payment for the purchase of intangible assets | | **(8,659)** | (6,125) |
| Payment for purchase of other financial assets | | **(364,299)** | (15,405) |
| Government grants received relating to acquisition of property, plant and equipment | | **–** | 201,942 |
| Interest received | | **107,156** | 89,984 |
| **Net cash used in investing activities** | | **(1,782,771)** | (224,103) |

| | Notes | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Capital element of lease rentals paid | 21(d) | **(14,922)** | (10,349) |
| Interest element of lease rentals paid | 21(d) | **(1,383)** | (921) |
| Proceed for bank loans | 21(d) | **275,316** | 619,936 |
| Repayment of bank loans | 21(d) | **(516,354)** | (667,200) |
| Issuance of shares upon exercise of share options | 28(c)(ii) | **–** | 330 |
| Shares purchased under the Share Award Plan | | **(9,172)** | – |
| Interest paid | | **(13,979)** | (24,299) |
| Dividends paid | | **(149,660)** | (180,964) |
| **Net cash used in financing activities** | | **(430,154)** | (263,467) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(756,237)** | 698,508 |
| **Cash and cash equivalents at 1 January** | | **3,500,760** | 2,818,823 |
| **Effect of foreign exchange rates changes** | | **(44,382)** | (16,571) |
| **Cash and cash equivalents at 31 December** | 21(a) | **2,700,141** | 3,500,760 |

The notes on pages 141 to 194 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 GENERAL

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 consider the ultimate controlling party of the Group to be BOE Technology Group Co., Ltd, which is incorporated in the 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 TFT module assembly capacity.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

### (b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in equity securities are stated at their fair values as explained in note 2(h).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (c) 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* and amendments to HKAS 1, *Presentation of financial statements — Non-current liabilities with covenants*
- 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 results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) SUBSIDIARIES, CONTROLLED STRUCTURED ENTITIES AND NON-CONTROLLING INTERESTS

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) SUBSIDIARIES, CONTROLLED STRUCTURED ENTITIES AND NON-CONTROLLING INTERESTS (CONTINUED)

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(l)(iii)).

### (e) ASSOCIATE

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identified net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see note 2(l)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of associates and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of associates' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in an associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the Expected Credit Loss ("ECL") model to such other long-term interests where applicable (see note 2(l)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss.

### (f) BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see note 2(d)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 2(l)(iii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note 2(h)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (g) GOODWILL

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

### (h) OTHER INVESTMENTS IN DEBT AND EQUITY SECURITIES

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associate, are set out below.

Investments in debt and equity securities are recognised or derecognised on the date the Group commits to purchase or sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

#### (i) Investments other than equity investments

Non-equity investments held by the Group are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(v)(ii)).

#### (ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

### (i) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)(iii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (i) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

— Right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest are depreciated over the unexpired term of lease

| | |
|---|---|
| — Interests in land and buildings | 40 years |
| — Plant and machinery | 2 to 10 years |
| — Tools and equipment | 2 to 8 years |
| — Office equipment | 2 to 8 years |
| — Others | 2 to 5 years |

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

### (j) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets (other than goodwill) that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(l)(iii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

| | |
|---|---|
| — Computer software | 5–10 years |

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

### (k) LEASED ASSETS

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases of low-value assets which, for the Group are primarily office equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i) and 2(l)(iii)).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) LEASED ASSETS (CONTINUED)

#### As a lessee (Continued)

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 2(h) and 2(l)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

### (l) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

#### (i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, other financial assets and amounts due from associates, which are held for the collection of contractual cash flows which represent solely payments of principal and interest).

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

## (l) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (CONTINUED)

### (i) Credit losses from financial instruments (Continued)

*Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 12 months past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates ;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Basis of calculation of interest income*

Interest income recognised in accordance with note 2(v)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (l) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (CONTINUED)

#### (i) Credit losses from financial instruments (Continued)

*Write-off policy*

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 365 days past due or when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### (ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(l)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

#### (iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets;

— goodwill; and

— investments in subsidiaries in the Company's statement of financial position and interest in associates.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

## (l) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (CONTINUED)

### (iii) Impairment of other non-current assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### (iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i), (ii) and (iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) INVENTORIES

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### (n) CONTRACT ASSETS, CONTRACT LIABILITIES AND OTHER CONTRACT COSTS

#### (i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(o)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(v)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(o)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(v)).

#### (ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(m)), property, plant and equipment (see note 2(i)) or intangible assets (see note 2(j)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the performance obligations relate to the contract are satisfied. The accounting policy for revenue recognition is set out in note 2(v).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (o) TRADE AND OTHER RECEIVABLES

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(l)(i)).

### (p) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(y).

### (q) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

### (r) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(l)(i).

### (s) EMPLOYEE BENEFITS

#### (i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### (ii) Defined benefit plan obligation

The group has the defined benefit plans of LSP under the Hong Kong Employment Ordinance.

The group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

#### (iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Binomial Option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (s) EMPLOYEE BENEFITS (CONTINUED)

#### (iv) Share award plan

For the share award plan, the Group may purchase its own shares through the trustee of the share award plan from the open market for the shares to be granted under the share award plan. Shares held by a controlled structured entity of the Group (see note 2(d)) to meet obligations under share award plan (see note 27) are accounted for as treasury shares in the consolidated financial statements.

#### (v) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

### (t) INCOME TAX

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (t) INCOME TAX (CONTINUED)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### (u) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (v) REVENUE AND OTHER INCOME

Income is classified by the Group as revenue when it arises from the sale of goods. Revenue is recognised when control over a product is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (v) REVENUE AND OTHER INCOME (CONTINUED)

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Sale of goods

Revenue is recognised at point in time when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

#### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(l)(i)).

#### (iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income which is recognised in profit or loss on a systematic basis over the useful life of the asset.

#### (iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

### (w) RESEARCH AND DEVELOPMENT

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

### (x) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations with functional currency other than Hong Kong dollars are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than Hong Kong dollars, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (y) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### (z) RELATED PARTIES

(1) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (aa) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 3 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 29 contains information about assumptions and their risk factors relating to fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

### (a) EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

The Group maintains a loss allowance account measured at an amount equal to lifetime ECL of receivables stated at amortised cost. The loss allowance is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factor that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If there is a change in the financial condition of the debtors, actual credit losses would be higher or lower than estimated.

### (b) WRITE-DOWN OF INVENTORIES

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at lower of cost and net realisable value in accordance with the accounting policy set out in note 2(m). Management estimates net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversal of write-down made in prior years and affect the Group's net asset value and profit or loss.

## 4 REVENUE

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 ("LCDs") 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.

Revenue represents the invoiced value of goods supplied to customer by the Group less returns and discounts within the scope of HKFRS 15.

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues in 2024 (2023: two). In 2024 revenues from sales to this customer amounted to approximately HK$3,206,835,000 (2023: HK$2,282,734,000). Details of concentrations of credit risk are set out in note 29(a).

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts such that the above information does not include revenue that the Group will be entitled to when it satisfies the remaining performance obligations under contracts with customers that had an original expected duration of one year or less.

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 12.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 5 OTHER OPERATING INCOME, NET

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Changes in fair value of non-current other financial assets | (1,377) | (716) |
| Government grants (note) | 34,617 | 71,607 |
| Interest income on financial assets measured at amortised cost | 115,440 | 93,282 |
| Net gain on current other financial assets measured at fair value through profit or loss | 9,721 | – |
| Net exchange loss | (1,628) | (4,522) |
| Net gain on disposal of property, plant and equipment | 535 | 1,708 |
| Rental receivable from operating leases | 25 | 4,212 |
| Gain on disposal of investments in associates | 26,765 | – |
| Other income | 14,948 | 8,644 |
| | 199,046 | 174,215 |

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$9,795,000 (2023: HK$21,835,000), amortisation of government grants received in relation to acquisitions of machineries of HK$21,224,000 (2023: HK$48,522,000), incentive related to production of HK$811,000 (2023: HK$781,000) and incentives granted in relation to staff retention of HK$2,787,000 (2023: HK$469,000). There are no unfulfilled conditions attaching to these government grants.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

| | | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| (a) | **Finance costs** | | |
| | Interest on lease liabilities (note 21(d)) | 1,383 | 921 |
| | Interest on bank borrowings (note 21(d)) | 13,979 | 24,299 |
| | | 15,362 | 25,220 |
| (b) | **Other items** | | |
| | Trade receivables and amounts due from associates in respect of: | | |
| | — Expected credit loss allowance | 10,855 | 7,298 |
| | Cost of inventories (note 19(b)) | 12,290,039 | 9,620,357 |
| | Research and development costs | 284,160 | 236,522 |
| | Contributions to defined contribution retirement plans | 74,359 | 64,886 |
| | Equity settled share-based payment expenses | 13,374 | 20,385 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 6 PROFIT BEFORE TAXATION (CONTINUED)

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **(c) Other operating expenses** | | |
| Amortisation of intangible assets | **4,064** | 3,153 |
| Auditors' remuneration | | |
| — Audit services | **3,232** | 3,281 |
| — Assurance services | **583** | 586 |
| — Tax and other services | **115** | 31 |
| Bank charges | **5,301** | 3,387 |
| Building management fee | **8,726** | 9,354 |
| Provision of expected credit losses allowance on trade receivables and amounts due from associates | **10,855** | 7,298 |
| Factory consumables, cleaning and security service expenses | **62,168** | 34,340 |
| Freight charges | **99,938** | 73,620 |
| Insurance expenses | **6,252** | 3,640 |
| Legal and professional fees | **18,784** | 10,592 |
| Office expenses | **12,651** | 11,702 |
| Other taxes, surcharge & duties | **38,971** | 23,893 |
| Repair and maintenance | **39,787** | 36,639 |
| Sales, marketing, commission and quality assurance expenses | **127,300** | 61,997 |
| Subcontracting fees | **77,771** | 26,842 |
| Trademark licence fee | **14,552** | 19,305 |
| Travelling and entertainment expenses | **41,229** | 36,612 |
| Utilities expenses | **86,273** | 82,095 |
| Expense related short term lease | **11,127** | 16,150 |
| Miscellaneous expenses | **1,428** | 1,185 |
| | **671,107** | 465,702 |

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### (a) TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS REPRESENTS:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current tax — Hong Kong Profits Tax** | | |
| Provision for the year | **33,456** | 22,226 |
| Over-provision in respect of prior years | **(2,135)** | (492) |
| | **31,321** | 21,734 |
| **Current tax — PRC income taxes** | | |
| Provision for the year | **37,483** | 23,614 |
| Under-provision in respect of prior years | **1,311** | 9,795 |
| | **38,794** | 33,409 |
| **Current tax — Jurisdictions outside Hong Kong and the PRC** | | |
| Provision for the year | **4,621** | 6,276 |
| (Over)/under-provision in respect of prior years | **(2,509)** | 1,755 |
| | **2,112** | 8,031 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences (note 25(b)) | **(51,721)** | (4,223) |
| | **20,506** | 58,951 |

(Expressed in Hong Kong dollars unless otherwise indicated)

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

### (a) TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS REPRESENTS: (CONTINUED)

#### (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) PRC income taxes

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

Varitronix (Heyuan) Display Technology Limited ("Varitronix Heyuan"), REHEO technology Co. Ltd. ("REHEO") and Varitronix Automobile Electronics (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 31 December 2024 and 2023.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, Varitronix Heyuan and Chengdu Automotive was entitled to the bonus deduction of its certain research and development costs incurred as tax deductible expenses when determining its assessable profits for the years ended 31 December 2024 and 2023. The Group made their best estimate for the bonus deduction to be claimed for Varitronix Heyuan in ascertaining its assessable profits for the years ended 31 December 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 with operations outside Hong Kong and the Chinese Mainland is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

### (b) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT AT APPLICABLE TAX RATES:

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| Profit before taxation | **422,091** | 540,032 |
| Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned | **70,446** | 86,442 |
| Tax effect of non-deductible expenses | **10,456** | 5,625 |
| Tax effect of non-taxable income | **(22,455)** | (9,844) |
| Effect on research and development bonus deduction | **(29,669)** | (34,388) |
| Tax effect of unused tax losses not recognised | **8,009** | 9,710 |
| Tax effect of other temporary difference not recognised | **1,413** | (9,664) |
| Tax effect of previously unrecognised tax losses recognised this year | **(13,129)** | – |
| Utilisation of unused tax losses previously not recognised | **(1,276)** | (25) |
| (Over)/under provisions in prior years | **(3,333)** | 11,058 |
| Others | **44** | 37 |
| Actual tax expense | **20,506** | 58,951 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

### (c) PILLAR TWO INCOME TAX

In December 2021, the Organisation for Economic Co-operation and Development published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules ("Pillar Two legislation"). According to the rules of Pillar Two legislation, low-tax jurisdictions with effective tax rate below 15% may have a Top-up Tax impact. Some of jurisdictions where the Group's overseas operating institutions are located, had implemented Pillar Two legislation during the reporting period. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Both Chinese Mainland and Hong Kong in which the Group has business operations have not enacted new tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development for the year ended 31 December 2024. If the new tax laws had applied in both regions in 2024, the Group does not expect to be subject to a new top-up tax in relation to its operations in Chinese Mainland and Hong Kong.

## 8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

### YEAR ENDED 31 DECEMBER 2024

| | Directors' fees $'000 | Salary $'000 | Other benefit $'000 | Discretionary bonuses $'000 | Retirement scheme contributions $'000 | Sub-total $'000 | Share-based payments $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | |
| Gao Wenbao | – | – | – | – | – | – | – | – |
| Ko Wing Yan, Samantha | – | 2,400 | – | 210 | 18 | 2,628 | 352 | 2,980 |
| Su Ning | – | 1,008 | – | 1,058 | 238 | 2,304 | 722 | 3,026 |
| **Non-executive Directors** | | | | | | | | |
| Shao Xibin | – | – | – | – | – | – | – | – |
| Jin Hao | – | – | – | – | – | – | – | – |
| Meng Chao | – | – | – | – | – | – | – | – |
| **Independent non-executive Directors** | | | | | | | | |
| Fung, Yuk Kan Peter | 200 | – | – | – | – | 200 | 141 | 341 |
| Chu, Howard Ho Hwa | 200 | – | – | – | – | 200 | 141 | 341 |
| Pang Chunlin | 200 | – | – | – | – | 200 | 112 | 312 |
| Total | 600 | 3,408 | – | 1,268 | 256 | 5,532 | 1,468 | 7,000 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 8 DIRECTORS' EMOLUMENTS (CONTINUED)

### YEAR ENDED 31 DECEMBER 2023

| | Directors' fees $'000 | Salary $'000 | Other benefit $'000 | Discretionary bonuses $'000 | Retirement scheme contributions $'000 | Sub-total $'000 | Share-based payments $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | |
| Gao Wenbao | – | – | – | – | – | – | – | – |
| Ko Wing Yan, Samantha | – | 2,400 | – | 140 | 18 | 2,558 | 812 | 3,370 |
| Su Ning | – | 1,010 | 1,127 | 786 | 230 | 3,153 | 851 | 4,004 |
| **Non-executive Directors** | | | | | | | | |
| Shao Xibin | – | – | – | – | – | – | – | – |
| Jin Hao | – | – | – | – | – | – | – | – |
| Meng Chao | – | – | – | – | – | – | – | – |
| Zhang Jianqiang | – | – | – | – | – | – | – | – |
| **Independent non-executive Directors** | | | | | | | | |
| Fung, Yuk Kan Peter | 200 | – | – | – | – | 200 | 118 | 318 |
| Chu, Howard Ho Hwa | 200 | – | – | – | – | 200 | 118 | 318 |
| Hou Ziqiang | 98 | – | – | – | – | 98 | 118 | 216 |
| Pang Chunlin | 147 | – | – | – | – | 147 | – | 147 |
| Total | 645 | 3,410 | 1,127 | 926 | 248 | 6,356 | 2,017 | 8,373 |

Note: During the years of 2024 and 2023, no directors exercised share options.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are Directors, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| Salaries and other emoluments | **4,440** | 4,448 |
| Discretionary bonuses | **923** | 1,299 |
| Share-based payments | **1,036** | 1,388 |
| Retirement scheme contributions | **88** | 88 |
| | **6,487** | 7,223 |

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following band:

| | **2024 Number of individual** | 2023 Number of individual |
|---|---|---|
| $1,500,001–$2,000,000 | **1** | – |
| $2,000,001–$2,500,000 | **2** | 2 |
| $2,500,001–$3,000,000 | **–** | 1 |

## 10 OTHER COMPREHENSIVE INCOME

There are no tax effects in respect of the components of other comprehensive income.

Components of other comprehensive income are as follows:

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| **Exchange translation adjustments:** | | |
| Exchange differences on translation of financial statements of operations outside Hong Kong | **(65,343)** | (26,894) |

## 11 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$391,282,000 (2023: HK$475,260,000) and the weighted average of 788,571,961 ordinary shares (2023: 786,365,101 ordinary shares) in issue during the year, calculated as follows:

**Weighted average number of ordinary shares**

| | **2024** | 2023 |
|---|---|---|
| Issued ordinary shares at 31 December | **788,571,961** | 786,365,101 |

### (b) DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$391,282,000 (2023: HK$475,260,000) and the weighted average of 790,536,366 ordinary shares (2023: 788,953,698 ordinary shares), calculated as follows:

**Weighted average number of ordinary shares (diluted)**

| | **2024** | 2023 |
|---|---|---|
| Weighted average number of ordinary shares at 31 December | **788,571,961** | 786,365,101 |
| Effect of deemed issue of share under Company's share option scheme for nil consideration | **–** | 67,855 |
| Effect of Share Award Plan | **1,964,405** | 2,520,742 |
| Weighted average number of ordinary shares (diluted) at 31 December | **790,536,366** | 788,953,698 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 12 SEGMENT REPORTING

### (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 consolidated financial statements are already 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 consolidated financial statements. Other information, being the total assets excluding deferred tax assets, other financial assets, current tax recoverable and the interest in associates, 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 revenues from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location is based on the location of customers is distributed. 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, the location of operation to which they are allocated, in the case of intangible assets.

In the current financial year, the Group has changed its presentation of revenue geographic information from "Revenue by Delivery Locations" to "Revenue by Location of Sourcing Decision of Customers" so as to enhance clarity of the reported numbers. The new presentation better reflects how the Group manage customer relationships and provides improved insights into our customer demographics and market presence. Consequently, the comparative figures for the previous reporting period have been restated to ensure consistency.

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

| | **2024 $'000** | 2023 $'000 (Restated) |
|---|---|---|
| The PRC | **8,349,868** | 6,173,725 |
| Europe | **2,444,354** | 2,536,252 |
| America | **837,619** | 570,322 |
| Japan | **1,156,877** | 772,530 |
| Korea | **375,989** | 304,053 |
| Others | **283,799** | 403,534 |
| | **5,098,638** | 4,586,691 |
| Consolidated revenue | **13,448,506** | 10,760,416 |

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

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| The PRC (place of domicile) | **2,074,262** | 1,765,921 |
| Others | **15,551** | 18,720 |
| | **2,089,813** | 1,784,641 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Ownership interests in land and buildings held for own use $'000 | Other properties leased for own use carried at cost $'000 | Plant, machinery, tools and equipment $'000 | Construction in progress $'000 | Office equipment $'000 | Others (note) $'000 | Sub-total $'000 | Interest in leasehold land held for own use $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 January 2023 | 269,876 | 31,822 | 1,748,149 | 885,713 | 56,620 | 152,099 | 3,144,279 | 63,359 | 3,207,638 |
| Exchange adjustments | (3,598) | (51) | (24,788) | (13,008) | (1,504) | (2,415) | (45,364) | (1,612) | (46,976) |
| Additions | 680 | 20,516 | 81,685 | 355,612 | 17,753 | 22,054 | 498,300 | – | 498,300 |
| Transfer | 391,690 | – | 729,727 | (1,206,282) | 83,179 | 1,686 | – | – | – |
| Disposals | – | (14,902) | (51,021) | – | (1,118) | (857) | (67,898) | – | (67,898) |
| At 31 December 2023 | 658,648 | 37,385 | 2,483,752 | 22,035 | 154,930 | 172,567 | 3,529,317 | 61,747 | 3,591,064 |
| At 1 January 2024 | **658,648** | **37,385** | **2,483,752** | **22,035** | **154,930** | **172,567** | **3,529,317** | **61,747** | **3,591,064** |
| Exchange adjustments | **(14,081)** | **(748)** | **(48,614)** | **(3,991)** | **(7,406)** | **(2,791)** | **(77,631)** | **(1,320)** | **(78,951)** |
| Additions | **15,529** | **28,413** | **115,622** | **396,847** | **30,150** | **9,573** | **596,134** | **–** | **596,134** |
| Transfer | **37,858** | **–** | **244,538** | **(290,313)** | **7,913** | **4** | **–** | **–** | **-** |
| Disposals | **–** | **(13,222)** | **(250,288)** | **–** | **(7,736)** | **(6,612)** | **(277,858)** | **–** | **(277,858)** |
| At 31 December 2024 | **697,954** | **51,828** | **2,545,010** | **124,578** | **177,851** | **172,741** | **3,769,962** | **60,427** | **3,830,389** |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Ownership interests in land and buildings held for own use $'000 | Other properties leased for own use carried at cost $'000 | Plant, machinery, tools and equipment $'000 | Construction in progress $'000 | Office equipment $'000 | Others (note) $'000 | Sub-total $'000 | Interest in leasehold land held for own use $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Accumulated amortisation and depreciation:** | | | | | | | | | |
| At 1 January 2023 | 103,062 | 20,120 | 1,412,705 | – | 43,118 | 125,752 | 1,704,757 | 12,581 | 1,717,338 |
| Exchange adjustments | (1,437) | (149) | (16,743) | – | (987) | (558) | (19,874) | (205) | (20,079) |
| Charge for the year | 14,989 | 11,120 | 154,698 | – | 10,617 | 7,764 | 199,188 | 2,922 | 202,110 |
| Written back on disposals | – | (14,902) | (51,021) | – | (1,105) | (857) | (67,885) | – | (67,885) |
| At 31 December 2023 | 116,614 | 16,189 | 1,499,639 | – | 51,643 | 132,101 | 1,816,186 | 15,298 | 1,831,484 |
| At 1 January 2024 | **116,614** | **16,189** | **1,499,639** | **–** | **51,643** | **132,101** | **1,816,186** | **15,298** | **1,831,484** |
| Exchange adjustments | **(3,211)** | **(284)** | **(22,286)** | **–** | **(961)** | **(1,812)** | **(28,554)** | **284** | **(28,270)** |
| Charge for the year | **19,946** | **15,385** | **178,536** | **–** | **17,361** | **10,762** | **241,990** | **2,311** | **244,301** |
| Written back on disposals | **–** | **(13,222)** | **(250,260)** | **–** | **(7,417)** | **(6,612)** | **(277,511)** | **–** | **(277,511)** |
| At 31 December 2024 | **133,349** | **18,068** | **1,405,629** | **–** | **60,626** | **134,439** | **1,752,111** | **17,893** | **1,770,004** |
| **Net book value:** | | | | | | | | | |
| At 31 December 2024 | **564,605** | **33,760** | **1,139,381** | **124,578** | **117,225** | **38,302** | **2,017,851** | **42,534** | **2,060,385** |
| At 31 December 2023 | 542,034 | 21,196 | 984,113 | 22,035 | 103,287 | 40,466 | 1,713,131 | 46,449 | 1,759,580 |

Note: Other property, plant and equipment comprise mainly leasehold improvements, furniture, fixture and motor vehicles.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | Note | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| Ownership interests in leasehold land and buildings held for own use | (i) | | |
| — in Hong Kong | | **175** | 183 |
| — outside Hong Kong | | **564,430** | 537,514 |
| | | **564,605** | 537,697 |
| Interest in leasehold land held for own use outside Hong Kong | (i) | **42,534** | 46,449 |
| Other properties leased for own use, carried at depreciated cost | (ii) | **33,760** | 21,196 |
| | | **640,899** | 605,324 |

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Depreciation charge of right-of-use assets by class of underlying asset: | | |
| Ownership interests in leasehold land and buildings held for own use | **19,946** | 14,689 |
| Interest in leasehold land held for own use | **2,311** | 2,922 |
| Other properties leased for own use | **15,385** | 11,120 |
| Motor vehicles | **–** | 207 |
| | **37,642** | 28,938 |
| Interest on lease liabilities (note 6(a)) | **1,383** | 921 |
| Expense relating to short term leases | **11,127** | 16,150 |

During the year, additions to right-of-use assets were HK$28,413,000 (2023: HK$20,516,000).

Details of the maturity analysis of lease liabilities are set out in note 24.

#### (i) Ownership interests in leasehold land and buildings held for own use

The Group holds several buildings for its manufacturing plants and a property as staff quarter. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities. The amount transfer from construction in progress to ownership interests in leasehold land and buildings held for own use is HK$Nil as of 31 December 2024 (2023: HK$391,690,000).

#### (ii) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 3 years.

#### (iii) Other leases

The Group leases motor vehicles under leases expiring within two years. None of the leases includes variable lease payments.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 14 INTANGIBLE ASSETS

| | Computer software $'000 |
|---|---|
| **Cost:** | |
| At 1 January 2023 | 27,751 |
| Additions | 6,125 |
| Exchange adjustments | (68) |
| At 31 December 2023 and 1 January 2024 | **33,808** |
| Additions | **8,659** |
| Exchange adjustments | **(274)** |
| At 31 December 2024 | **42,193** |
| **Accumulated amortisation:** | |
| At 1 January 2023 | 5,578 |
| Charge for the year | 3,153 |
| Exchange adjustments | 16 |
| At 31 December 2023 and 1 January 2024 | **8,747** |
| Charge for the year | **4,064** |
| Exchange adjustments | **(46)** |
| At 31 December 2024 | **12,765** |
| **Net book value:** | |
| At 31 December 2024 | **29,428** |
| At 31 December 2023 | 25,061 |

The amortisation charge for the year is included in "other operating expenses" in the consolidated statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 15 INVESTMENTS IN SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY

### (a) INVESTMENTS IN SUBSIDIARIES

The following list contains only particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

| | | | Proportion of ownership interest | | | |
|---|---|---|---|---|---|---|
| Name of company | Place of incorporation/ operation | Particulars of issued share capital/ registered capital | Group's effective interest | Held by the Company | Held by a subsidiary | Principal activities |
| Chengdu BOE Automotive Display Technology Co., Ltd.# | The People's Republic of China | Paid up registered capital of RMB1,500,000,000 | 100% | – | 100% | Manufacture and sales of LCDs and related products |
| Varitronix (Chengdu) Display Technology Co., Ltd. ("Chengdu Vx") # | The People's Republic of China | Paid-up registered capital of RMB305,145,455 | 100% | – | 100% | Sales of LCDs and related products |
| Hefei BOE Vehicle Display Technology Co., Ltd.# | The People's Republic of China | Paid-up registered capital of RMB387,714,246 | 100% | – | 100% | Sales of LCDs and related products |
| Link Score Investment Limited | Hong Kong | 100 ordinary shares | 100% | – | 100% | Investment holding |
| Varitronix Limited | Hong Kong | 2 ordinary shares 1,848 non-voting deferred ordinary shares | 100% | – | 100% | Design and sale of LCDs and related products |
| Varitronix France SAS | France | 2,500 ordinary shares of €15.25 each | 100% | – | 100% | Marketing and sales consultants |
| Varitronix GmbH | Germany | 100,000 shares of €0.51 each | 100% | – | 100% | Marketing and sales consultants |
| Varitronix (Heyuan) Display Technology Limited# | The People's Republic of China | Paid-up registered capital of RMB1,054,353,144 | 100% | – | 100% | Manufacture and sales of LCDs and related products |
| Varitronix Italy s.r.l. | Italy | 12,000 ordinary shares of €1 each | 100% | – | 100% | Marketing and sales consultants |
| Varitronix (Shenzhen) Automobile Technology Co., Ltd.# | The People's Republic of China | Paid-up registered capital of RMB50,000,000 | 100% | – | 100% | Design and sale of LCDs and related products |
| Varitronix (Switzerland) GmbH | Switzerland | Registered capital CHF30,000 | 100% | – | 100% | Marketing and sales consultants |
| Varitronix (U.K.) Limited | United Kingdom | 100 ordinary shares of GBP10 each | 100% | – | 100% | Marketing and sales consultants |
| VL Electronics, Inc. | United States | 5,000 common stock of US$10 each | 100% | – | 100% | Marketing and sales consultants |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 15 INVESTMENTS IN SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY (CONTINUED)

### (a) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

| | | | Proportion of ownership interest | | | |
|---|---|---|---|---|---|---|
| Name of company | Place of incorporation/ operation | Particulars of issued share capital/ registered capital | Group's effective interest | Held by the Company | Held by a subsidiary | Principal activities |
| Varitronix (Japan) Limited | Japan | 1,000 ordinary stock of JPY10,000 each | 100% | – | 100% | Marketing and sales consultants |
| 睿合科技有限公司# | The People's Republic of China | Registered capital of RMB100,000,000 (note) | 50.1% | – | 50.1% | Manufacture and sales of LCDs and related products |
| Varitronix Automobile Electronics (Huizhou) Co., Ltd.# | The People's Republic of China | Registered capital of RMB50,000,000 | 100% | – | 100% | Design and sales of LCDs and related products |

| #Name of company | Type of legal entity |
|---|---|
| — Chengdu BOE Automotive Display Technology Co., Ltd | Wholly-owned foreign enterprise |
| — Varitronix (Chengdu) Display Technology Co., Ltd. | Wholly-owned foreign enterprise |
| — Hefei BOE Vehicle Display Technology Co., Ltd. | Wholly-owned foreign enterprise |
| — Varitronix (Heyuan) Display Technology Limited | Wholly-owned foreign enterprise |
| — Varitronix (Shenzhen) Automobile Technology Co., Ltd | Wholly-owned foreign enterprise |
| — 睿合科技有限公司 | Non-wholly-owned foreign enterprise |
| — Varitronix Automobile Electronics (Huizhou) Co., Ltd | Wholly-owned foreign enterprise |

Note: The amount represented the registered capital which is not fully paid up yet.

### (b) INVESTMENT IN A CONTROLLED STRUCTURED ENTITY

The Company directly controlled a trust (the "Share Award Plan Trust") that was set up in relation to the Group's Share Award Plan adopted on 28 August 2020 (the "Share Award Plan"). The sole purpose of the Share Award Plan Trust is the purchasing, administering and holding the Company's shares under the Share Award Plan for the benefit of eligible employees (see note 27). The Company has the power to direct the relevant activities of the Share Award Plan Trust and it has the ability to use its power over the trust to affect its exposure to returns. Therefore, the Share Award Plan Trust is considered as a controlled structured entity of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 16 NON-CONTROLLING INTERESTS

The following table lists out the information in respective each of the Group's subsidiaries which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

| | 睿合科技有限公司 | |
|---|---|---|
| | **2024** | 2023 |
| | **$'000** | $'000 |
| NCI percentage | **49.9%** | 49.9% |
| Non-current assets | **73,639** | 65,065 |
| Current assets | **277,820** | 208,126 |
| Current liabilities | **(142,069)** | (117,347) |
| Non-current liabilities | **(78,711)** | (43,386) |
| Net assets | **130,679** | 112,458 |
| Carrying amount of NCI | **65,209** | 56,116 |
| Revenue | **729,243** | 727,342 |
| Profit for the year | **20,647** | 11,666 |
| Total comprehensive income | **20,647** | 11,666 |
| Profit allocated to NCI | **10,303** | 5,821 |
| Cash outflows from operating activities | **(5,968)** | (67,266) |
| Cash outflows from investing activities | **(20,122)** | (2,276) |
| Cash inflows from financing activities | **18,306** | 66,746 |

## 17 INTEREST IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

| | | **2024** | 2023 |
|---|---|---|---|
| | | **$'000** | $'000 |
| **(a)** | **Non-current asset:** | | |
| | Interest in associates | **–** | – |
| **(b)** | **Current asset:** | | |
| | Amounts due from associates* | **–** | 12,220 |
| | | **–** | 12,220 |

* Amounts due from associates are trade nature and expected to be recovered within one year.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 17 INTEREST IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

### PARTICULARS OF THE ASSOCIATES

Set out below are the particulars of the major associate of the Group:

| Name of associate | Place of incorporation and operation | Particulars of issued share capital/registered capital | Attributable indirect equity interest % held | Principal activity |
|---|---|---|---|---|
| Hefei Jiangcheng Technology Co., Ltd. ("Hefei Jiangcheng")* | The People's Republic of China | Registered capital of RMB38,481,809 | 46.24% | Design and sale of display products |

Aggregate information of associates that are not individually material:

| | 2023 $'000 |
|---|---|
| Aggregate amounts of the Group's share of those associates' loss and total comprehensive income | (4,471) |

* During the year of 2024, one of the subsidiary of the Group entered into a sales and purchase agreement with an independent third party to dispose of its entire shareholding of Hefei Jiangcheng with a consideration of RMB24,220,000 (equivalent to HK$26,156,000). The transaction was completed on 3 December 2024.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 18 OTHER FINANCIAL ASSETS

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Non-current portion** | | |
| *Financial assets measured at fair value through profit or loss* | | |
| — Listed equity securities in Hong Kong | **38,486** | – |
| — Unlisted equity securities outside Hong Kong | **1,700** | 41,897 |
| | **40,186** | 41,897 |
| **Current portion** | | |
| *Financial assets measured at fair value through profit or loss* | | |
| — Issued by financial institutions outside Hong Kong (note) | **389,759** | – |
| *Financial assets measured at amortised cost* | | |
| — Issued by financial institutions outside Hong Kong | **–** | 15,405 |
| | **389,759** | 15,405 |

Note: The balances as at 31 December 2024 represent the investments in the structured deposit products which were issued by the Company's principal bankers with a guaranteed principal and a floating return.

## 19 INVENTORIES

### (a) INVENTORIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION COMPRISE:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Raw materials | **577,932** | 467,614 |
| Work in progress | **409,565** | 571,548 |
| Finished goods | **790,882** | 907,939 |
| | **1,778,379** | 1,947,101 |

### (b) THE ANALYSIS OF THE AMOUNT OF INVENTORIES RECOGNISED AS AN EXPENSE IS AS FOLLOWS:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Carrying amount of inventories sold | **12,178,832** | 9,475,953 |
| Write-down of inventories | **149,413** | 150,147 |
| Reversal of write-down of inventories | **(38,206)** | (5,743) |
| | **12,290,039** | 9,620,357 |

The reversal of write-down of inventories made in prior years arose due to subsequent utilisation of certain inventories as a result of a change in customers' specifications on the products.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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

| | **2024** **$'000** | 2023 $'000 |
|---|---|---|
| Trade debtors and bills receivable, net of expected credit loss allowance | **2,895,566** | 2,211,401 |
| Other tax recoverable | **219,431** | 109,807 |
| Other receivables | **45,603** | 114,521 |
| Amount due from non-controlling interest | **11,984** | 11,984 |
| Deposits and prepayments | **143,478** | 161,506 |
| Other contract costs | **48,717** | 47,546 |
| | **3,364,779** | 2,656,765 |
| Non-current deposits and prepayments | **(38,822)** | (101,264) |
| | **3,325,957** | 2,555,501 |

Non-current deposits and prepayments were paid for the TFT tooling costs and purchases of plant and equipment.

### (a) AGEING ANALYSIS

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 the invoice date and net of expected credit loss allowance and allowance for sales return, is as follows:

| | **2024** **$'000** | 2023 $'000 |
|---|---|---|
| Within 60 days of the invoice issue date | **2,140,687** | 1,482,570 |
| 61 to 90 days after the invoice issue date | **435,973** | 378,849 |
| 91 to 120 days after the invoice issue date | **183,870** | 255,079 |
| More than 120 days but less than 12 months after the invoice issue date | **135,036** | 94,903 |
| | **2,895,566** | 2,211,401 |

Trade debtors and bills receivable are generally due within 60 to 90 days from the date of billing. Further details on the Group's credit policy are set out in note 29(a).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS AND OTHER CONTRACT COSTS (CONTINUED)

### (b) CONTRACT COSTS

Contract costs capitalised relate to the incremental costs of obtaining contracts relating to the sale of goods. Contract costs are recognised in the statement of profit or loss in the period in which revenue from the related sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$7,058,000 (2023: HK$9,779,000). There was no impairment in relation to the capitalised contract costs during the year (2023: HK$Nil).

The Group applies the practical expedient in HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of goods as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

The amount of capitalised contract costs that is expected to be recognised after more than one year is HK$42,184,000 (2023: HK$46,691,000).

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

### (a) CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS WITH BANKS COMPRISE:

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| Fixed deposits with banks with more than three months to maturity when placed | **843,817** | – |
| Fixed deposits with banks with three months or less to maturity when placed | **671,473** | 1,258,701 |
| Cash at banks and on hand | **2,028,668** | 2,242,059 |
| Cash and cash equivalents | **2,700,141** | 3,500,760 |

(i) At 31 December 2024, included in cash and cash equivalents were amounts of approximately HK$3,779,000 (2023: HK$8,606,000) placed at the Share Award Plan Trust for purchasing its own shares through the trustee from the open market for the shares to be granted under the Share Award Plan.

(ii) As at 31 December 2024, cash and cash equivalents and fixed deposits situated in Chinese Mainland amounted to HK$1,154,336,000 (2023: HK$1,829,326,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

### (b) RESTRICTED BANK DEPOSITS:

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| Restricted bank deposits | **188,427** | 55,884 |
| Non-current restricted bank deposits | **(41,101)** | – |
| | **147,326** | 55,884 |

As at 31 December 2024, the amount of HK$147,326,000 (2023: HK$55,884,000) are deposit at bank which are restricted under conditions.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 21 CASH AND CASH EQUIVALENTS, FIXED DEPOSITS WITH BANKS AND RESTRICTED BANK DEPOSITS (CONTINUED)

### (c) RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS:

| | Notes | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| Profit before taxation | | **422,091** | 540,032 |
| Adjustments for: | | | |
| Depreciation | 13 | **244,301** | 202,110 |
| Amortisation | 14 | **4,064** | 3,153 |
| Finance costs | 6(a) | **15,362** | 25,220 |
| Interest income | 5 | **(115,440)** | (93,282) |
| Share of losses of associates | | **–** | 4,471 |
| Net gain on disposal of property, plant and equipment | 5 | **(535)** | (1,708) |
| Equity settled share-based payment expenses | 6(b) | **13,374** | 20,385 |
| Amortisation of government grants | 5 | **(21,224)** | (48,522) |
| Changes in fair value of other financial assets | 5 | **(8,344)** | 716 |
| Gain on disposal of investments in associates | 5 | **(26,765)** | – |
| Foreign exchange loss | | **144,033** | 90,571 |
| | | **670,917** | 743,146 |
| Changes in working capital: | | | |
| Decrease/(increase) in inventories | | **135,717** | (398,345) |
| Increase in trade and other receivables, deposits and prepayments and other contract costs | | **(719,215)** | (347,096) |
| Increase in trade and other payables | | **1,431,112** | 1,309,178 |
| Cash generated from operations | | **1,518,531** | 1,306,883 |

### (d) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

| | Bank loans $'000 (note 23) | Lease liabilities $'000 (note 24) | Total $'000 |
|---|---|---|---|
| **At 1 January 2023** | 667,200 | 11,794 | 678,994 |
| **Changes from financing cash flows:** | | | |
| Capital element of lease rentals paid | – | (10,349) | (10,349) |
| Interest element of lease rentals paid | – | (921) | (921) |
| Proceeds from new bank loans | 619,936 | – | 619,936 |
| Repayment of bank loans | (667,200) | – | (667,200) |
| Interest paid | (24,299) | – | (24,299) |
| Total changes from financing cash flows | (71,563) | (11,270) | (82,833) |
| Exchange Adjustment: | – | 105 | 105 |
| **Other changes:** | | | |
| Increase in lease liabilities from entering into new leases during the period | – | 20,516 | 20,516 |
| Finance costs (note 6(a)) | 24,299 | 921 | 25,220 |
| Total other changes | 24,299 | 21,437 | 45,736 |
| **At 31 December 2023 and 1 January 2024** | **619,936** | **22,066** | **642,002** |
| **Changes from financing cash flows:** | | | |
| Capital element of lease rentals paid | **–** | **(14,922)** | **(14,922)** |
| Interest element of lease rentals paid | **–** | **(1,383)** | **(1,383)** |
| Proceeds from new bank loans | **275,316** | **–** | **275,316** |
| Repayment of bank loans | **(516,354)** | **–** | **(516,354)** |
| Interest paid | **(13,979)** | **–** | **(13,979)** |
| Total changes from financing cash flows | **(255,017)** | **(16,305)** | **(271,322)** |
| Exchange Adjustment: | **(3,112)** | **(651)** | **(3,763)** |
| **Other changes:** | | | |
| Increase in lease liabilities from entering into new leases during the period | **–** | **28,413** | **28,413** |
| Finance costs (note 6(a)) | **13,979** | **1,383** | **15,362** |
| Total other changes | **13,979** | **29,796** | **43,775** |
| **At 31 December 2024** | **375,786** | **34,906** | **410,692** |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 21 CASH AND CASH EQUIVALENTS, FIXED DEPOSITS WITH BANKS AND RESTRICTED BANK DEPOSITS (CONTINUED)

### (e) TOTAL CASH OUTFLOW FOR LEASES

Amounts included in the cash flow statements for leases comprise the following:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Within operating cash flows | **11,127** | 16,150 |
| Within financing cash flows | **16,305** | 11,270 |
| | **27,432** | 27,420 |

## 22 TRADE AND OTHER PAYABLES

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Trade creditors | **5,367,226** | 3,808,181 |
| Accrued charges, provisions and other payables | **558,795** | 664,717 |
| Tooling fees received in advance | **223,059** | 215,715 |
| Contract liabilities | **79,062** | 49,517 |
| | **6,228,142** | 4,738,130 |

All creditors and accrued charges are expected to be settled or recognised as income within one year or are repayable on demand. During the year ended 31 December 2024, HK64,345,000 of tooling fees received in advance has been recognised as revenue in the profit or loss (2023: HK$65,927,000) and advanced payments of HK$71,689,000 has been received from customers (2023: HK$130,457,000). As of 31 December 2024, the amount of tooling fees received in advance which are expected to be recognised as income after more than one year is HK$97,763,000 (2023: HK$41,226,000).

### (a) AGEING ANALYSIS:

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:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Within 60 days of supplier invoice date | **4,386,214** | 3,242,495 |
| 61 to 120 days after supplier invoice date | **477,513** | 377,646 |
| More than 120 days but within 12 months after supplier invoice date | **297,842** | 131,089 |
| More than 12 months after supplier invoice date | **205,657** | 56,951 |
| | **5,367,226** | 3,808,181 |

### (b) MOVEMENTS IN CONTRACT LIABILITIES

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Balance at 1 January | **49,517** | 30,411 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period | **(49,517)** | (30,411) |
| Increase in contract liabilities as a result of receiving advances from customers during the year | **79,062** | 49,517 |
| Balance at 31 December | **79,062** | 49,517 |

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of deposit is negotiated on a case by case basis with customers. All contract liabilities are expected to be recognised as income within one year.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 22 TRADE AND OTHER PAYABLES (CONTINUED)

### (c) PROVISIONS

**Provision for product warranties**

| | HK$'000 |
|---|---|
| At 1 January 2024 | 46,220 |
| Additional provisions made | 104,096 |
| Provisions utilised | (40,942) |
| Exchange differences | (1,904) |
| At 31 December 2024 | 107,470 |

Under the terms of the Group's sales agreements, the Group offers warranties for its goods (see note 2(v)(i)). Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

## 23 BANK LOANS

The analysis of the repayment schedule of bank loans is as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Within 1 year or on demand | **205,322** | 236,439 |
| After 1 year but within 2 years | **30,238** | 57,477 |
| After 2 years but within 5 years | **140,226** | 193,405 |
| After 5 years | **–** | 132,615 |
| | **375,786** | 619,936 |

As at 31 December 2024, the loan amount of HK$196,382,000 is secured by certain land use right, buildings, machinery and equipment of a subsidiary of the Group to match its long-term development. Such underlying pledged agreement of the loan agreement is signed by both parties and effective on 24 January 2025. And the remaining bank loans are unsecured as at 31 December 2024.

As at 31 December 2023, the loan amount of HK$171,044,000 was secured by certain land sue right, buildings, machinery and equipment of a subsidiary of the Group to match its long-term development. Such underlying pledged agreement of the loan agreement was yet to sign by both parties and would be effective when registration of those land and building with relevant authorities was completed. And the remaining bank loans were unsecured as at 31 December 2023.

## 24 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Within 1 year | **14,793** | 8,159 |
| After 1 year but within 2 years | **9,968** | 4,665 |
| After 2 years but within 5 years | **10,145** | 9,242 |
| | **20,113** | 13,907 |
| | **34,906** | 22,066 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### (a) CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENTS:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Tax payable/(recoverable) in respect of Hong Kong Profits Tax | **13,361** | (6,600) |
| Tax payable in respect of Chinese Mainland income taxes | **4,530** | 8,485 |
| Tax (recoverable)/payable in respect of jurisdictions outside Hong Kong and the Chinese Mainland | **(4,542)** | 1,686 |
| | **13,349** | 3,571 |
| Representing: | | |
| Current tax recoverable | **(9,923)** | (10,354) |
| Current tax payable | **23,272** | 13,925 |
| | **13,349** | 3,571 |

### (b) DEFERRED TAX ASSETS AND LIABILITIES RECOGNISED:

The components of deferred tax (assets)/liabilities recognized in the consolidated statement of financial position and the movements during the year are as follows:

| | Depreciation allowances in excess of the related depreciation<br>$'000 | Provisions<br>$'000 | Deferred income<br>$'000 | Future benefits of tax losses<br>$'000 | Others<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|
| Deferred tax arising from: | | | | | | |
| At 1 January 2023 | 1,333 | (10,259) | (2,520) | – | 10,137 | (1,309) |
| Charged/(credited) to profit or loss (note 7(a)) | 70,885 | (14,529) | (32,958) | (20,752) | (6,869) | (4,223) |
| Exchange difference | (479) | 231 | 263 | 142 | – | 157 |
| At 31 December 2023 | 71,739 | (24,557) | (35,215) | (20,610) | 3,268 | (5,375) |
| At 1 January 2024 | **71,739** | **(24,557)** | **(35,215)** | **(20,610)** | **3,268** | **(5,375)** |
| (Credited)/charged to profit or loss (note 7(a)) | **(22,255)** | **(16,260)** | **4,634** | **(17,589)** | **(251)** | **(51,721)** |
| Exchange difference | **(1,745)** | **427** | **806** | **338** | **–** | **(174)** |
| At 31 December 2024 | **47,739** | **(40,390)** | **(29,775)** | **(37,861)** | **3,017** | **(57,270)** |

The reconciliation to the consolidated statement of financial position is as follows:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Net deferred tax assets recognised in the consolidated statement of financial position | **(59,718)** | (8,843) |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | **2,448** | 3,468 |
| | **(57,270)** | (5,375) |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (c) DEFERRED TAX ASSETS NOT RECOGNISED

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$148,441,000 (2023: HK$163,386,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities for the foreseeable future. The Group has not recognised deferred tax assets in respect of tax losses, whose expiry dates are:

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| In December 2026 | **–** | 10,556 |
| In December 2027 | **447** | 47,920 |
| In December 2028 | **2,190** | 34,837 |
| In December 2029 | **1,035** | – |
| After 2029 | **75,254** | – |
| Do not expire under current tax legislation | **69,515** | 70,073 |
| | **148,441** | 163,386 |

## 26 DEFERRED INCOME

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| Current portion | **28,072** | 26,138 |
| Non-current portion | **171,821** | 200,496 |
| | **199,893** | 226,634 |

During the year ended 31 December 2024, the Group received government grants of HK$12,428,000 (2023: HK$224,861,000) from the PRC authorities as incentives for acquiring machineries. The amount received is to be amortised and released to profit or loss over the useful lives of the relevant assets. During the year ended 31 December 2024, HK$24,882,000 (2023: HK$48,522,000) of the grants are credited to profit or loss.

## 27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

### SHARE AWARD PLAN

The Company has adopted the Share Award Plan on 28 August 2020 (the "Adoption Date") for the purpose of retaining participants for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the rules of the Share Award Plan, the Directors may grant an award to eligible participants (excluding any excluded participant) who is an employee, director, adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity for participation in the Share Award Plan and determine the terms of the award.

The Share Award Plan is subject to the administration of the Board and the trustee in accordance with the terms of the Share Award Plan and the terms of the trust deed which entered between the Company and the trustee on 28 August 2020. The Share Award Plan will be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 27 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### SHARE AWARD PLAN (CONTINUED)

The Trustee may purchase the Shares 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 the trustee effects any purchases by off-market transactions, 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. The maximum number of Shares to be subscribed for and/or purchased by the trustee for the purpose of the share award plan shall not exceed 10% of the total number of issued shares as at the Adoption Date. The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the share award plan when such subscription and/or purchase will result in such threshold being exceeded.

During the year ended 31 December 2024, the trustee of the Company's share award plan purchased 1,800,000 (2023: Nil) shares of the Company on the Stock Exchange at a total consideration of approximately HK$9,172,000 (including purchase price of HK$9,153,000 and transaction costs of HK$19,000). During the year ended 31 December 2024, the trustee transferred 1,854,900 (2023: 2,957,600) ordinary shares of the Company to the share awardees upon vesting of the awards.

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 4 May 2026. Further details are set out in the Company's announcement dated 24 March 2024.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 28 CAPITAL, RESERVES AND DIVIDENDS

### (a) MOVEMENTS IN COMPONENTS OF EQUITY OF THE COMPANY

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

| | Notes | Share capital (note 28(c)(i)) $'000 | Share premium (note 28(d)(i)) $'000 | Awarded shares held under share award plan (note 28(d)(v)) $'000 | Contributed surplus (note 28(d)(ii)) $'000 | Capital reserve (note 28(d)(iv)) $'000 | Retained profits/ (accumulated losses) $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | | 197,853 | 2,101,464 | (23,835) | 662,543 | 12,038 | (4,413) | 2,945,650 |
| **Changes in equity for 2023:** | | | | | | | | |
| Final dividends approved in respect of the previous year | 28(b)(ii) | – | – | – | (180,964) | – | – | (180,964) |
| Shares issued under the Share Option Plan | 28(c)(ii) | 41 | 392 | – | – | (103) | – | 330 |
| Vesting of shares under the Share Award Plan | | – | – | 10,072 | – | (20,228) | 10,156 | – |
| Equity settled share-based transaction | | – | – | – | – | 20,385 | – | 20,385 |
| Release upon lapse of share options | | – | – | – | – | (311) | 311 | – |
| Loss and total comprehensive income for the year | | – | – | – | – | – | (8,520) | (8,520) |
| **Balance at 31 December 2023** | | **197,894** | **2,101,856** | **(13,763)** | **481,579** | **11,781** | **(2,466)** | **2,776,881** |
| **Balance at 1 January 2024** | | **197,894** | **2,101,856** | **(13,763)** | **481,579** | **11,781** | **(2,466)** | **2,776,881** |
| **Changes in equity for 2024:** | | | | | | | | |
| Final dividends approved in respect of the previous year | 28(b)(ii) | **–** | **–** | **–** | **(149,660)** | **–** | **–** | **(149,660)** |
| Share purchase by the trustee under the Share Award Plan | | **–** | **–** | **(9,172)** | **–** | **–** | **–** | **(9,172)** |
| Vesting of shares under the Share Award Plan | | **–** | **–** | **7,283** | **–** | **(17,358)** | **10,075** | **–** |
| Equity settled share-based transaction | 6(b) | **–** | **–** | **–** | **–** | **13,374** | **–** | **13,374** |
| Loss and total comprehensive income for the year | | **–** | **–** | **–** | **–** | **–** | **(4,675)** | **(4,675)** |
| **Balance at 31 December 2024** | | **197,894** | **2,101,856** | **(15,652)** | **331,919** | **7,797** | **2,934** | **2,626,748** |

### (b) DIVIDENDS

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

| | **2024 $'000** | 2023 $'000 |
|---|---|---|
| Final dividend proposed after the end of reporting period of 17.0 HK cents (2023: 19.0 HK cents) per share | **134,568** | 150,399 |

The final dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 28 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) DIVIDENDS (CONTINUED)

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

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Final dividend in respect of the previous financial year, approved and paid during the year, of 19.0 HK cent (2023: 23.0 HK cent) per share | **149,660** | 180,964 |

### (c) SHARE CAPITAL

#### (i) Authorised and issued share capital

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | No. of shares<br>'000 | Amount<br>$'000 | No. of shares<br>'000 | Amount<br>$'000 |
| **Authorised:** | | | | |
| Ordinary shares of $0.25 each | **5,000,000** | **1,250,000** | 5,000,000 | 1,250,000 |
| **Ordinary shares, issued and fully paid:** | | | | |
| At 1 January | **791,575** | **197,894** | 791,410 | 197,853 |
| Issuance of shares under share option scheme | **–** | **–** | 165 | 41 |
| At 31 December | **791,575** | **197,894** | 791,575 | 197,894 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### (ii) Issuance of shares under share option scheme

During the year ended 31 December 2023, options have been exercised to subscribe for 165,000 ordinary shares in the Company at a consideration of HK$330,000 of which HK$41,000 was credited to share capital and the balance of $289,000 was credited to the share premium account. HK$103,000 has been transferred from the capital reserve to the share premium account in accordance with policy set out in note 2(s)(ii). No such share options were exercised during the year ended 31 December 2024.

## 28 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (d) NATURE AND PURPOSE OF RESERVES

#### (i) Share premium

The application of the share premium account is governed by sections 150 and 157 of the Company's Articles of Association and the Companies Act 1981 of Bermuda.

#### (ii) Contributed surplus

Contributed surplus comprises the capital reduction transferred from the share premium account and the excess value of the shares of the subsidiaries acquired pursuant to the Group reorganisation scheme in 1991 over the nominal value of the new shares of the Company issued in exchange is credited to the contributed surplus account. Under the Companies Act 1981 of Bermuda (as amended) and the Bye-laws of the Company, the contributed surplus is distributable to shareholders.

#### (iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(x).

#### (iv) Capital reserve

The capital reserve comprises of the Company's equity settled share-based payments recognised in accordance with the accounting policy adopted for share-based payments in notes 2(s)(iii) and 2(s)(iv).

#### (v) Awarded shares held under the Share Award Plan

Treasury shares held under the Share Award Plan represents the shares purchased by the Group that are not yet granted to directors and employees of the Company under the Share Award Plan (see note 27). The consideration paid for the purchase of the Company's shares is reflected as a decrease in the equity of the Company.

#### (vi) Other reserves

Other reserves comprise statutory reserves required in respect of a subsidiary in accordance with the relevant rules and regulations in the PRC and the consideration in exceed of carrying amount of non-controlling interests acquired.

#### (vii) Distributability of reserves

At 31 December 2024, the aggregate amount of reserves available for distribution to shareholders of the Company was HK$334,853,000 (2023: HK$479,113,000).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 28 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (e) CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes lease liabilities and trade and other payables), less fixed deposits with banks and cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

The Group's adjusted net debt-to-capital ratio at 31 December 2024 and 2023 was as follows:

| | Notes | **2024<br>$'000** | 2023<br>$'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | 22 | **6,228,142** | 4,738,130 |
| Lease liabilities | 24 | **14,793** | 8,159 |
| Bank loans | 23 | **205,322** | 236,439 |
| | | **6,448,257** | 4,982,728 |
| **Non-current liabilities** | | | |
| Lease liabilities | 24 | **20,113** | 13,907 |
| Bank loans | 23 | **170,464** | 383,497 |
| | | **190,577** | 397,404 |
| Total debt | | **6,638,834** | 5,380,132 |
| Fixed deposits with banks with more than three months to maturity when placed | 21(a) | **(843,817)** | – |
| Cash and cash equivalents | 21(a) | **(2,700,141)** | (3,500,760) |
| **Net debt** | | **3,094,876** | 1,879,372 |
| Total equity | | **4,600,495** | 4,409,711 |
| **Adjusted capital** | | **4,600,495** | 4,409,711 |
| **Adjusted net debt-to-capital ratio** | | **0.67** | 0.43 |

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable is limited because the counterparties are banks and financial institutions for which the Group consider the credit risk is low.

The Group does not provide any other guarantees which would expose the Group to credit risk.

#### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 5% (2023: 6%) and 24% (2023: 37%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns based on individual characteristics of customers, the loss allowance based on past due status is further distinguished between the Group's individual credit evaluations of customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

| | **2024** | | |
|---|---|---|---|
| | **Expected loss rate %** | **Gross carrying amount $'000** | **Loss allowance $'000** |
| Current (not past due) | **0.3%** | **2,396,308** | **7,464** |
| Less than 1 month past due | **0.6%** | **316,775** | **1,782** |
| 1 to 12 months past due | **5.3%** | **202,561** | **10,832** |
| More than 12 months past due | **100.0%** | **34,877** | **34,877** |
| | | **2,950,521** | **54,955** |

| | 2023 | | |
|---|---|---|---|
| | Expected loss rate % | Gross carrying amount $'000 | Loss allowance $'000 |
| Current (not past due) | 0.7% | 1,684,485 | 11,026 |
| Less than 1 month past due | 1.9% | 322,375 | 6,045 |
| 1 to 12 months past due | 8.6% | 242,419 | 20,807 |
| More than 12 months past due | 100.0% | 6,222 | 6,222 |
| | | 2,255,501 | 44,100 |

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (a) CREDIT RISK (CONTINUED)

**Trade receivables (Continued)**

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Balance at 1 January | **44,100** | 39,465 |
| Increase in ECL allowance during the year | **10,855** | 4,635 |
| Balance at 31 December | **54,955** | 44,100 |

### (b) LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and cash equivalents and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates currently applicable at the end of reporting period) and the earliest date that the Group can be required to pay:

| | 2024 Contractual undiscounted cash outflow | | | | | | 2023 Contractual undiscounted cash outflow | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Within 1 year or on demand $'000 | More than 1 year but less than 2 years $'000 | More than 2 years but less than 5 years $'000 | More than 5 years $'000 | Total $'000 | Carrying amount at 31 December $'000 | Within 1 year or on demand $'000 | More than 1 year but less than 2 years $'000 | More than 2 years but less than 5 years $'000 | More than 5 years $'000 | Total $'000 | Carrying amount at 31 December $'000 |
| Trade creditors, accrued charges and other payables | 5,926,021 | – | – | – | 5,926,021 | 5,926,021 | 4,472,898 | – | – | – | 4,472,898 | 4,472,898 |
| Bank loans | 210,559 | 31,009 | 143,803 | – | 385,371 | 375,786 | 245,627 | 68,412 | 210,642 | 144,702 | 669,383 | 619,936 |
| Lease liabilities | 16,072 | 10,701 | 10,293 | 220 | 37,286 | 34,906 | 8,897 | 5,161 | 9,684 | – | 23,742 | 22,066 |
| | 6,152,652 | 41,710 | 154,096 | 220 | 6,348,678 | 6,336,713 | 4,727,422 | 73,573 | 220,326 | 144,702 | 5,166,023 | 5,114,900 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (c) CURRENCY RISK

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The Group is also exposed to currency risk through other financial assets acquired which are denominated in a foreign currency. The currencies giving rise to these risks are primarily United States dollars, Euros, Japanese Yen and Renminbi.

There is currently no hedging policy adopted by the Group with respect to its foreign exchange exposure. Most of the sales and purchases are made in the respective functional currency of each group entity, except for group entities whose functional currency is Hong Kong dollars, certain transactions are denominated in United States dollars, Euros and Japanese Yen. Given the Hong Kong dollar is pegged to the United States dollar, the Group does not expect that there will be any significant currency risk associated with such United States dollars denominated transactions. In respect of balances denominated in other currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency are excluded.

| | **2024 Exposure to foreign currencies (expressed in Hong Kong dollars)** | | | | 2023 Exposure to foreign currencies (expressed in Hong Kong dollars) | | | |
|---|---|---|---|---|---|---|---|---|
| | **United States Dollars $'000** | **Euros $'000** | **Japanese Yen $'000** | **Renminbi $'000** | United States Dollars $'000 | Euros $'000 | Japanese Yen $'000 | Renminbi $'000 |
| Trade and other receivables | **454,024** | **–** | **–** | **–** | 494,857 | – | – | – |
| Cash and cash equivalents | **1,293,012** | **13** | **–** | **417,676** | 1,211,966 | 968 | 517 | 398,250 |
| Fixed deposit with more than three months to maturity when placed | **558,720** | **–** | **–** | **–** | – | – | – | – |
| Trade and other payables | **(630,833)** | **(428)** | **(14,307)** | **(126)** | (208,674) | (772) | (12,722) | (187) |
| | **1,674,923** | **(415)** | **(14,307)** | **417,550** | 1,498,149 | 196 | (12,205) | 398,063 |

In addition, the Group exposed to currency risk arising from inter-company receivables and payables denominated in currency other than the functional currency of either the lender or the borrower. The net inter-company receivables amounted to United States dollars 30,029,000 and payables amounted to Renminbi 9,681,000 (2023: receivables amounted to United States dollars 27,003,000 and Renminbi 116,516,000 respectively).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (c) CURRENCY RISK (CONTINUED)

#### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies for group entities whose functional currency is Hong Kong dollars.

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Increase/ (decrease) in foreign exchange rates** | **Increase/ (decrease) in profit after taxation and retained profits $'000** | Increase/ (decrease) in foreign exchange rates | Increase/ (decrease) in profit after taxation and retained profits $'000 |
| United States dollars | **10%** | **139,856** | 10% | 125,095 |
| | **(10%)** | **(139,856)** | (10%) | (125,095) |
| Euros | **10%** | **(35)** | 10% | 16 |
| | **(10%)** | **35** | (10%) | (16) |
| Japanese Yen | **10%** | **(1,195)** | 10% | (1,019) |
| | **(10%)** | **1,195** | (10%) | 1,019 |
| Renminbi | **10%** | **34,865** | 10% | 33,238 |
| | **(10%)** | **(34,865)** | (10%) | (33,238) |

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis has been performed on the same basis for 2023.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (d) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate risk profile as monitored by management is set out in below.

#### (i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

| | Note | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Fixed rate borrowings:** | | | |
| Lease liabilities | 24 | **34,906** | 22,066 |
| Bank loans | 23 | **30,236** | 443,154 |
| | | **65,142** | 465,220 |
| **Variable rate borrowings** | | | |
| Bank loans | 23 | **345,550** | 176,782 |

#### (ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK$14,686,000 (2023: HK$7,380,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) FAIR VALUES

#### (i) Financial assets measured at fair value

*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 31 December | Fair value measurements as at 31 December 2024 categorised into | | | Fair value at 31 December | Fair value measurements as at 31 December 2023 categorised into | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | Level 1 | Level 2 | Level 3 | 2023 | Level 1 | Level 2 | Level 3 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Recurring fair value measurements** | | | | | | | | |
| Trading securities | – | – | – | – | 15,405 | 15,405 | – | – |
| Structured products | 389,759 | – | 389,759 | – | – | – | – | – |
| Listed equity securities | 38,486 | 38,486 | – | – | – | – | – | – |
| Unlisted equity securities | 1,700 | – | – | 1,700 | 41,897 | – | – | 41,897 |
| | 429,945 | 38,486 | 389,759 | 1,700 | 57,302 | 15,405 | – | 41,897 |

During the year ended 31 December 2024, an unlisted equity investment amounted to HK$38,486,000 has been transferred out of Level 3 to listed equity investments upon its listing as a public company.

During the years ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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.

*Valuation techniques and inputs used in Level 3 fair value measurements*

As at 31 December 2024, the fair value of unlisted equity instruments is determined using the enterprise value/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 3% would have increased/decreased the Group's profit after taxation and retained profits by HK$43,000.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) FAIR VALUES (CONTINUED)

#### (i) Financial assets measured at fair value (Continued)

*Valuation techniques and inputs used in Level 3 fair value measurements (Continued)*

As at 31 December 2023, the fair value of unlisted equity instruments is determined using the enterprise value/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2023, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 3% would have increased/decreased the Group's profit after taxation and retained profits by HK$273,700.

#### (ii) Fair value of financial assets and liabilities carried at other than fair value

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

#### (iii) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

## 30 COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements were as follows:

| | **2024**<br>**$'000** | 2023<br>$'000 |
|---|---|---|
| Contracted for | **203,666** | 346,202 |

The capital commitments contracted for outstanding at the end of the reporting period are mainly for the new production base for automotive display, manufacturing facilities in Vietnam, Heyuan and Chengdu, PRC.

## 31 MATERIAL RELATED PARTY TRANSACTIONS

### (a) KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration for key management personnel, including amounts paid to the Directors is disclosed in note 8 and certain of the highest paid employees is disclosed in note 9.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) RECURRING TRANSACTIONS

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 the annual financial report.

| | **2024** **$'000** | 2023 $'000 |
|---|---|---|
| *BOE Group:* | | |
| Purchase of goods from BOE Group (note (1)) | **5,386,318** | 4,592,212 |
| Lease of property, plant and equipment to BOE Group (note (2)) | **–** | 3,472 |
| Purchase of PPE and intangible assets from BOE Group (note (5)) | **58,413** | 69,201 |
| Lease of PPE from BOE Group (note (5)) | **5,575** | 10,125 |
| Rental, management fee, utilities service fees and computer integrated manufacturing system fee charged by BOE Group (note (3)) | | |
| — Tenancy Agreements | **92** | 93 |
| Trademark licence fee paid to BOE Group (note (4)) | **14,352** | 19,257 |
| Subcontracting fee charged to BOE Group (note (6)) | **994** | 3,666 |

Notes:

(1) 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. The agreement was renewed on 10 October 2024 and extended the terms to 31 December 2027. Further details are set out in the Company's announcement dated 10 October 2024. The related party transactions constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules.

(2) The transactions were conducted based on the terms as governed by the assets lease agreement entered into between Chengdu Vx, 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.

(3) The transactions were conducted based on the terms as governed by the tenancy agreement ("Tenancy Agreement") for a term commencing from 1 January 2021 to 31 December 2024. The transactions as contemplated under the Tenancy Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

(4) 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 agreement was renewed on 30 December 2024 and extended the terms to 31 December 2026. Further details are set out in the Company's announcement dated 30 December 2024. The transactions as contemplated under the Trademark Licence Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

(5) 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 transaction as defined in Chapter 14A of the Listing Rules.

(6) 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 transaction as defined in Chapter 14A of the Listing Rules.

The above transactions are presented net of value-added tax.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) BALANCES WITH RELATED PARTIES

At 31 December 2024, included in trade and other payables were amounts due to BOE Group for the purchase cost and other expenses payable of HK$953,777,000 (2023: HK$694,949,000). Non-current deposits of HK$48,757,000 (2023: HK$68,022,000) were paid to BOE Group for the purchase of TFT panels toolings for manufacturing TFT modules. Prepayment of HK$862,000 (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.

## 32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | Notes | 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Non-current asset** | | | |
| Investments in subsidiaries | 15 | **2,626,183** | 2,773,672 |
| **Current assets** | | | |
| Other receivables | | **426** | 9,037 |
| Cash and cash equivalents | | **4,767** | 2,199 |
| | | **5,193** | 11,236 |
| **Current liabilities** | | | |
| Other payables | | **4,628** | 8,027 |
| | | **4,628** | 8,027 |
| **Net current assets** | | **565** | 3,209 |
| **NET ASSETS** | | **2,626,748** | 2,776,881 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 28(c) | **197,894** | 197,894 |
| Reserves | 28(a) | **2,428,854** | 2,578,987 |
| **TOTAL EQUITY** | | **2,626,748** | 2,776,881 |

Approved and authorised for issue by the board of directors on 26 March 2025.

**Gao Wenbao**
*Director*

**Ko Wing Yan, Samantha**
*Director*

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 33 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors consider the immediate parent and the ultimate controlling party of the Group to be BOE Technology (HK) Limited, which is incorporated in Hong Kong, and BOE Technology Group Co., Ltd., which is incorporated in the PRC, respectively. BOE Technology Group Co., Ltd. produces financial statements available for public use.

## 34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* | 1 January 2025 |
| Amendments to HKFRS 9, *Financial instruments and HKFRS 7, Financial instruments: disclosures —Amendments to the classification and measurement of financial instruments* | 1 January 2026 |
| Annual improvements to HKFRS Accounting Standards — Volume 11 | 1 January 2026 |
| HKFRS 18, *Presentation and disclosure in financial statements* | 1 January 2027 |
| HKFRS 19, *Subsidiaries without public accountability: disclosures* | 1 January 2027 |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

# FIVE YEAR SUMMARY

| | 2020<br>HK$'000 | 2021<br>HK$'000 | 2022<br>HK$'000 | 2023<br>HK$'000 | **2024**<br>**HK$'000** |
|---|---|---|---|---|---|
| **Results:** | | | | | |
| Revenue | 4,526,914 | 7,737,943 | 10,722,361 | 10,760,416 | **13,448,506** |
| Profit from operations | 70,443 | 350,084 | 670,464 | 569,723 | **437,453** |
| Finance costs | (578) | (915) | (12,361) | (25,220) | **(15,362)** |
| Share of losses of associate | (1,850) | (490) | (456) | (4,471) | **–** |
| Profit before taxation | 68,015 | 348,679 | 657,647 | 540,032 | **422,091** |
| Income tax | (1,077) | (38,960) | (98,077) | (58,951) | **(20,506)** |
| Profit for the year | 66,938 | 309,719 | 559,570 | 481,081 | **401,585** |
| Profit attributable to: | | | | | |
| Equity shareholders of the Company | 68,639 | 327,798 | 582,451 | 475,260 | **391,282** |
| Non-controlling interests | (1,701) | (18,079) | (22,881) | 5,821 | **10,303** |
| Profit for the year | 66,938 | 309,719 | 559,570 | 481,081 | **401,585** |
| **Assets and liabilities:** | | | | | |
| Property, plant and equipment | 467,046 | 583,434 | 1,490,300 | 1,759,580 | **2,060,385** |
| Interest in associates | 8,806 | – | 7,922 | – | **–** |
| Intangible assets | 4,565 | 38,457 | 22,173 | 25,061 | **29,428** |
| Goodwill | – | 11,487 | – | – | **–** |
| Other financial assets | – | 40,614 | 42,588 | 41,897 | **40,186** |
| Non-current deposits | 32,138 | 15,332 | 98,265 | 101,264 | **38,822** |
| Restricted bank deposits | – | – | – | – | **41,101** |
| Deferred tax assets | 10,277 | 654 | 11,286 | 8,843 | **59,718** |
| Net current assets | 2,269,774 | 2,685,133 | 2,507,439 | 3,074,434 | **2,695,701** |
| Total assets less current liabilities | 2,792,606 | 3,375,111 | 4,179,975 | 5,011,079 | **4,965,341** |
| Lease liabilities | (9,934) | (11,042) | (4,402) | (13,907) | **(20,113)** |
| Deferred tax liabilities | (8,293) | (13,165) | (9,977) | (3,468) | **(2,448)** |
| Deferred income | (7,225) | (5,279) | (18,911) | (200,496) | **(171,821)** |
| Non-current bank loans | – | – | (30,912) | (383,497) | **(170,464)** |
| **Net assets** | 2,767,154 | 3,345,625 | 4,115,773 | 4,409,711 | **4,600,495** |
| **Capital and reserves** | | | | | |
| Share capital | 183,794 | 184,039 | 197,853 | 197,894 | **197,894** |
| Reserves | 2,526,142 | 2,848,385 | 3,866,845 | 4,155,701 | **4,337,392** |
| Total equity attributable to equity shareholders of the Company | 2,709,936 | 3,032,424 | 4,064,698 | 4,353,595 | **4,535,286** |
| Non-controlling interests | 57,218 | 313,201 | 51,075 | 56,116 | **65,209** |
| **Total equity** | 2,767,154 | 3,345,625 | 4,115,773 | 4,409,711 | **4,600,495** |
| **Earnings per share (in HK cents)** | | | | | |
| Basic | 9.3 | 45.1 | 78.4 | 60.4 | **49.6** |
| Diluted | 9.3 | 44.8 | 77.8 | 60.2 | **49.5** |

# PROPERTIES HELD BY THE GROUP

| | Location | Existing use | Percentage holding |
|---|---|---|---|
| 1. | Flat G, 22nd Floor, Tower 1,<br>Yue Man Centre,<br>Nos. 300 and 302 Ngau Tau Kok Road,<br>Kwun Tong,<br>Kowloon | Staff quarters | 100% |
| 2. | 128 Heyuan Road, Yuancheng District<br>Heyuan City, Guangdong,<br>The People's Republic of China | Industrial | 100% |
| 3. | Unit 3 Milbanke Court,<br>Milbanke Way, Bracknell,<br>Berkshire,<br>United Kingdom | Office | 100% |
| 4. | No.1188 Hexin Rd, (West Zone),<br>Hi-Tech Zone,<br>Chengdu, Sichuan | Industrial | 100% |

Note: The above properties are either freehold, held on long or medium-term leases or have no specified lease term.

**BOE Varitronix Limited**

Unit A-F, 35/F, Legend Tower, 7 Shing Yip Street,
Kwun Tong, Kowloon, Hong Kong
www.boevx.com