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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in BOE VARITRONIX LIMITED, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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BOE

BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF PURCHASE TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**


Optima Capital Limited

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on page 17 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 34 of this circular.

A notice convening the SGM of the Company to be held at Units A–F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 21 November 2024 at 10 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

Hong Kong, 1 November 2024

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DEFINITIONS

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

“Annual Caps”	the proposed maximum amounts in respect of the Purchase Transactions under the Renewed Master Purchase Agreement for the three years ending 31 December 2025, 2026 and 2027
“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., 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)
“BOE(HK)”	BOE Technology (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BOE
“BOE Group”	BOE and its subsidiaries (excluding the Group for the purposes of this circular)
“Company”	BOE Varitronix Limited (stock code: 710), whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“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
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin, to advise the Independent Shareholders in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps)

DEFINITIONS

“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders other than BOE(HK) and its associates
“IoT”	Internet of Things
“Latest Practicable Date”	30 October 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LCD”	Liquid crystal display
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LTPS”	low temperature polycrystalline silicon
“Master Purchase Agreement”	the master purchase agreement entered into between the Company and BOE dated 22 April 2016 (as renewed by the agreements dated 27 October 2016, 22 November 2018 and 6 September 2021) pursuant to which the Group agreed to purchase TFT panels, TFT modules and other products including, but not limited to, raw materials for manufacturing TFT modules from the BOE Group effective up to 31 December 2024
“OLED”	organic light-emitting diode
“PRC”	the People’s Republic of China (which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan)
“Purchase Transactions”	all transactions contemplated under the Master Purchase Agreement and subject to the Independent Shareholders’ approval under the Renewed Master Purchase Agreement
“Renewed Master Purchase Agreement”	the renewed master purchase agreement entered into between the Company and BOE dated 10 October 2024 to extend the term of the Master Purchase Agreement up to 31 December 2027

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting to be convened and held by the Company to consider and, if thought fit, pass resolution to approve the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Share(s)”	the ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“TFT”	thin film transistor
“TP”	touch panel
“%”	per cent



BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
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

1 November 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF PURCHASE TRANSACTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

The Group has been carrying out the Purchase Transactions with the BOE Group. Reference is made to the announcements of the Company dated 6 September 2021, as well as the circular of the Company dated 30 September 2021 in relation to the Purchase Transactions.

The Master Purchase Agreement will expire on 31 December 2024. On 10 October 2024 (after trading hours), the Company and BOE entered into the Renewed Master Purchase Agreement, subject to the terms and conditions therein, to extend the terms of the Master Purchase Agreement to 31 December 2027.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding (i) details of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps); (iv) a notice convening the SGM; and (v) other information required under the Listing Rules.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED MASTER PURCHASE AGREEMENT

The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and TP display module assembly capacity. Since the subscription by BOE to the Company in 2016 (the “**Subscription**”), the Group becomes the sole platform of automotive display module and system businesses in the BOE Group, a well-known supplier of semiconductor display technologies, products and services.

The Subscription has not only brought in new capital for the Company but has also realised a strategic business relationship between the Group and the BOE Group. Since 2016, the Group has from time to time purchased TFT panels, TP panels and modules and other products including, but not limited to, OLED panels and modules, and raw materials for the manufacturing of its TFT and TP modules from the BOE Group. Leveraging competitive edges of the BOE Group, such as panel research and automated manufacturing process, the BOE Group has supplied the Group with TFT panels, TP panels and modules with customised design and comprehensive quality support at prices considered as fair and reasonable by the Group. On the other hand, by making the most of the Group’s extensive experience in modular assembly and stringent quality control, as well as its stable and strong customer network in the automotive industry, the BOE Group expands further in the automotive display market since the Subscription in 2016. With the stable supply of TFT panels, TP panels and modules 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 is now in a global leading position in terms of automotive TFT display products, especially in medium-to-large size display modules, even though the automotive display market faces keen competition.

During the year of 2023, the Group recorded total revenue of approximately HK\$10,760 million and with a considerable profit. The Group’s TFT and TP display module business contributed around 91% of the Group’s total revenue for 2023. Revenue of approximately HK\$6,157 million was recorded for the six months ended 30 June 2024, representing an increase of approximately 18% as compared to the corresponding period in 2023. The Group has maintained the leading position in the global automotive display market, and the products have reached Tier-1 manufacturers and new electric vehicle (“**NEV**”) manufacturers.

LETTER FROM THE BOARD

The Group believes its automotive business will continue to be the core focus of operations and it will continue to hold advantages in high-end and large-size product segments. NEV has become a strategic priority for the PRC government and an unstoppable trend in the automotive industry, with ample opportunities for the Group. According to the website of the China Association of Automobile Manufacturers (<http://www.caam.org.cn/index.html>), the overall sales volume of new NEV from the PRC automotive manufacturers is anticipated to maintain strong growth and will be increased by approximately 21% in 2024.

The Group anticipates a growing trend in Tier-1 manufacturers' presence across various locations, particularly in Asia, to meet the production demands of their customers. This trend creates opportunities for the Group to leverage its extensive experience in serving international clients and meet their requirements. Based on data from Omdia (being a global independent technology research and advisory firm headquartered in London, focusing on Enterprise IT, Artificial Intelligence, Internet of Things, Components and Devices etc.), the global oxide and LTPS shipments is forecasted to have a compound annual growth rate of 20.4% from 2024 to 2027, with the estimated global revenue reaching approximately HK\$72.5 billion in 2027. The estimated global revenue for OLED automotive monitor products is expected to reach approximately HK\$6.0 billion, HK\$8.2 billion and HK\$12.4 billion in 2025, 2026 and 2027 based on data from Omdia. There is increasing need for high-end products in advanced technology like OLED with the pursuance of higher quality display products. The Group intends to increase its market share in the OLED market by cooperating with the BOE Group and leveraging its new 8.6 higher-generation OLED production line in Chengdu to achieve greater competitiveness.

Apart from the traditional display, the upcoming automotive display system business and the smart cockpit solution market will have great potential development. As disclosed in the Company's 2023 annual report, according to market research, the automotive display system market is showing a steady upward trend and the size of the PRC market is expected to reach nearly HK\$100 billion in 2026. The global smart cockpit and smart travel market is expected to reach hundreds of billions of Hong Kong dollars in 2026.

Through the establishment of close relationship with customers and deepen its cooperation with strategic partners, the Group will strive to strengthen the leading position of the automotive display device business, explore the development of the automotive display system business, and grasp the development opportunities from system and smart cockpit solutions. The system business shall drive new demand of the panels and modules.

Over the years, BOE has accumulated extensive experience as a well-known leading supplier of semiconductor display technologies, products and services with the technical know-how including artificial intelligent and IoT areas and more than 90,000 patents, being a well-established market leader in the industry and equipped with the well-established streamline supply chain and the profound R&D team and its process, BOE can provide the Group with professional services for effectual implementation of the Group's development plans to capture the above business opportunities.

LETTER FROM THE BOARD

By entering into the Renewed Master Purchase Agreement, the Board considers that the Group would be benefited from the flexibility of obtaining the industry-leading products from the BOE Group with competitive cost that are more tailored to the Group's unique requirements and circumstances based on the long-standing cooperation and relationship among the Group and BOE, which can enable the Group to continue leveraging on BOE's competitive edges as above and improves its competitiveness. Purchases made with the BOE Group under the Renewed Master Purchase Agreement are entered into on a non-exclusive basis. The Group is not contractually bound to purchase TFT panels, TFT modules and other products from the BOE Group and is free to purchase from any other independent supplier during the term of the Renewed Master Purchase Agreement. The Group has been actively maintaining access to other independent suppliers other than the BOE Group based on its business needs from time to time. Quotations from other independent suppliers are obtained on a best effort basis for each project to compare with the terms of transaction offered by the BOE Group, in order to make a purchase decision which is in the best interest of the Company and the Shareholders as a whole.

On the other hand, the Group has become the sole platform of automotive display module and system business in the BOE Group after the Subscription. BOE shall regard the Group as its strategic customer, and, under the same conditions, shall supply the Group panel products with priority at the most favorable market price pursuant to the terms of the Subscription agreement in 2016. Acquiring similar products from other sizeable suppliers with comparable expertise and/or experience in the industry, although possible, may turn out to be more costly and inefficient to the Group in comparison of acquiring from the BOE Group, as many of them are in a competitive position with the Group or the BOE Group.

In view of the above, the Group regards the BOE Group as a competitive and reliable supplier which can offer high quality products at competitive price and efficient, timely and professional services to save on additional resources and keep thriving in the current competitive market environment. The stable strategic business relationship is mutual beneficial to the Group and the BOE Group and material adverse change or termination of such valuable relationship is highly unlikely. The Company considers that it is an absolute advantage to be able to secure reliable and high-quality supplies at competitive price from a sizeable market player such as the BOE Group, while maintaining its independent production and operation capabilities, independent customer base and independent source of supplies of raw materials. Proving by the performance of the Group since the Subscription in 2016, the Board considers the strategic business relationship with the BOE Group as the competitive edge of the Group and the Purchase Transactions would not give rise to reliance issue of the Company with the BOE Group.

LETTER FROM THE BOARD

With the expiration of the Master Purchase Agreement on 31 December 2024, and taking into account the aforesaid reasons for entering into the Renewed Master Purchase Agreement and the terms of the transactions contemplated thereunder (including the pricing policy), the Directors (including the independent non-executive Directors after considering the letter of advice from the Independent Financial Adviser) are of the view that the terms of the Renewed Master Purchase Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms, in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3. RENEWED MASTER PURCHASE AGREEMENT

Date : 10 October 2024

Parties : (i) The Company
(ii) BOE

Subject : Subject to the terms and conditions of the Renewed Master Purchase Agreement, the Group may from time to time purchase TFT panels, TFT modules and other products including, but not limited to, raw materials for manufacturing TFT modules from the BOE Group on a non-exclusive basis. For the avoidance of doubt, the Group is not contractually bound to purchase TFT panels, TFT modules and other products from the BOE Group and is free to purchase TFT panels, TFT modules and other products from any other independent supplier during the term of the Renewed Master Purchase Agreement.

The Group may enter into separate and definitive agreements from time to time with the BOE Group to provide, among others, the exact quantity, specifications and quality requirement of the TFT panels, TFT modules and other products, place and date of delivery, price and payment terms, pursuant to the terms of the Renewed Master Purchase Agreement.

Term : Subject to approval of the Independent Shareholders, the Renewed Master Purchase Agreement will become effective from 1 January 2025 up to 31 December 2027. The Renewed Master Purchase Agreement will continue to be effective up to 31 December 2027 provided that BOE and/or its subsidiaries hold(s) at least 30% of the issued shares of the Company (i.e. if BOE and/or its subsidiaries hold(s) less than 30% of the issued shares of the Company, the Renewed Master Purchase Agreement will be terminated).

LETTER FROM THE BOARD

Pricing policy : With regard to the standardised TFT panels, TFT modules and other products, the BOE Group shall offer the most favourable selling price to the Group which shall represent a discount to the standard price of the BOE Group and such discount shall not be less than any discount offered by the BOE Group to any other customers of the BOE Group. In determining the amount of discount, the BOE Group takes into account different factors such as product types and the material supply and demand which vary from time to time when each transaction is conducted.

In assessing the prices offered by the BOE Group, the purchasing department of the Group will invite on a best effort basis quotations from at least two independent suppliers for the same standardised TFT panels, TFT modules and other products and request the BOE Group to provide confirmation with any available transaction information between the BOE Group and its other customers for the past three months to ensure that the discount offered to the Group for the same standardised TFT panels, TFT modules and other products is not less than that offered to other customers. Furthermore, the Group will only agree to make the purchase from the BOE Group if the ultimate sale of the related TFT modules is profitable according to the internal feasibility study. The Company considers that such pricing basis is in line with market practice, fair and reasonable, and on normal commercial terms.

With regard to the customised TFT panels, TFT modules and other products, the BOE Group shall offer to the Group a selling price which shall not be higher than the selling price offered to the BOE Group's other customers. The price is determined with reference to factors such as the complexity of the manufacturing process and the supply and demand situation of the relevant materials which may vary from time to time.

In assessing the prices offered by the BOE Group, the purchasing department of the Group will invite on a best effort basis quotations from at least two independent suppliers for orders of customised TFT panels, TFT modules and other products based on substantially the same requirements and/or specifications and request the BOE Group to provide confirmation with any available transaction information between the BOE Group and its other customers for the past three months to ensure that the selling price offered to the Group for customised TFT panels, TFT modules and other products with similar requirements and specifications is not higher than that offered to other customers. Furthermore, the Group will only agree to make the purchase from the BOE Group if the ultimate sale of the related TFT modules is profitable according to the internal feasibility study. The Company considers that such pricing basis is in line with market practice, fair and reasonable, and on normal commercial terms.

LETTER FROM THE BOARD

Since the Renewed Master Purchase Agreement covers many different products, and the specifications, market demand and supply of the said products or their required production materials may change from time to time, the Company considers that it is not practicable or in the best interests of the Company and its Shareholders to pre-determine any specific range of unit price and discount rate.

Payment : The Group shall settle the purchase price to the BOE Group by telegraphic transfer or bank acceptance bills within 60 days from the first day of the subsequent month following the arrival of the products.

If payment is made using a bank acceptance bill, the term of the bank acceptance bill provided by the Group shall be 90 days or shorter.

4. HISTORICAL FIGURES AND PROPOSED ANNUAL CAPS

The table below sets out (1) the historical actual amounts of the Purchase Transactions for the two years ended 31 December 2022 and 2023 and for the eight months ended 31 August 2024; and (2) the existing annual caps for the Purchase Transactions for the three years ending 31 December 2024.

<i>(in HK\$'000)</i>	Actual transaction amount			Existing annual caps		
	For the year ended		For the	For the year ended/		
	31 December		eight months	ending 31 December		
	2022	2023	ended 31 August 2024	2022	2023	2024
Purchase Transactions	6,475,616	4,592,212	3,390,649	6,800,000	6,000,000	6,800,000

The table below sets out the Annual Caps for each of the years ending 31 December 2025, 2026 and 2027.

<i>(in HK\$'000)</i>	The Annual Caps		
	For the year ending 31 December		
	2025	2026	2027
Purchase Transactions	6,150,000	7,550,000	9,400,000

LETTER FROM THE BOARD

The Annual Caps for the three years ending 31 December 2027 are determined after taking into account, among other things,

- (i) the existing orders of the Group for TFT/TP modules and other products in which the terms including the estimated quantity, product specifications and planned delivery schedule have already been agreed with and accepted by the customers of the Group;
- (ii) the estimated new orders of the Group for TFT/TP modules and other products in 2025, 2026 and 2027, which is estimated with reference to the actual orders received by the Group;
- (iii) the estimated amount of Purchase Transactions for the existing orders and estimated new orders of the Group for TFT/TP modules and other products in 2025, 2026 and 2027 (representing no more than 50% of the relevant order amount for items to be produced by the Group), which is referenced by applying the Group's historical average cost to sales ratio during 1 January 2022 to 30 June 2024 on the estimated order amount;
- (iv) the estimated market trends of increasing demand for displays in larger sizes (10 inch and above) and advanced technology resulting in higher unit prices; and
- (v) an additional buffer of approximately 10% to cater for potential expansion of industrial display business in the next three years.

The Company manages its display business on project basis and the development cycle of its automotive display products is mainly divided into two stages: (i) the project award and sample development stage which takes around 1.5 to 2.5 years; and (ii) the mass production stage which lasts for 3 to 5 years or more after agreeing with customers on the major project terms. The existing orders and estimated order under existing projects awarded shall accounted for approximately 80%, 65% and 50% of the total estimated order amount in 2025, 2026 and 2027 respectively. And the new order amount under new projects will account for approximately 20%, 35% and 50% of the total estimated order amount in 2025, 2026 and 2027 respectively.

Besides, the Company takes into account the estimated market trends of increasing demand for displays in larger sizes (10 inch and above) and advanced technology such as OLED products. According to the reference quotations for displays with TFT LCD technology as shown in the report of Omdia dated August 2024, displays with size over 20 inch can be priced over 7 times of displays with size of 8.8 inch, and displays with size of 12.3 inch are two times more expensive than displays with size of 8.8 inch. Data of Omdia published in August 2024 also shows the price differences of displays with different technology, for example, price of an active matrix OLED (“**AMOLED**”) display of 12.8 inch can reach over three times of the price of a TFT LCD display of similar size of 12.3 inch. Accordingly, the Company expects the new order amount will increase in each of 2025, 2026 and 2027 under the estimated market trends of increasing demand for displays in larger sizes and advanced technology. On the basis, the sum of new orders under new projects is expected to increase on a yearly basis by approximately 15% to 20%.

LETTER FROM THE BOARD

The Purchase Transactions will be conducted pursuant to the Renewed Master Purchase Agreement, and will be subject to compliance with the Annual Caps for the three years ending 31 December 2027 as mentioned in the table above. Taking into account the factors described above, including the development cycle of the automotive displays products of the Group which accumulates the new orders in coming years, as well as the expected higher selling price for displays in larger size and advanced technology, the Directors (including the independent non-executive Directors after considering the letter of advice from the Independent Financial Adviser) are of the view that the Annual Caps are fair and reasonable.

5. INTERNAL CONTROL

In assessing the prices offered by the BOE Group, the purchasing department of the Group will invite on a best effort basis quotations from at least two independent suppliers for orders with similar requirements and/or specifications, and review, among other things, the price, the delivery time, the payment terms, quality standard and technical capability to determine if the major terms offered by the BOE Group are fair and reasonable and no less favorable than the terms available to the Group from independent suppliers. In assessing the discount offered by the BOE Group, the Group will enquire the BOE Group to provide the discounts offered to other customers for the same standardised TFT panels, TFT modules and other products for the past three months (if any) to ensure that such discount shall not be less than any discount offered by the BOE Group to any other customers of the BOE Group. If the purchasing department of the Group considers that the major terms of the Purchase Transactions are on normal commercial terms or better, it shall report to the chief executive officer of the Company who will review and approve such major terms.

The senior management of the purchasing department of the Group will conduct checks on the Purchase Transactions through the internal evaluation form to review and assess whether the Purchase Transactions are conducted in accordance with the terms of the Renewed Master Purchase Agreement. Moreover, the internal audit department of the Group will semi-annually review the Group's internal control procedures to ensure that they remain effective and adequate. The internal audit department of the Group will report semi-annually to the independent non-executive Directors during audit committee meetings.

The finance department of the Group shall review on a monthly basis to ensure that the Annual Caps under the Renewed Master Purchase Agreement are not exceeded. In the event that the actual transaction amount in respect of the transactions conducted pursuant to the Renewed Master Purchase Agreement is expected to reach the Annual Caps limit, the finance department of the Group will report it to the management of the Group so that the management of the Group will take appropriate action to ensure compliance with the requirements under the Listing Rules.

The independent non-executive Directors will review the Purchase Transactions semi-annually to check and confirm whether such transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the Renewed Master Purchase Agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

The Company's external auditors will review the Purchase Transactions annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the Annual Caps have been exceeded.

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

6. INFORMATION ON THE PARTIES

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

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), being the ultimate beneficial owner holding approximately 53.02% of the issued share capital of the Company as at the Latest Practicable Date, is a supplier of semiconductor display technologies, products and services and its products are widely used in a broad spectrum of applications such as mobile phones, tablets, notebooks, monitors, televisions, vehicle displays and digital information displays. BOE is one of the major suppliers of TFT displays in the global market. BOE also has production lines for manufacturing TFT modules mainly for consumer products like phones, tablets, notebook computers, monitors, televisions, vehicle displays and digital information displays. The Group is the sole platform of automotive display module and system business within the BOE Group. The ultimate beneficiary of BOE is the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government.

7. LISTING RULES IMPLICATIONS

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 53.02% of the issued share capital of the Company as at the Latest Practicable Date. BOE is an associate of BOE(HK) and is thus a connected person of the Company under the Listing Rules. As such, the Purchase Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date,

- (a) Mr. Gao Wenbao (“**Mr. Gao**”), an executive Director, holds 1,860,700 A shares of BOE, and is currently a director, a president and the vice chairman of the executive committee of the 10th Board of Directors of the BOE Group, and the chairman of Beijing Zhongxiangying Technology Co., Ltd. and other positions. Mr. Gao is also 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 the IoT innovation business of BOE;
- (b) Mr. Su Ning (“**Mr. Su**”), an executive Director, holds 150,000 A shares of BOE, and is currently a vice president of the BOE Group;
- (c) Mr. Shao Xibin (“**Mr. Shao**”), a non-executive Director, holds 552,040 A shares of BOE, and 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;
- (d) Mr. Jin Hao (“**Mr. Jin**”), a non-executive Director, holds 189,750 A shares of BOE, and 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; and
- (e) Mr. Meng Chao (“**Mr. Meng**”), a non-executive Director, holds 537,500 A shares of BOE, and 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 (“**CFO**”) organisation.

In view of the above, Mr. Gao, Mr. Su, Mr. Shao, Mr. Jin and Mr. Meng might be considered having interests in the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps), and thus have abstained from voting at the Board meeting approving the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps). Save as disclosed above, none of the Directors has a material interest in the Renewed Master Purchase Agreement and was required to abstain from voting on the Board resolutions.

LETTER FROM THE BOARD

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin, has been formed to advise the Independent Shareholders in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps).

Optima Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps).

9. GENERAL

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. The SGM will be convened and held at Units A–F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 21 November 2024 at 10 a.m. for the purposes of considering and, if thought fit, approving the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps). The voting in relation to the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps) at the SGM will be conducted by way of a poll.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjourned meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

The register of members of the Company will be closed from Tuesday, 19 November 2024 to Thursday, 21 November 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 18 November 2024.

LETTER FROM THE BOARD

Any Shareholders with a material interest in the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps) shall abstain from voting on the resolution at the SGM. BOE(HK), a substantial shareholder of the Company and a subsidiary of BOE having material interest in the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps), is required to abstain from voting at the SGM. As at the Latest Practicable Date, BOE(HK) held 419,730,000 Shares, representing approximately 53.02% of the total issued share capital of the Company. Save for BOE(HK), as at the Latest Practicable Date, to the best knowledge of the Directors, no other Shareholders would be required to abstain from voting on the resolution at the SGM.

10. RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the letter of advice from the Independent Financial Adviser) consider that (i) the terms of the Renewed Master Purchase Agreement and the Annual Caps are fair and reasonable, and in the interests of the Company and the Shareholders as a whole; (ii) the Purchase Transactions are in the ordinary and usual course of business of the Group; and (iii) the terms of the Renewed Master Purchase Agreement are on normal commercial terms. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution.

Your attention is drawn to:

- (a) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 17 of this circular; and
- (b) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 34 of this circular.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
BOE Varitronix Limited
Mr. Gao Wenbao
Chairman



BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

1 November 2024

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF PURCHASE TRANSACTIONS**

We refer to the circular of the Company dated 1 November 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to advise you as to whether, in our opinion, (i) the terms of the Renewed Master Purchase Agreement and the Annual Caps are fair and reasonable; (ii) the Purchase Transactions are in the ordinary and usual course of business of the Group; (iii) the terms of the Renewed Master Purchase Agreement are on normal commercial terms; (iv) the Renewed Master Purchase Agreement and the Annual Caps are in the interests of the Company and the Shareholders as a whole; and (v) the Independent Shareholders should vote in favour of the ordinary resolution to approve the Renewed Master Purchase Agreement and the Annual Caps at the SGM. Optima Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard. Details of their independent advice, together with the principal factors and reasons they have taken into consideration, are set out on pages 18 to 34 of the Circular.

Having considered the terms of the Renewed Master Purchase Agreement and the Annual Caps, and the advice of the Independent Financial Adviser, we are of the opinion that (i) the terms of the Renewed Master Purchase Agreement and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Purchase Transactions are in the ordinary and usual course of business of the Group; (iii) the terms of the Renewed Master Purchase Agreement are on normal commercial terms; and (iv) the Renewed Master Purchase Agreement and the Annual Caps are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve them.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Fung, Yuk Kan Peter

Chu, Howard Ho Hwa

Pang Chunlin

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter from Optima Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps) for the purpose of inclusion in this circular.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

1 November 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF PURCHASE TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Renewed Master Purchase Agreement between the Company and BOE and the transactions contemplated thereunder (including the Annual Caps). Details of the Renewed Master Purchase Agreement are set out in the letter from the Board contained in the circular of the Company dated 1 November 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

BOE(HK), a wholly-owned subsidiary of BOE, is a substantial shareholder of the Company holding approximately 53.02% of the issued share capital of the Company as at the Latest Practicable Date. BOE is an associate of BOE(HK) and is thus a connected person of the Company under the Listing Rules, and therefore the Purchase Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders’ approval of the Renewed Master Purchase Agreement at the SGM. As stated in the letter from the Board, as at the Latest Practicable Date, BOE(HK) held 419,730,000 Shares, representing approximately 53.02% of the total issued share capital of the Company. Save for BOE(HK), as at the Latest Practicable Date, to the best knowledge of the Directors, no other Shareholders would be required to abstain from voting on the relevant resolutions at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin, has been formed to advise the Independent Shareholders in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps). We, Optima Capital Limited (“**Optima Capital**”), have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the two years prior to the date of our engagement, Optima Capital was engaged as an independent financial adviser in relation to the conditional share subscription agreement entered into between the Company and BOE(HK) dated 1 September 2022 and the transactions contemplated thereunder, details of which were set out in the Company’s circular dated 28 September 2022. Nevertheless, having considered that (i) the aforesaid past engagement was limited to providing independent financial advisory services to the Company pursuant to the Listing Rules, for which Optima Capital received normal professional fees and would not affect our independence; and (ii) none of the circumstances set out in Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are eligible to give independent financial advice in respect of the Purchase Transactions.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company (together, the “**Management**”), and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the date hereof and will continue to be so as at the date of the SGM. We have assumed that all the opinions or representations of the Management have been reasonably made after due and careful enquiry.

We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Renewed Master Purchase Agreement and the transactions contemplated thereunder (including the Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Principal businesses of the Group and the BOE Group

The Group was established in 1978 and is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and TP display module assembly capacity. It has accumulated extensive experience and built sound reputation in the global automotive display market, and has established a stable customer network in automotive industry around the globe and operates businesses in the PRC, Europe, America, Korea and Japan. For the year ended 31 December 2022 (“FY2022”) 31 December 2023 (“FY2023”) and for the six months ended 30 June 2024 (“1H2024”), the Group recorded total revenue of approximately HK\$10.7 billion, HK\$10.8 billion and HK\$6.2 billion, respectively, of which the automotive display business contributed approximately 90% of its overall revenue. During FY2022, FY2023 and 1H2024, profit attributable to the Shareholders amounted to approximately HK\$582.5 million, HK\$475.3 million and HK\$172.1 million respectively. The decrease in profit attributable to the Shareholders was mainly due to the increase in staff cost, depreciation cost and other operating expenses.

BOE is a company listed on the Shenzhen Stock Exchange (stock code 000725 for its A shares and stock code 200725 for its B shares), with its ultimate beneficiary being the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People’s Government. It is the ultimate beneficial owner of BOE(HK) which holds approximately 53.02% of the issued share capital of the Company as at the Latest Practicable Date. BOE is a well-known and 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. It is one of the major suppliers of TFT displays in the global market. BOE also has production lines for manufacturing TFT modules mainly for consumer products like phones, tablets, notebook computers, monitors, televisions, vehicle displays and digital information displays. As stated in the annual report of BOE for FY2023, the BOE Group recorded consolidated revenue and net profit attributable to shareholders of approximately RMB174.5 billion and RMB2.5 billion respectively for FY2023 and consolidated net assets attributable to shareholders of approximately RMB129.4 billion as at 31 December 2023.

2. Reasons for and benefits of entering into the Renewed Master Purchase Agreement

The Group is the sole platform of automotive display and system businesses in the BOE Group. Since 2016, the Group has from time to time purchased TFT and TP panels and modules and other products including, but not limited to OLED panels and modules and raw materials for the manufacturing of its TFT and TP modules from the BOE Group.

As stated in the letter from the Board, leveraging competitive edges of the BOE Group, such as panel research and automated manufacturing process, the BOE Group has supplied the Group with TFT panels, TP panels and modules with customised design and comprehensive quality support at prices considered as fair and reasonable by the Group. With the stable supply of TFT panels, TP panels and modules 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 is now in a global leading position in terms of automotive TFT display products, especially in medium-to-large size display modules, even though the automotive display market faces keen competition.

During the year of 2023, the Group recorded total revenue of approximately HK\$10,760 million and with a considerable profit. The Group's TFT and TP display module business contributed around 91% of the Group's total revenue for 2023. Revenue of approximately HK\$6,157 million was recorded for the six months ended 30 June 2024, representing an increase of approximately 18% as compared to the corresponding period in 2023. NEV has become a strategic priority for the PRC government and an unstoppable trend in the automotive industry, with ample opportunities for the Group. The Group has maintained the leading position in the global automotive display market, and the products have reached Tier-1 manufacturers and NEV manufacturers.

The Group believes its automotive business will continue to be the core focus of operations and it will continue to hold advantages in high-end and large-size product segments. Through the establishment of close relationship with customers and deepen its cooperation with strategic partners, the Group will strive to strengthen the leading position of the automotive display device business, explore the development of the automotive display system business, and grasp the development opportunities from system and smart cockpit solutions. The system business shall drive new demand of the panels and modules.

Over the years, BOE has accumulated extensive experience as a well-known leading supplier of semiconductor display technologies, products and services with the technical know-how including artificial intelligent and IoT areas and more than 90,000 patents, being a well-established market leader in the industry and equipped with the well-established streamline supply chain and the profound R&D team and its process, BOE can provide the Group with professional services for effectual implementation of the Group's development plans to capture the above business opportunities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

By entering into the Renewed Master Purchase Agreement, the Board considers that the Group would be benefited from the flexibility of obtaining the industry-leading products from the BOE Group with competitive cost that are more tailored to the Group's unique requirements and circumstances based on the long-standing cooperation and relationship among the Group and BOE, which can enable the Group to continue leveraging on BOE's competitive edges as above and improves its competitiveness.

On the other hand, since the Group has become the sole platform of automotive display module and system business in the BOE Group since the subscription by BOE to the Company in 2016, BOE shall regard the Group as its strategic customer, and, under the same conditions, shall supply the Group panel products with priority at the most favorable market price, acquiring similar products from other sizeable suppliers with comparable expertise and/or experience in the industry, although possible, may turn out to be more costly and inefficient to the Group in comparison of acquiring from the BOE Group, as many of them are in a competitive position with the Group or the BOE Group.

In view of the above, the Group regards the BOE Group as a competitive and reliable supplier which can offer high quality products at competitive price and efficient, timely and professional services to save on additional resources and keep thriving in the current competitive market environment.

Having considered (i) the expected growth in the automotive display market and the automotive display system and the smart cockpit solution market; (ii) the long-term cooperative relationship between the Group and the BOE Group with the Group being the sole sales platform of automotive display and system businesses in the BOE Group; and (iii) the reasons for and benefits of the Purchase Transactions as described above, we concur with the Management that the Purchase Transactions are in the ordinary and usual course of business of the Group and it is timely and appropriate to renew and extend the term of the Master Purchase Agreement.

3. The Renewed Master Purchase Agreement

The first Master Purchase Agreement was entered into between the Company and BOE on 22 April 2016 and effective up to 31 December 2018, pursuant to which the Group agreed to purchase TFT panels, TFT modules and other products including, but not limited to, raw materials for manufacturing TFT modules from the BOE Group. On 22 November 2018, the Master Purchase Agreement was renewed for a term of three years up to 31 December 2021. On 6 September 2021, the Company and BOE has further renewed the Master Purchase Agreement, to further extend the terms of the Master Purchase Agreement to 31 December 2024. For details of the existing Master Purchase Agreement, please refer to the announcement of the Company dated 6 September 2021 and the circular of the Company dated 30 September 2021 in relation to the Purchase Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The existing Master Purchase Agreement will expire on 31 December 2024, and the Group is expected to carry on the transactions contemplated thereunder after its expiry. On 10 October 2024, the Company and BOE entered into the Renewed Master Purchase Agreement, subject to the terms and conditions therein, to extend the terms of the Master Purchase Agreement to 31 December 2027. Save for the periods covered under the respective agreements, the Annual Caps and the payment terms, other terms of the Renewed Master Purchase Agreement are literally identical to those under the existing Master Purchase Agreement.

Principal terms of the Renewed Master Purchase Agreement

(i) Subject Matter

Subject to the terms and conditions of the Renewed Master Purchase Agreement, the Group may from time to time purchase TFT panels, TFT modules and other products including but not limited to, raw materials for manufacturing TFT modules from the BOE Group on a non-exclusive basis. For the avoidance of doubt, the Group is not contractually bound to purchase TFT panels, TFT modules and other products from the BOE Group and is free to purchase TFT panels, TFT modules and other products from any other third party supplier during the term of the Renewed Master Purchase Agreement.

The Group may enter into separate and definitive agreements from time to time with the BOE Group to provide, among others, the exact quantity, specifications and quality requirement of the TFT panels, TFT modules and other products, place and date of delivery, price and payment terms, pursuant to the terms of the Renewed Master Purchase Agreement.

(ii) Term

Subject to approval of the Independent Shareholders, the Renewed Master Purchase Agreement will become effective from 1 January 2025 up to 31 December 2027. The Renewed Master Purchase Agreement will continue to be effective up to 31 December 2027 provided that BOE and/or its subsidiaries hold(s) at least 30% of the issued shares of the Company (i.e. if BOE and/or its subsidiaries hold(s) less than 30% of the issued shares of the Company, the Renewed Master Purchase Agreement will be terminated).

(iii) Pricing policy

With regard to the standardised TFT panels, TFT modules and other products, the BOE Group shall offer the most favourable selling price to the Group which shall represent a discount to the standard price of the BOE Group and such discount shall not be less than any discount offered by the BOE Group to other customers. In determining the amount of discount, the BOE Group takes into account different factors such as product types and the material supply and demand which vary from time to time when each transaction is conducted.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the prices offered by the BOE Group, the purchasing department of the Group will invite on a best effort basis quotations from at least two independent suppliers for the same standardised TFT panels, TFT modules and other products and request the BOE Group to provide confirmation with any available transaction information between the BOE Group and its other customers for the past three months to ensure that the discount offered to the Group for the same standardised TFT panels, TFT modules and other products is not less than that offered to other customers. Furthermore, the Group will only agree to make the purchase from the BOE Group if the ultimate sale of the related TFT modules is profitable according to the internal feasibility study.

With regard to the customised TFT panels, TFT modules and other products, the BOE Group shall offer to the Group a selling price which shall not be higher than the selling price offered to other customers. The price is determined with reference to factors such as the complexity of the manufacturing process and the supply and demand situation of the relevant materials which may vary from time to time.

In assessing the prices offered by the BOE Group, the purchasing department of the Group will invite on a best effort basis quotations from at least two independent suppliers for orders of customised TFT panels, TFT modules and other products based on substantially the same requirements and/or specifications and request the BOE Group to provide confirmation with any available transaction information between the BOE Group and its other customers for the past three months to ensure that the selling price offered to the Group for customised TFT panels, TFT modules and other products with similar requirements and specifications is not higher than that offered to other customers. Furthermore, the Group will only agree to make the purchase from the BOE Group if the ultimate sale of the related TFT modules is profitable according to the internal feasibility study.

Since the Renewed Master Purchase Agreement covers many different products, and the specifications, market demand and supply of the said products or their required production materials may change from time to time, the Company considers that it is not practicable or in the best interests of the Company and its Shareholders to pre-determine any specific range of unit price and discount rate.

(iv) Payment term

The Group shall settle the purchase price to the BOE Group by telegraphic transfer or bank acceptance bills within 60 days from the first day of the subsequent month following the arrival of the products. If payment is made using a bank acceptance bill, the term of the bank acceptance bill provided by the Group shall be 90 days or shorter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) Our review on major terms of the Renewed Master Purchase Agreement

As set out above, in assessing the prices offered by the BOE Group, the purchasing department of the Group will request the BOE Group to provide confirmation with any available transaction information between the BOE Group and its other customers for the past three months to ensure that (i) for standardised TFT panels, TFT modules and other products, the discount offered to the Group is not less than that offered to other customers; and (ii) for customised TFT panels, TFT modules and other products with similar requirements and specifications, the selling price offered to the Group is not higher than that offered to other customers (together, the “**Best Price Mechanism**”). However, as advised by the Management, BOE Group has confirmed that given that the Group was the sole platform of automotive display module and system business within the BOE Group, it had not supplied the same/similar standardised or customised TFT panels, TFT modules and other products offered to the Group to other customers during FY2022, FY2023 and 1H2024 (the “**Review Period**”). Nevertheless, we note that there is a clause in the Renewed Master Purchase Agreement that, in case the BOE Group supply the same/similar standardised or customised TFT panels, TFT modules and other products offered to the Group to its other customers during the three years ending 31 December 2027, the Best Price Mechanism will be in place.

In addition, according to the pricing policy as set out above, the Group’s purchasing department will invite on a best effort basis, quotations from at least two independent suppliers for orders with similar requirements and/or specifications before entering into the Purchase Transactions. The purchasing department will then review a number of factors including, among other things, price, delivery time, payment terms, quality standards, and technical capabilities from the quotations (including quotations from the BOE Group). We have obtained the full list of historical Purchase Transactions from the BOE Group during the Review Period, and selected three sample transactions (the “**Sample Transactions**”) on a random basis and compared their terms against the corresponding quotations obtained from two independent suppliers (the “**I3P Quotations**”) during the Review Period. Based on our review of the Sample Transactions and the I3P Quotations, we note that the prices offered by the BOE Group were lower than the corresponding I3P Quotations for similar products offered.

In assessing whether the payment term offered by the BOE Group is fair and reasonable, we have compared it against the credit period offered by the independent suppliers. We note from the relevant I3P Quotations that the payment terms offered by the independent suppliers normally request telegraphic transfer (T/T) in advance payment or grant a credit period of 30 days, whereas the BOE Group grants a longer credit period of over 60 days from the first day of the subsequent month following the arrival of the products. In view of the above, we consider that the payment term offered by BOE Group in relation to the Purchase Transactions is on normal commercial term and better than those available from independent suppliers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, pursuant to the terms and conditions of the Renewed Master Purchase Agreement, the Group is not contractually bound to purchase TFT panels, TFT modules and other products from the BOE Group and is free to purchase such products from any other third party supplier during the term of the Renewed Master Purchase Agreement. We are of the view that such term provides flexibility for the Group to purchase TFT panels, TFT modules and other products from other independent suppliers.

Having taken into account (i) the Best Price Mechanism in place which governs that the BOE Group shall offer the most favourable selling price/discount to the Group as compared to its other customers for similar products offered, if any; (ii) the Group's practice to obtain quotations from independent suppliers for orders with similar requirements and/or specifications before entering into the Purchase Transactions to ensure that the major terms offered by the BOE Group are no less favourable than the terms available to the Group from other independent suppliers; (iii) the Group has the flexibility to purchase TFT panels, TFT modules and other products from any other independent suppliers; and (iv) the internal control mechanisms in place as set out in the section headed "5. *Internal controls*" below, we are of the view that the basis upon which the pricing and other terms of the Purchase Transactions are determined are fair and reasonable so far as the Independent Shareholders are concerned, no less favourable to the Group than the terms available from Independent Third Parties and are in the interests of the Company and the Shareholders as a whole.

4. The historical actual transactions amount and the Annual Caps

(i) The existing annual cap and the historical transaction amount:

The table below sets out (i) the actual transaction amounts of the Purchase Transactions for FY2022, FY2023 and for the eight months ended 31 August 2024 ("8M2024"); (ii) the existing annual caps of the Purchase Transactions for each of FY2022, FY2023 and the year ending 31 December 2024 ("FY2024"); and (iii) the respective utilisation rates of the existing annual caps of the Purchase Transactions for each of FY2022, FY2023 and FY2024.

	FY2022 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>	FY2024 <i>HK\$'000</i>
Existing annual caps of the Purchase Transactions	6,800,000	6,000,000	6,800,000
Historical actual transaction amounts of the Purchase Transactions	6,475,616	4,592,212	3,390,649 (up to 8M2024)
Utilisation rates	95%	77%	50% (up to 8M2024)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table above, the actual transaction amount decreased by approximately 29% from approximately HK\$6.5 billion for FY2022 to approximately HK\$4.6 billion for FY2023. We understand from the Management that such decrease in transaction amounts were mainly due to the expansion of the Group's TFT and TP display module manufacturing facilities in Chengdu, the PRC (the "New Plant"). The New Plant had ramped up to achieve better operational efficiency in 2023, resulted in an increase in the demand of TFT panels which will be used for self-manufacturing of TFT/TP modules and hence reduced the needs to purchase TFT/TP display modules from BOE Group. Accordingly, the Group has shifted the amount of Purchase Transactions from modules purchase to panels purchase.

The transaction amount for the year ending 31 December 2024 is estimated to be approximately RMB5.1 billion (the "FY2024 Estimated Amount") by annualising the unaudited actual transaction amount for 8M2024, which represents an increase of approximately 10.9% as compared to the previous year. We note that based on the FY2024 Estimated Amount, the utilisation rate of the existing annual cap for the year ending 31 December 2024 was approximately 75%, as compared to approximately 95% and 77% in FY2022 and FY2023 respectively. The Management advised that due to the delay in orders from certain customers in FY2023 and FY2024, the actual growth rate of the Group's sales amount of TFT/TP modules during FY2023 and FY2024 were lower than expected, resulted in a relatively lower utilisation rates of the existing annual caps in FY2023 and FY2024. Despite this, the Group has generally maintained a high level of utilisation rates of their annual caps, which were all above 70% for FY2022, FY2023 and FY2024.

(ii) The Annual Caps

The table below sets out the Annual Caps for the three years ending 31 December 2027.

	FY2025	FY2026	FY2027
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase Transactions	6,150,000	7,550,000	9,400,000

(iii) Our assessment on the Annual Caps

In assessing the reasonableness of the Annual Caps, we have obtained and reviewed the computation worksheets for the Annual Caps prepared by the Management, and discussed with the Management on the basis and underlying assumptions for the Annual Caps. We are given to understand that the Annual Caps are determined based on (a) the Group's estimated sales of automotive TFT/TP modules and other products (the "Automotive Module Sales") for the three years ending 31 December 2027; (b) the Group's estimated demand of panels and modules for the Automotive Module Sales with reference to historical cost to sales ratios; and (c) an additional buffer of approximately 10%, details of which are set out below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) The Group's estimated Automotive Module Sales

As advised by the Management, the Automotive Module Sales for the second half of 2024 and the three years ending 31 December 2027 are estimated based on existing orders and estimated new orders for TFT/TP modules and other products. We have obtained the list (the “**Project List**”) of new projects awarded to the Group up to 31 August 2024 (the “**Awarded Projects**”). We understand from the Management that the development cycle of the Company's automotive display products is mainly divided into two stages: (i) the project award and sample development stage which takes around 1.5 to 2.5 years; and (ii) the mass production stage which takes around 3 to 5 years or more. Because of such development cycle, for those awarded projects in the Project List which are currently under project award and sample development stage, the mass production will mainly start after FY2024. We note from the Project List that there were over 600 Awarded Projects awarded to the Group for the two years ended 31 December 2023 and the eight months ended 31 August 2024 with details including customer name, product specifications, indicative ordering quantity, indicative unit price and expected project lifetime. These Awarded Projects form the bases of the existing orders and estimated orders under existing projects in 2025, 2026 and 2027, which are expected to account for approximately 80%, 65% and 50% of the Automotive Module Sales in 2025, 2026 and 2027 respectively.

In addition, the automotive industry is transitioning from electrification to artificial intelligence, high-end display technologies, and large-screen capabilities, resulting in an increasing need for high-end products in advanced technology like OLED with the pursuance of higher quality display products. According to the reference quotations for displays with TFT LCD technology as shown in the report of Omdia (being a global independent technology research and advisory firm headquartered in London, focusing on Enterprise IT, Artificial Intelligence, Internet of Things, Components and Devices etc.) dated August 2024, displays with size over 20 inch can be priced over 7 times of displays with size of 8.8 inch, and displays with size of 12.3 inch are two times more expensive than displays with size of 8.8 inch. Data of Omdia published in August 2024 also shows the price differences of displays with different technology, for example, price of an active matrix OLED display of 12.8 inch can reach over three times of the price of a TFT LCD display of similar size of 12.3 inch. Therefore, to achieve greater competitiveness, the Group also intends to increase its market share in the OLED market by cooperating with the BOE Group and leveraging BOE Group's new 8.6 higher-generation OLED production line. Accordingly, the Company expects the new order amount will increase in each of 2025, 2026 and 2027 under the estimated market trends of increasing demand for displays in larger sizes and advanced technology.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Apart from the OLED market, the Management consider that the display system business and the smart cockpit solution market will also have great development potential in its automotive display business. As disclosed in the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”), the Group’s system business is experiencing accelerated growth riding on its “HERO” (Healthiness, Entertainment, Relaxation and Office) application together with the smart cockpit solutions empowered by artificial intelligence. 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. The Management anticipates that the smart cockpit solutions will be increasingly integrated and empowered by artificial intelligence to achieve more advanced functionalities. Therefore, while TFT/TP modules will continue to be the major source of estimated Automotive Module Sales, stronger emphasis will be played on emerging businesses to capture those opportunities and the Management expects the sales of OLED modules, automotive display system and smart cockpit solutions will experience robust growth for the upcoming years.

We have obtained from the Company the breakdown of historical module sales by product type during the Review Period and note that the Group’s sales of OLED modules and system and smart cockpit solutions have demonstrated rapid growth over the past three years. The sales of OLED modules have increased by approximately 52% in FY2023 as compared to FY2022, and further increased by approximately 97% in FY2024 (based on projected full year sales by annualising the unaudited actual transaction amount for 8M2024). The sales of system and smart cockpit solutions has increased by approximately 171% in FY2023 as compared to FY2022 and further increased by approximately 94% in FY2024 (based on projected full year sales by annualising the unaudited actual transaction amount for 8M2024). In view of the above, we are of the view that the Management’s expectations of robust growth in the sales of OLED modules, automotive display system and smart cockpit solutions are justifiable.

(b) The Group’s estimated amount of Purchase Transactions

In arriving at the estimated amount of Purchase Transactions of panels and modules respectively for the three years ending 31 December 2027, the Management made reference to the historical costs of panels and modules to modules sales ratios. We have reviewed the relevant calculation and analysis, and noted that such ratios are derived from historical average panel/module cost to sales of its major automotive TFT/TP modules and other products during the Review Period and taking into account potential increase in panel cost due to the estimated market trends of increasing demand for displays in larger sizes and advanced technology used in the automotive industry

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have conducted public research in respect of the upcoming trend on display market of the automotive industry. According to the summary of a report (the “**Research Report**”) titled as “Automotive Display Market Size & Share, Growth Forecasts 2032” published by a global market research and management consulting company headquartered in the United States on its website, there is a growing trend towards larger and higher-resolution screens in vehicles as they provide clearer and more detailed visuals to users, and thus enhance the overall user experience and making it easier for drivers to access information quickly. Furthermore, the global automotive display modules market in emerging technologies such as oxide and LTPS, which the Group is well-equipped, is exhibiting a steady upward trajectory. According to data of Omdia, the global oxide and LTPS in-vehicle display module shipments are forecasted to have a compound annual growth rate of 20.4% from 2024 to 2027. Therefore, we concur with the Management that there is a potential increase in panel cost.

(c) Additional 10% buffer on the estimated amount of Purchase Transactions

A 10% buffer on top of the forecast transaction amount estimated on the above basis has been incorporated to allow for possible fluctuations in sales and costs. We are of the view the 10% buffer incorporated in the Annual Cap is reasonable, having considered that (i) the forecast transaction amount is estimated based on the existing and potential projects in respect of automotive display business to the best knowledge and information of the Group at the material time but are subject to circumstances outside the control of the Group; and (ii) the Group is currently exploring the possibility of applying TFT technology to other products and expanding its industrial display business. Therefore, the 10% buffer allows some extent of flexibility for the Group to promptly cope with the potential increase in demand of TFT/TP panels and modules from the BOE Group without the need of re-complying with the relevant Listing Rules.

Based on the above, the Annual Caps for FY2025, FY2026 and FY2027 are set at HK\$6.15 billion, HK\$7.55 billion and HK\$9.40 billion. It is noted that the Annual Cap for FY2025 is lower than the existing annual cap for FY2024 of HK\$6.80 billion despite a growing trend in the Group’s automotive display business over the past few years. We understand in determining the Annual Cap for FY2025, the Management has primarily made reference to the FY2024 Estimated Amount of approximately HK\$5.1 billion as mentioned above, and taken into account the potential growth in demand for FY2025 based on the Group’s estimated demand of panels and modules from the BOE Group for the Automotive Module Sales. On this basis, we do not consider a lower Annual Cap for FY2025 to be unreasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Annual Caps for FY2025, FY2026 and FY2027 represent a year-on-year growth of approximately 20.6% (as compared to the FY2024 Estimated Amount), 22.8% and 24.5% respectively. We note that the Group's revenue from its automotive display business has demonstrated rapid growth over the past few years, with a compound annual growth rate (CAGR) of approximately 35% from 2020 to 2024. The revenue for the automotive display business of the Group increased by approximately 24% for 1H2024 as compared to that for the six months ended 30 June 2023, which was mainly due the Group's increased production capacity of the New Plant to fulfil the notable growth of NEV as explained above. Therefore, we are of the view that the growth rates in the Annual Caps for the three years ending FY2025 to FY2027 are in line with the historical sales performance of the Group's automotive display business.

Furthermore, as mentioned in the letter from the Board, the China Association of Automobile Manufacturers anticipates the overall sales volume of new NEV from the PRC automotive manufacturers will maintain strong growth and will be increased by approximately 21% in 2024. We have also conducted public research on the automotive display market. According to the Research Report, the automotive display market size was valued at US\$14.9 billion in 2023 and is estimated to register a CAGR of over 10% between 2024 and 2032 mainly driven by the rapid shift toward electric and connected vehicle. Therefore, we are of the view the expected growth in Annual Caps, which will be mainly driven by the estimated increase in Automotive Module Sales, are generally in line with the positive outlook of the global automotive display modules market.

Taking into account (i) the positive outlook of the global automotive display modules market, (ii) the development potential of OLED, display system and smart cockpit solutions used in automotive display as explained above and (iii) a 10% buffer for possible fluctuations in sales and costs, we are of the view that the growth in the Annual Caps for the upcoming three years are also generally in line with the market trend. Having considered the basis of determining the Annual Caps as described above, we consider the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

The Group has built a long-term strategic relationship with the BOE Group since 2016 when it became the Company's controlling shareholder. Since then, the Group has started to purchase panels and modules from the BOE Group. Apart from the BOE Group, the Group also procure panels, modules and other raw materials and consumables from other independent suppliers. Notwithstanding that BOE Group was the largest supplier of the Group during the Review Period, we note that the proportion of the Group's purchases from BOE Group to its total purchases has been on a decreasing trend, from approximately 66% to 48% and to 46% of for the two years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 respectively. Such decreasing trend was mainly due to the shifting from modules purchase to panels purchase after the commencement of operation of the New Plant in 2023. Despite there is an expected increase in demand for purchase of panels and modules from BOE Group in the next three years due to increase in estimated

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Automotive Module Sales, the proportion of purchase from BOE Group to the Group's total purchase is not expected to increase significantly in the next three years.

In addition, we understand from the Management that it is an industry norm in the automotive display industry to purchase from reliable and sizeable supplier to provide a stable and high-quality supply of panels and modules. As the BOE Group is one of the dominant suppliers in the market, it can offer reliable source of supply of sizeable quantities and high-quality standards to the Group to meet its continuous production needs. Nevertheless, the Group is not committed to purchase from the BOE Group under the Renewed Master Purchase Agreement and are free to purchase from other suppliers. Other than the BOE Group, there are a number of leading suppliers in the automotive display industry which are capable of offering similar products and the Group has been maintaining access to such suppliers. The Management considered that this strategic business relationship with BOE Group is mutually beneficial to the Group and the BOE Group and material adverse change of such relationship is highly unlikely. Even under the highly improbable circumstances that there is a material adverse change of the relationship between the Group and the BOE Group, the Group would still be able to procure such raw materials from other suppliers without causing material adverse impact on the Group's business model. In view of the above, we concur with the Management that the Purchase Transaction would not give rise to material reliance of the Company on BOE Group.

5. Internal controls

As stated in the letter from the Board, the Group has adopted certain internal control measures in respect of the Purchase Transactions measures to safeguard the interests of the Company.

In assessing the prices offered by the BOE Group, the purchasing department of the Group will invite on a best effort basis quotations from at least two independent suppliers for orders with similar requirements and/or specifications, and review, among other things, the price, the delivery time, the payment terms, quality standard and technical capability to determine if the major terms offered by the BOE Group are fair and reasonable and no less favorable than the terms available to the Group from independent suppliers. If the purchasing department of the Group considers that the major terms of the Purchase Transactions are on normal commercial terms or better, it shall report to the chief executive officer of the Company who will review and approve such major terms. As discussed in the section headed "Principal terms of the Renewed Master Purchase Agreement" above, we have reviewed the I3P Quotations obtained by the purchasing department, and note that the prices offered by the BOE Group under the Sample Transactions were lower than the corresponding I3P Quotations for similar products offered.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The senior management of the purchasing department of the Group will conduct checks on the Purchase Transactions through the internal evaluation form to review and assess whether the Purchase Transactions are conducted in accordance with the terms of the Renewed Master Purchase Agreement. Moreover, the internal audit department of the Group will semi-annually review the Group's internal control procedures to ensure that they remain effective and adequate. The internal audit department of the Group will report semi-annually to the independent non-executive Directors during audit committee meetings.

In addition, the finance department of the Group shall review on a monthly basis to ensure that the Annual Caps are not exceeded. In the event that the actual transaction amount in respect of the transactions conducted pursuant to the Renewed Master Purchase Agreement is expected to reach the Annual Caps limit, the finance department of the Group will report it to the management of the Group so that the management of the Group will take appropriate action to ensure compliance with the requirements under the Listing Rules. We have randomly selected and reviewed three monthly samples of the annual cap review record from the Company during the Review Period and note that the finance department of the Group has monitored the amount of the Purchase Transactions on a regular basis to ensure that the Annual Caps are not exceeded.

The independent non-executive Directors will review the Purchase Transactions semi-annually to check and confirm whether such transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the Renewed Master Purchase Agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The Company's external auditors will review the Purchase Transactions annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant caps have been exceeded. We note from the annual reports of the Company for FY2022 and FY2023 that the independent non-executive Directors and the auditors of the Company have reviewed and confirmed that the continuing connected transactions of the Group were entered into in accordance with R14A.55 and R14A.56 of the Listing Rules respectively.

In light of the above, we are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Renewed Master Purchase Agreement will be conducted on normal commercial terms or better and to safeguard the interests of the Independent Shareholders and of the Company as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION

Having considered the abovementioned principal factors and reasons, we consider that (i) the terms of the Renewed Master Purchase Agreement (including the Annual Cap) are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Renewed Master Purchase Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Renewed Master Purchase Agreement (including the Annual Cap) and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Managing Director
Corporate Finance

Mr. Ng Ka Po is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at Latest Practicable Date, the interests and shorts positions of the Directors and chief executives 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 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 kept by the Company under Section 352 of the SFO or as required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in shares of the Company

Name of Director	Capacity	Number of Shares held as at the Latest Practicable Date	Approximate percentage of the total issued share capital of the Company
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	Personal Interest	139,000	0.0176%
Pang Chunlin	Personal Interest	12,000	0.0015%

Note:

- The above interest represented long positions.

(b) Interests in awarded shares of the Company

Name of Director	Date of grant	Number of awarded shares as at the Latest Practicable Date	Number of unvested awarded shares as at the Latest Practicable Date	Vesting date
Ko Wing Yan, Samantha	22 March 2023	27,000	10,800	(Note 1)
	22 March 2024	24,000	14,400	(Note 2)
Su Ning	22 March 2023	31,000	12,400	(Note 1)
	22 March 2024	119,000	71,400	(Note 2)
Fung, Yuk Kan Peter	22 March 2024	30,000	18,000	(Note 2)
Chu, Howard Ho Hwa	22 March 2024	30,000	18,000	(Note 2)
Pang Chunlin	22 March 2024	30,000	18,000	(Note 2)

Notes:

1. Vesting date:
 - (i) the first 30% of the awarded shares were 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.
2. Vesting date:
 - (i) the first 40% of the awarded shares were 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.
3. The above interests represented long positions.

(c) Interests in shares of BOE (an associated corporation) (Note 1)

Name of Director	Capacity	Number of shares in the BOE held	Approximate percentage of the total issued share capital of BOE
Gao Wenbao	Personal Interest	1,860,700 (Note 2)	0.0049%
Su Ning	Personal Interest	150,000	0.0004%
Shao Xibin	Personal Interest	552,040 (Note 3)	0.0015%
Jin Hao	Personal Interest	189,750 (Note 4)	0.0005%
Meng Chao	Personal Interest	537,500 (Note 5)	0.0014%

Notes:

1. As at the Latest Practicable Date, BOE held 419,730,000 shares, representing 53.02% of the issued share capital of the Company.
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.
4. On 21 December 2020, BOE granted 575,000 shares to Mr. Jin under the 2020 share option and restricted share incentive scheme.
5. On 21 December 2020, BOE granted 487,5000 shares to Mr. Meng under the 2020 share option and restricted share incentive scheme.
6. The above interest represented long positions.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives or any of their associates had any interest or short position 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 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) or the Model Code.

As at the Latest Practicable Date, BOE(HK), a wholly-owned subsidiary of BOE, held 419,730,000 Shares, representing approximately 53.02% of the issued share capital of the Company. BOE is an associate of BOE(HK) and is thus a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, Mr. Gao is currently a director, a president and the vice chairman of the executive committee of the 10th board of directors of the BOE Group, and the chairman of Beijing Zhongxiangying Technology Co., Ltd. and other positions. Mr. Gao is also 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 the IoT innovation business of BOE. Mr. Su is currently a vice president of the BOE Group. 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. 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. 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 CFO organisation.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any proposed director was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or any proposed director had any interest, direct or indirect, in any asset which have been since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and which was significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any proposed director of the Company or their respective close associate(s) had any interests in a business which competed or might compete with the business of the Group and had any other conflicts of interests with the Group.

7. QUALIFICATION OF EXPERT AND ITS CONSENT

The following is the qualification of the expert who has given an opinion or advice, which is contained or referred to in this circular:

Name	Qualification
Optima Capital Limited	a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Optima Capital Limited has given and confirmed that it has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter, report, advice, opinion and/or references to its name, and/or its advice in the form and context in which they respectively appear.

As at the Latest Practicable Date, Optima Capital Limited did not have (a) any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any interest, direct or indirect, in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents are available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<https://www.boevx.com>) for a period of 14 days from the date of this circular:

- (a) the Renewed Master Purchase Agreement;
- (b) the letter of consent referred to in the paragraph headed “7. Qualification of Expert and its Consent” in this Appendix; and
- (c) this circular.

9. GENERAL

This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text.



BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 710)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of BOE Varitronix Limited (the “**Company**”) will be held at Units A–F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Thursday, 21 November 2024 at 10 a.m. for the following purposes:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the terms of the Renewed Master Purchase Agreement (as defined in the Circular) (a copy of which is tabled at the meeting and marked “A” for identification purposes) dated 10 October 2024 entered into between the Company and BOE Technology Group Co., Ltd (“**BOE**”) and the Company’s execution and delivery thereof be and are hereby approved in all respects;
- (b) the transactions contemplated under the Renewed Master Purchase Agreement for the three years ending 31 December 2027 (the “**Purchase Transactions**”) and the Company’s entering into and implementation thereof from time to time thereunder and the latest terms governing the same be and are hereby approved in all respects;
- (c) the Annual Caps (as defined in the Circular) in respect of the Purchase Transactions for the three years ending 31 December 2027 be and are hereby approved in all respects; and
- (d) any one Director of the Company be and is hereby authorised for and on behalf of the Company to execute and deliver all such documents, instruments or agreements and to do all such other acts or things which he/she/they may in his/her/their absolute discretion consider necessary or desirable in connection with or incidental to any of the matters contemplated under the Purchase Transactions for the three years ending 31 December 2027 and/or the said Annual Caps (as defined in the Circular).”

By Order of the Board
BOE Varitronix Limited
Mr. Gao Wenbao
Chairman

Hong Kong, 1 November 2024

NOTICE OF SGM

Notes:

1. A member of the Company entitled to attend and vote at the meeting (the “**SGM**”) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited (“**Computershare**”), at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the appointed time for holding the SGM or any adjourned meeting.
4. The register of members of the Company will be closed from Tuesday, 19 November 2024 to Thursday, 21 November 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer 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, 18 November 2024.
5. Whether or not you intend to attend and vote at the SGM, you are requested to complete and return the form of proxy. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.