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

CONTINUING CONNECTED TRANSACTION
RENEWAL OF TRADEMARK LICENCE AGREEMENT

RENEWAL TRADEMARK LICENCE AGREEMENT

The Existing Trademark Licence Agreement will expire after 31 December 2022. On 21 December 2022 (after trading hours), the Company and BOE entered into the Renewal Trademark Licence Agreement, subject to the terms and conditions therein, to extend the terms of the Renewal Trademark Licence Agreement to 31 December 2024.

LISTING RULES IMPLICATIONS

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 53.05% of the issued share capital of the Company as at the date of this announcement. BOE is an associate of BOE(HK) and is thus a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Renewal Trademark Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Renewal Trademark License Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Renewal Trademark License Agreement are therefore subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 30 December 2021 in relation to the Continuing Connection Transaction – Trademark Licence Agreement.

The Existing Trademark Licence Agreement will expire after 31 December 2022. On 21 December 2022 (after trading hours), the Company and BOE entered into the Renewal Trademark Licence Agreement, subject to the terms and conditions therein, to extend the terms of the Renewal Trademark Licence Agreement to 31 December 2024.

THE RENEWAL TRADEMARK LICENCE AGREEMENT

On 21 December 2022 (after trading hours), the Company and BOE entered into the Renewal Trademark License Agreement pursuant to which BOE agrees to grant the Group the right to use the Trademark in connection with the licensed display products and services of the Group on the following principal terms:

- Date : 21 December 2022 (after trading hours)
- Parties : (i) BOE, as licensor
(ii) the Company, as licensee
- Use of the Trademark : BOE agrees to grant the Group the right to use the Trademark in connection with (1) the licensed display products and services of the Group, including but not limited to, on surfaces, packaging, manuals, transaction documents and brochure of the products; (2) the brand identity (without specified products), including but not limited to, the use of the internal brand touchpoint (such as the building's logo, interior decoration, corporate office supplies and etc.) and the external brand promotion activities (such as exhibitions, forums, other promotion activities and etc.), and these activities can only use the Trademark for promotion purpose; and (3) as a trade name for a company.
- Licence fee : The annual licence fee (tax inclusive) is at 0.5% of the results of the revenue from the principal business less the internal purchases of the Company of the previous year.

The rate of the annual licence fee was arrived at after arm's length negotiations between the Company and BOE with reference to (i) the historical transaction rate and proper adjustment ; and (ii) the license fee charged by other licensors for similar transactions and the prevailing market conditions.

- Term : A term from 1 January 2023 to 31 December 2024, both days inclusive.
- Payment : BOE issues a notice of the annual licence fee to the Company every year, and the Company or its subsidiaries shall pay the annual licence fee within 60 days of receiving the notice.

HISTORICAL FIGURES AND ANNUAL CAPS

The existing annual caps and historical actual transaction amounts under the Existing Trademark Licence Agreement for the years in 2021 and 2022 are as follows:

	For the year ended 31 December 2021 (audited)	For the year ending 31 December 2022 (unaudited)
	(HK\$ million)	(HK\$ million)
Actual transaction amounts	1.6	18.4*
Existing annual caps	1.8	32

* This amount is extracted from the Company's management account up to 31 October 2022. Based on the management assessment on the utilization of the existing annual cap, it is expected that the existing annual cap of HK\$32 million for the transactions contemplated under the Existing Trademark Licence Agreement, will not be exceeded for the year ending 31 December 2022.

The Annual Caps for each of the years ending 31 December 2023 and 2024 are HK\$30 million and HK\$65 million respectively.

The Annual Caps are arrived at after taking into account (i) the historical and projection of the financial performance of the Company; (ii) the anticipated revenue from the principal business less the internal purchases of the Company of the two years ending 31 December 2022 and 2023 factor in the commencement of mass production of the Company's production base in

Chengdu which lead to higher self-production capacity since 2023; and (iii) the arm's length negotiation between the Company and BOE.

Shareholders are reminded that the Annual Caps are the best estimates made by the Company on the maximum annual transaction amounts based on the currently available information possessed by the Company. There are no direct correlation and shall not be construed as to have any direct correlation between the Annual Caps and the financial performance or potential financial performance of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWAL TRADEMARK LICENSE AGREEMENT

Since 2017, the Company has been adopting the Trademark for all its corporate promotions, products and other business activities in relation to the display business. As the Trademark has been widely adopted in all the businesses and activities managed and operated by the Company and are generally known and recognised by the public, the Trademark has become an important means of promoting the Company's brand and image and a key icon in all of the Company's external promotion and marketing activities. The continual use of the Trademark will ensure the continuity of promoting the brand and image of the Company, thereby ensuring that the services and businesses of the Company will be well recognised by the public. This will also enhance the Company's long-term competitiveness and efficiency in communication.

The above advantage has also brought us to reach ever higher revenue with our customers' high recognition of BOE Group's competitive edges, such as its panel research, automated manufacturing process, quality, marketing network and so on. The advantage was demonstrated by the Group's fast growth in revenue of which our revenue increased from approximately HK\$2,879 million in 2017 to approximately HK\$7,738 million in 2021.

In view of the above, the Company entered into the Renewal Trademark License Agreement to continue to use the Trademark.

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

INTERNAL CONTROL

For the transactions contemplated under the Renewal Trademark Licence Agreement, the Company has adopted the following internal control measures to safeguard the interests of the Company:

The finance department of the Group shall monitor and ensure the Annual Caps are not exceeded. The internal audit department of the Group shall review that the transactions contemplated under the Renewal Trademark Licence Agreement are conducted in accordance with the terms of the Renewal Trademark Licence Agreement, and report to the audit committee of the Company semi-annually.

The Company's external auditors will review the transactions contemplated under the Renewal Trademark Licence Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

The Director(s) who are interested in the transaction(s) shall abstain from voting on the Renewal Trademark Licence Agreement and the Annual Caps therein for the year of 2023 and 2024.

The Directors consider that the internal control system of the Group is adequate to ensure that the transactions contemplated under the Renewal Trademark Licence Agreement will be conducted in accordance with the terms thereof.

INFORMATION ON THE PARTIES

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

BOE, a company whose shares are listed on the Shenzhen Stock Exchange (stock code 000725 for its A shares and stock code 200725 for its B shares), is a 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. BOE is one of the leading suppliers of TFT displays in the global market, which also has production lines for manufacturing TFT modules mainly for consumer products like phones, tablets, notebook computers, monitors,

televisions, automotive displays and digital information displays. The Group is the sole platform of automotive display module and system business within the BOE Group.

LISTING RULES IMPLICATIONS

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 53.05% of the issued share capital of the Company as at the date of this announcement. BOE is an associate of BOE(HK) and is thus a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Renewal Trademark Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Renewal Trademark License Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Renewal Trademark License Agreement are therefore subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As at the date of this announcement, Mr. Gao Wenbao ("Mr. Gao"), an executive Director, holds 1,860,700 A shares of BOE, Mr. Su Ning ("Mr. Su"), an executive Director, holds 150,000 A shares of BOE, Mr. Shao Xibin ("Mr. Shao"), a non-executive Director, holds 787,600 A shares of BOE, Mr. Jin Hao ("Mr. Jin"), a non-executive Director, holds 628,800 A shares of BOE, and Mr. Zhang Jianqiang ("Mr. Zhang"), a non-executive Director, holds 641,500 A shares of BOE. In addition, Mr. Gao is the group president and BOEU principal of the back-desk (business support system) of BOE, and the chief commander of the mid-desk of Chengdu automotive display technology project team, the front-desk head and the B11 deputy head of the mid-desk of OLED manufacturing centre of the mid-desk of manufacturing of the display device and the IoT innovation business of BOE. Mr. Su is the general manager of the front-desk of automotive SBU and the executive chief commander of the mid-desk of Chengdu automotive display technology project team of the display device and the IoT innovation business of BOE. Mr. Shao is the chief new product officer of the mid-desk of the technology and product, and the deputy head of the mid-desk of the technology and the smart terminal operation coordination group terminal products and technical coordination group of the display device and the IoT innovation business of BOE. Mr. Jin is the deputy head of the mid-desk of the production and marketing management center, the team leader of the front-desk of the display business digital transformation management office, and the deputy head of the

mid-desk of the production and marketing management center display device production and marketing management center of the display device and the IoT innovation business of BOE. Mr. Zhang is the deputy head and the financial controller of Hefei regional of the centre of the back-desk (business support system) CFO organization display business financial operation management center of BOE.

Mr. Gao, Mr. Su, Mr. Shao, Mr. Jin and Mr. Zhang present at the Board meeting were not counted in the quorum and they have abstained from voting at the Board meeting to approve the Renewal Trademark Licence Agreement and the Annual Caps therein for the year of 2023 and 2024. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the Renewal Trademark Licence Agreement.

DEFINITIONS

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

- “Annual Caps” : for the purpose of Chapter 14A of the Listing Rules, means the maximum fees payable by the Company to BOE for the two years ending 31 December 2023 and 2024 under the Renewal Trademark Licence Agreement, the details of which are set out in the paragraph headed “Historical Figures and Annual Caps” of this announcement
- “associate(s)” : has the same meaning as ascribed to it under the Listing Rules
- “Board” : the board of Directors
- “BOE” : BOE Technology Group Co., Ltd.
- “BOE(HK)” : BOE Technology (HK) Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of BOE
- “BOE Group” : BOE and its subsidiaries (excluding the Group for the purpose of this announcement)

- “Company” : BOE Varitronix Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
- “connected person(s)” : has the same meaning as ascribed to it under the Listing Rules
- “Director(s)” : the director(s) of the Company
- “Existing Trademark License Agreement” : the trademark license agreement entered into between BOE as the licensor and the Company as the licensee dated 30 December 2021 pursuant to which BOE agrees to grant the Group the right to use the Trademark in connection with the licensed display products and services of the Group for a term commencing from 1 December 2021 to 31 December 2022, details of which are set out in the announcement of the Company dated 30 December 2021
- “Group” : the Company and its subsidiaries
- “HK\$” : Hong Kong dollars, the lawful currency of Hong Kong
- “Hong Kong” : the Hong Kong Special Administrative Region of the PRC
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange
- “PRC” : the People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
- “Renewal Trademark Licence Agreement” : the renewal trademark license agreement entered into between BOE as the licensor and the Company as the licensee dated 21 December 2022 pursuant to which BOE agrees to grant the Group the right to use the Trademark in connection with the licensed display products and services of the Group for a term commencing from 1 January 2023 to 31 December 2024
- “Share(s)” : the ordinary share(s) of HK\$0.25 each in the share capital of the

Company

- “Shareholder(s)” : the holders of the Share(s)
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “substantial shareholder(s)” : has the same meaning as ascribed to it under the Listing Rules
- “TFT” : thin film transistor
- “Trademark” : the trademark 「京东方」 and 「BOE」
- “%” : per cent.

By Order of the Board
BOE Varitronix Limited
Gao Wenbao
Chairman

Hong Kong, dated 21 December 2022

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