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**BOE VARITRONIX LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 710)**

**2024 INTERIM RESULTS ANNOUNCEMENT**

**CHAIRMAN’S STATEMENT**

**Highlights**

<b>HK\$ million</b>	<b>For the six months ended 30 June 2024</b>	<b>For the six months ended 30 June 2023</b>
Revenue	6,157	5,210
EBITDA <sup>1</sup>	315	324
Profit Attributable to Shareholders	172.1	202.5
Profit Attributable to Shareholders excluding grants and net exchange gain	142.3	138.3
Basic Earnings per Share	21.9 HK cents	25.8 HK cents
Diluted Earnings per Share	21.8 HK cents	25.7 HK cents
Operating cash inflow/(outflow)	795	(380)
	<b>As of 30 June 2024</b>	<b>As of 31 December 2023</b>
Cash resources <sup>2</sup>	3,944	3,572
Cash and Fixed Deposits Balance	3,496	3,501

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

<sup>2</sup> Cash resources include cash and cash equivalents, fixed deposits, other financial assets and restricted bank deposits.

On behalf of BOE Varitronix Limited (the “Company”) and its subsidiaries (“BOEVx” or the “Group”), I present the results for the six months ended 30 June 2024 (the “period under review”).

During the period under review, revenue of HK\$6,157 million was recorded, an increase of 18% when compared with HK\$5,210 million recorded for the same period of 2023. EBITDA of the Group was HK\$315 million, 3% lower than HK\$324 million recorded for the same period of 2023. The profit attributable to shareholders was HK\$172.1 million, a decrease of 15%, when

compared to that for the same period of 2023.

The Group has strong cash resources and in a net cash position. As at 30 June 2024, the Group has total cash resources of HK\$3,944 million, compared to HK\$3,572 million at the end of 2023. The Group has bank loans of HK\$607 million as at 30 June 2024, a decrease of 2% when compared with HK\$620 million as at the end of 2023. Among the bank loans of HK\$607 million, HK\$432 million is long-term borrowing mainly to facilitate our capital expenditure. The increase in our overall cash resources and decrease in bank loans were attributable to our rigorous efforts in working capital management. The Group is committed to maintain the bank borrowings at an appropriate level to maintain a healthy gearing, with main source of funding from its operation.

The Group's revenue growth was primarily driven by increased sales across our Thin Film Transistor (TFT) products, touch panel display modules, and automotive system products as mainly contributed by notable growth of New Energy Vehicle ("NEV") and fulfilled by our increased production capacity.

The Group's TFT module business and touch panel display module business contributed around 93% of the Group's revenue while the revenue from monochrome display business decreased in its contribution during the period under review. Among the Group's revenue, automotive display business contributes 93% and the remaining mainly represents industrial display business.

During the period under review, the profit attributable to shareholders decreased by approximately HK\$30.4 million, or 15%, compared to the same period last year. The decrease is primarily driven by the decrease in government grants and exchange gains, if excluding those impact, the profit attributable to shareholders for the period under review would have been increased as compared to that for the same period last year.

The overall operating profit margin was hit by the impact of price adjustments, cost of inventory, as well as increased staff costs, depreciation of property, plant and equipment incurred for the manufacturing facilities in Chengdu, China (the "Chengdu Plant") for the full effect of operation in 2024 as compared to the initial ramp-up phase in first half of 2023. In addition, the increase in freight charges due to geo-political conflicts, the increase in sales, marketing and commission expenses for our increased effort for the overseas market exploration, the increase in insurance and quality assurance expenses for the protection of recoverability as well as the increase in subcontracting fees due to urgent orders also impacted our profitability. We are committed to work to reduce our production and operating costs to improve profitability.

EBITDA has decreased by 3% to HK\$315 million, with EBITDA margin of approximately 5.1% (30 June 2023: 6.2%) of the Group's revenue. The decrease was mainly due to the same factors as the decrease of profit attributable to shareholders mentioned above. The lower magnitude in decrease as compared to that of the profit attributable to shareholders was mainly due to the impact of depreciation, and with the further optimisation of our production capacity and our continuous effort for better supply chain management in future, we believe that the net profit attributable to shareholder margin shall be positively impacted.

## **DIVIDENDS**

The Group has no change in its dividend policy.

The Board (the "Board") of Directors (the "Directors") has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## **BUSINESS REVIEW**

### **Automotive Display Business**

For the period under review, the revenue for the automotive display business was HK\$5,752 million, an increase of 24% from the revenue of HK\$4,646 million recorded in the same period of 2023. This automotive display business represented approximately 93% of the Group's overall revenue. Our system business focused on intelligent display systems, advanced display systems, intelligent cockpit systems, overseas display systems and other related product offerings, the revenue of our system business has increased significantly compared to the same period last year.

The Group has maintained number one market share in the global automotive display market in terms of delivery quantity, area and in particular, delivery for displays 8 inches and above in size according to Omdia data. Our customers' headquarter and decision-making unit cover all over the world, and with the increasing overall manufacturing, subcontracting, processing capability of our global customers in the People's Republic of China (the "PRC"), delivery to the overseas' and China's customers PRC designated location contributes the most of our revenue. Our customer base has been expanding and covers a majority of the top 20 PRC automotive manufacturers, NEV manufacturers and overseas automotive manufacturers.

The PRC government has implemented supportive policies such as trade-in incentives for old vehicles, initiatives to bring NEV to rural areas, and tax concessions. Concurrently, leading NEV manufacturers launch new models and adjusted pricing, driving a considerable increase in NEV sales across the PRC market and expedite our sales accordingly.

Our revenue from overseas maintains stable. In the United States, despite the macroeconomic headwinds of high inflation and rising interest rates, we achieved positive revenue growth, thanks to our strategic investments in research and development ("R&D") as well as enhanced customer service capabilities such as establishment of our new office in Michigan to provide prompt support to customers. Additionally, we have successfully extended our product applications to agricultural vehicles and won new business. We will continue to explore new applications to grab additional growth.

In Japan, we have actively participated in exhibitions held by Japanese automakers, receiving positive market responses. Our revenue has recorded significant growth thanks to our efforts in advanced product technology development and superior customer services accelerated by the establishment of our new office in Nagoya, Japan.

*\* The above analysis is based on the location at which the services were provided or the goods delivered, analysis by location of sourcing decision is annexed on page 14 for reference.*

During the period under review, we implemented a comprehensive series of quality control measures, continued to enhance our quality management and improvement systems, and consequently gained more trust from our customers. We have established a Quality Control Committee ("QCC") in 2024 and implemented centralized quality management to ensure consistent supplier performance oversight across our manufacturing facilities. The QCC monitors supplier quality and implements measures to meet our stringent quality requirements. We have also deployed automated production processes to stabilize output and maintain quality consistency.

Externally, we conduct rigorous assessments of suppliers, utilizing best-in-class suppliers as benchmarks to evaluate their capabilities and quality rating. Closely reference to the quality specifications and comments of our customers is the primary factor for choosing suppliers. We also convene regular supplier meetings to thoroughly communicate and align on our quality standards. The above measures have bringing us improving quality during the period under review.

The Chengdu Plant was set up in late 2022, it leverages state-of-the-art production equipment, such as super-sized display product's production capacity to meet the market needs. The Chengdu Plant is ramping up to achieve better operational efficiency to enhance our profitability of the automotive display business.

## **Industrial Display Business**

For the period under review, the industrial display business generated revenue of HK\$406 million, a decrease of approximately 28% from HK\$564 million recorded for the same period of 2023. This business represented approximately 7% of the Group's overall revenue.

The decrease of revenue during the period under review was primarily attributable to lower demand from industrial meters and high-end home application consumer products for the period under review compared to the same period 2023.

## **INDUSTRY REVIEW**

In the first half of 2024, the global geopolitical landscape experienced an escalation of tensions, accompanied by a persistently high inflationary environment. The growth trajectories of most major economies slowed down, leading to an increase in the complexity, severity and uncertainty surrounding global economic development. This unfavourable external environment also had a discernible impact on the PRC economy, presenting various challenges for industries and trade sectors.

The PRC government intensified its macroeconomic control efforts. The focus was placed on expanding domestic demand, optimizing the economic structure, and bolstering confidence. According to the National Bureau of Statistics, PRC GDP in the first quarter of 2024 recorded a 5.3% period-over-period increase, surpassing market expectations. The stable growth observed in consumption, exports, and per capita disposable income of residents suggests a positive outlook for PRC economic prospects.

According to statistics from the China Association of Automobile Manufacturers ("CAAM") in the first half of 2024, the production and sales volume of automobiles in the PRC increased period-over-period by 4.9% and 6.1%, reaching 13.9 million units and 14.0 million units respectively, and the production and sales volume of NEV in the PRC recorded a period-over-period growth of 30.1% and 32% respectively, reaching 4.9 million units each. The automobile industry has become an important driving force behind PRC industrial economic growth.

Globally, the European and the United States markets are on a long-term trajectory towards reducing reliance on fuel-powered vehicles and increasing adoption of NEV. However, there are still significant near-term challenges. In the broader macroeconomic context, factors such as economic downturn, high inflation, elevated interest rates, and geopolitical conflicts have dampened consumer demand for vehicles. The lack of government subsidies and insufficient NEV

infrastructure have also hindered the growth of NEV sales in the overall European and American markets. The European Union has recently imposed extra duties of up to 37.6% on imports of electric vehicles NEV made in China, this may change the competitive landscape among manufacturers globally.

In the Japanese and Korean markets, the overall development of the NEV industry has also been hindered by the prevailing economic downturn and insufficient charging infrastructure, resulting in a downward trend in the overall sales volume.

In Japan, the sales volume of imported NEV brands has recorded considerable growth, reflecting the Japanese market's continued importance as an overseas target for PRC NEV manufacturers.

In the Korean market, the local automotive makers plan to introduce more affordable NEV models, which is expected to promote the popularity of NEV and accelerate the development of the necessary supporting infrastructure. This suggests a positive trajectory for NEV adoption in the Korean market going forward.

For the overall market, leading automotive companies will achieve higher sales volume with price competitiveness, while the smaller players will face huge pressure.

## **BUSINESS OUTLOOK**

We believe our automotive business will continue to be the core focus of our operations. The Automotive Display segment presents us with ample growth opportunities. At the same time, the Industrial Display business maintains considerable profitability, which remains an important component of our overall strategy.

### **Automotive Display Business**

The automotive display device business represents a vast, tens of billion-level market with significant room for growth. The global automotive display modules market is exhibiting a steady upward trajectory, particularly in emerging technologies such as oxide and Low Temperature Poly-silicon (“LTPS”), which we are well-equipped. According to Omdia data, the total global in-vehicle display module shipments, the global medium and large-sized (8 inches and above) shipments and the global oxide and LTPS shipments are forecasted to have a compound annual growth rates of 4.34%, 7.98% and 20.40% over the next three years respectively.

The automotive industry is transitioning from electrification to artificial intelligence, high-end display technologies, and large-screen capabilities. Smart cockpit solutions will be increasingly integrated and empowered by artificial intelligence to achieve more advanced functionalities.

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

Globally, the US and the European markets will keep opening with opportunities as mentioned in the Industry Review section with caution in protecting local interests. We have a strategy to increase our global sales by improving our local presents, product diversities, quality, responsiveness to the market and cost competitiveness.

As regard to products mix, liquid crystal display (“LCD”) technology remains the predominant

solution with its cost competitiveness compared to that of organic light-emitting diode (“OLED”) due to the complex manufacturing process and higher investment cost. With the pursuance of higher quality displays, we believe more advanced technology as annexed in Technology Development section below will be applied. We will work with our suppliers, among others, to utilise our major shareholder’s new 8.6 higher-generation OLED production line in Chengdu to strive for higher competitiveness when appropriate.

Amid the ample opportunities ahead, the automotive market is rapidly consolidating around the top-tier NEV manufacturers, with leading players is poised to increase significantly in future. We anticipate that the expansion of the industry will create additional revenue and profitability opportunities and this attracted intensifying competition, market share of less competitive players is being conquered by the prominent players through price wars. Those supply chains are adapting to the new industry dynamics. We remain cautious about business with emerging automotive startups and are proactively promoting changes within the supply chain, improving cost management of our plants and driving cost down to respond to remain competitive. We will also maintain our steadfast commitment to support prominent players and keep the robust strategic partnerships with them.

We will further enhance the production, R&D, and customer service capabilities for the current and potential businesses, and deploy core technologies and human resources to achieve sustained and rapid business growth. Meanwhile, we are exploring the need to establish overseas production facilities to cater for the needs of different customers. Such overseas capital expenditure will be invested gradually, with the goal of aligning order intake and production capacity.

## **Industrial Display Business**

Customers are shifting to different kind of displays including TFT, the Group continues to explore the possibility of applying TFT technology to other products and has successfully obtained automotive related industrial display business. We believe that our quality has been recognized and are confident in pursuing other cooperation opportunities in future.

## **STRATEGIC DEVELOPMENT PLAN**

With a long establishment, we have made significant progress in strengthening our internal capabilities and securing sufficient cash and resource reserves to support our rapid expansion. Maintaining an asset-light model, we leverage the existing production capacity of BOE Technology Group Co., Ltd. and its subsidiaries (the “BOE Group”) across various locations to meet market demand with relatively modest investments.

We continue to hold advantages in high-end and large-size product segments. Benefit from the advanced-generation production lines, whether amorphous silicon or oxide-based, our investment and mass production timelines enabling us to remain competitive in maintaining cost, supply capacity, and quality advantages. We will also take advantage of our controlling shareholders, the BOE Group which has unparalleled resources in R&D technology and production capacity. It is beneficial for us to leverage on the manufacturing of the BOE Group.

The Group remains resolute in its efforts to expand the automotive display business, solidifying its market-leading position while setting clear short-term and long-term strategic objectives. We will continue to execute its “three-step development strategy” that is to further strengthen the leading position of the automotive display device business, then to explore the development of

the automotive display system business, and ultimately grasp the development opportunities from system and smart cockpit solutions. Our system business is experiencing accelerated growth riding on our “HERO” (Healthiness, Entertainment, Relaxation and Office) application together with the smart cockpit solutions empowered by artificial intelligence (“AI”). The “three-step development strategy” is achieving initial positive results.

Sustainable development is crucial to the Group's success, and we place great emphasis on environmental protection and sustainability. Our production plants regularly measure and monitor pollutant emissions, we also take a collaborative approach to supply chain for the overall sustainability management, and set 2025 targets for reducing carbon emissions, energy and water consumption, and waste, and undertake to achieve “carbon neutrality” by 2050. The Group held its 2024 Annual Supplier Quality Conference in Chengdu, with the theme “Quality First, Shape Future”, for the purpose of further strengthening communication and cooperation with suppliers and aiming to provide customers with better quality products and services and sustainability of the environment.

## **TECHNOLOGY DEVELOPMENT**

The automobile intelligence has driven the market demand for in-vehicle display applications to become more diversified. The smart cockpit industry is currently booming. The number and average size of the new generation of smart car display screens have increased significantly, and they are used in instrument cluster, mid-console, heads-up displays, electronic mirrors, rear-seat entertainment and other scenes of display market demand continues to expand. With the maturity of 5G and AI technology, the popularity of new scenes and new applications is accelerating, and smart cockpits will become the “third space” for users’ mobile travel scenarios. The Group has deeply participated in the intelligent development of the global automotive industry with its profound technological accumulation and firm investment in innovation, providing unlimited possibilities for the flourishing of the intelligent cockpit industry.

In 2023, the Group officially released the “HERO” project for application scenarios in the era of smart cars. In future, we will work with global partners to create more smart cockpit scenario-based experiences, including Healthiness, Entertainment, Relaxation and Office, the Group will improve its technology based on existing products, integrate more innovative products and solutions into the vehicle design, and create more values for customers.

### **Automotive Oxide Technology**

With the increasing demand for high resolution, narrow borders, and low power consumption, traditional amorphous silicon (“a-Si”) can no longer meet the requirements of use. Therefore, it is necessary to find other semiconductors with higher electron mobility to meet the requirements of use. Some oxide semiconductors, represented by indium gallium zinc oxide (“IGZO”), have become the best choice to replace traditional a-Si due to their simple fabrication process and high electron mobility. In order to improve product performance, the Group is also constantly pursuing technological innovation.

The Automotive Oxide Technology is a major breakthrough in improving the display performance based on the a-Si technology. The Oxide Technology has now fully passed Automotive Reliability Verification.

The Automotive Oxide Product Specifications are comprehensively superior to a-Si Technology,

such as narrow borders, high transmittance and low power consumption, etc., combined with Touch and Display Driver Integration (“TDDI”) technology, providing excellent touch performance and touch experience. Compared to LTPS technology, it has low leakage current characteristics and can achieve low-frequency driving when there is no update on the screen, further reducing power consumption. In terms of process, the Oxide Technology has better uniformity in preparation and can produce full-size panels to achieve large-scale automotive display. It also has significant cost advantages in automotive display applications and a high cost performance ratio. The Group launches the world’s first Automotive 14.6-inch Quad High Definition (“QHD”) Oxide Display Product has entered the mass production stage. At the SID 2024, the newly developed Curved 45-inch 9K ultra-large Oxide cockpit screen was displayed. At the same time, several Oxide display products are under development.

## **ADS-Pro**

ADS, is the abbreviation of Advanced Super Dimension Switch. This technology not only has the advantages of ripple free on touching and wide viewing angle, but also has the advantages of more accurate gamma and smaller color deviation in large viewing angle.

On the basis of ADS technology, ADS-Pro further superimposes high-end technologies such as Mini Light-Emitting Diode (“Mini LED”), BOE Dual Cell (“BD Cell”), high refresh rate, high resolution and high color gamut, so that the screen display effect is closer to the real picture seen by the human eye.

Recently, we have several BD Cell and Mini LED display screen projects awarded in well-known car manufacturers, which shows customers’ recognition of us.

## **f-OLED**

f-OLED represents the high-end flexible Organic Light-Emitting Diode (“OLED”) technology solution, which has the industry leading advantages of gorgeous colors, varied forms and high integration, and brings users an immersive experience anytime and anywhere.

A number of automotive f-OLED projects have entered the mass production stage.

Besides, we are developing Tandem OLED (Double Layer OLED), a new type of OLED formed by electrically connecting multiple organic light emitting (EL) units in series inside the device through a special internal connection layer, which can have the characteristics of high efficiency and long life at the same time.

## **Curved Display**

For curved display solutions, we overcome different challenges, such as automotive reliability, mechanical durability, cross-color and black level, etc. Dual 12.3 inches Curved (R3000) Cockpit Display Module is already in mass production.

## **3D Display**

Regarding the 3D display, with the continuous development of autonomous driving, the communication between the driver and the car requires a new Human Machine Interface (“HMI”).



3D space image and HMI input will be the focus of future development. Currently, the Group has completed the development of naked-eye 3D display for ~5K ultra-high-definition display and embedded it into the driving monitoring system to provide visually attractive 3D display instruments and a realistic and immersive Driver Monitoring System (“DMS”) feedback interface. Use Nomi/Siri and other virtual digital assistance, combined with gesture touch interaction, to interact with Nomi virtual digital assistance will realize humanized communication and dialogue scenarios. Realize inspiring three-dimensional interactive display scenes.

Currently, the operation verification based on the computing power of the vehicle-specific chip is being carried out to ensure the operational stability of the vehicle-machine system.

The next step is to actively research switchable 2D & 3D technology, which allows users to freely switch between 2D & 3D modes, while providing instant conversion of 2D & 3D to provide users with more application scenarios.

### **Light Field Screen Technology**

Light Field Screen Technology use light field technology to increase the viewing distance through multiple refraction and reflection of light. It can realize large-screen long-distance imaging display in the limited space in the car. It not only provides a wider field of view for rear seat passengers, but also effectively reduces visual fatigue and dizziness caused by watching the screen are eliminated. At the same time, due to the large-screen display, the mobile cinema experience in the car is truly realized, which greatly enriches the entertainment scenes in the cockpit.

We are actively developing this new in-vehicle display.

### **Directional Sound Technology**

Directional Sound Technology is an innovative technology that integrates directional sound devices and display screens. This technology uses a parametric array algorithm control unit to emit highly directional, low-distortion sound and achieve dynamic control of the sound direction and angle. After integrating this technology with the display, it can be integrated with different types of screens such as OLED and LCD, and can be used in flat display and curved display scenarios; it provides private listening like a virtual headset and achieves the integration of audio and video in audio-visual scenes. In the automotive field, business environments and entertainment scenes, it not only ensures the privacy of calls, but also effectively reduces noise interference, creating an independent and exclusive sound field for the driver to ensure privacy.

We are actively developing this technology in smart cockpits.

### **Privacy on Demand Technology (“POD”)**

Due to safety issue and to prevent the distraction of driver from the content of passenger display, there is an increasing demand on the Privacy display from the Leading OEMs in Automotive market. At the same time, the Privacy requirement became more stringent to fit for the real application. In past year, BOEVx has been focusing on the development in this area. With the optimization of Panel configuration, we have the breakthrough in the performance in 2024. The Privacy performance has been improved in wide range of angle. This make the technology fit for various application like Central Information Display (“CID”) and passenger display. We expect the development of this technology can be completed in Q4 2024 and will continue to promote

this technology to market. This technology will be another growing point in the automotive business.

## **Smart Cockpit Display System**

In the development of smart cockpit display system, the Group is not only enhancing its capabilities in the existing technology product lines but also exploring more solutions.

In Augmented Reality Heads Up Displays (“AR-HUD”) system, a new generation TFT solution using our self-developed 3.6 inches Liquid Crystal Display Projected Graphic Units (“3.6 inches LCD PGU”) solution to achieve super-large perceived image design has been completed, which enables us to upgrade the performance across the whole series. We have also completed the development of Liquid Crystal on Silicon (“LCoS”) based optical core in AR-HUD products and have applied for 34 technology patents that generated from the development. At the same time, we will lay out other forms of AR-HUD, such as P-HUD products. The Group can now provide customers with super-large image AR-HUD products based on the three mainstream technology solutions of TFT, Digital Light Processing (“DLP”) and LCoS.

For Camera Monitoring System (“CMS”), the Group has completed the development of the first product that passed the authoritative test based on the new China national standard GB15084 for class III under the regulation for indirect vision device in vehicle in the PRC and has obtained 3C certification, which realize our market value. and actively explore and deploy from passenger cars to commercial vehicles. We also actively develop the layout from Class III mirrors for passenger cars to Class II, IV, V and VI mirrors for commercial vehicles, and successfully completed preparations for pre-research and mass production project development.

In National Standard, the first domestic group standard for smart cockpit displays has been approved by the authoritative project. The standard stipulates in detail the technical requirements for smart cockpit displays, from optical performance, electrical performance, safety performance and environmental adaptability. It also provides corresponding test methods. This move is to promote the use of smart cockpit displays. A strong guarantee for technological upgrading and standardization and unification in terms of quality, performance and safety. The formulation of the standard “Technical Specifications for Smart Cockpit Displays” will set a clear technical benchmark for the entire industry.

In terms of technology development, we have developed the BVP (BOE Vision Plus) image quality enhancement technology integrated into the display assembly, using a dedicated image quality chip to improve the screen-side image quality, so that the image has better clarity, dark details and layering. This can be achieved using ordinary normal backlight.

The self-developed rotating structure assembly will be suitable for ceiling screen projects and back seat screen projects, and is planned to be installed in domestic mass production projects this year.

## **IMPORTANT EVENT AFTER THE PERIOD ENDED 30 JUNE 2024**

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this announcement.

## **ACKNOWLEDGEMENT**

During the period under review, the Group has achieved growth in revenue through successful implementation of our strategy. Our customer base has broadened and solidified thanks to the trust of our business partners. The Group will continue to grasp the upcoming trend of the automotive industry and to pursue our strategy to become a leading integrated automotive smart cockpit display system solution provider. Our success and continuing growth were contributed by our management, employees, shareholders, investors and business partners, on behalf of the Board, I would like to express my sincere gratitude for their continuous support.

**Gao Wenbao**  
**Chairman**

**Hong Kong, 22 August 2024**

## **REVIEW OF OPERATIONS**

### **REVENUE BY DELIVERY LOCATION**

#### **THE PRC**

During the period under review, based on the delivery location, the PRC generated revenue of HK\$4,666 million, representing an increase of approximately 26% as compared with that in 2023. Approximately 76% of the Group's total revenue was delivered to this region. Revenue from automotive display business remained a major part and the rest was mainly derived from industrial sector.

The competitive landscape within the NEV industry keeps intensifying. The PRC government has implemented supportive policies such as trade-in incentives for old vehicles, initiatives to bring NEV to rural areas, and tax concessions. Concurrently, leading NEV manufacturers have launched new models and adjusted pricing, driving a considerable increase in NEV sales across the PRC market. As a result of the above, our sales of TFT-related display products during the period under review increased considerably.

Our system business has achieved a significant increase in revenue compared to the same period last year due to our active marketing and R&D effort.

The automotive market is undergoing rapid consolidation and lead to intensifying competition, with prominent players initiating a new round of price wars to conquer market share from less competitive players. Through such price competition, the industry-leading players are likely to achieve higher sales volumes, putting pressure on smaller and medium-sized automakers and their suppliers. Despite these market dynamics, we remain steadfastly committed to supporting the leading automotive manufacturers, and have established robust strategic partnerships with the majority of these industry-leading players. Meanwhile, we will drive our cost down to meet the need.

#### **EUROPE**

During the period under review, revenue of HK\$667 million was recorded, which represented a decrease of approximately 13% as compared with 2023. The European region contributed approximately 11% of the total revenue for the Group in the period under review.

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

Under the changing market environment, our dedicated team in Europe has bolstered our communication and collaboration with major automotive manufacturers. Our sales team in Europe has been working diligently to capture the business opportunities emerged from new demand, such as cyber security, privacy, safety and sustainability, and putting effort to maintain

strong relationship with our customers. We have obtained the projects from leading European automotive manufacturers in previous years, with the upcoming mass production of projects in following years.

## **AMERICA**

During the period under review, revenue of HK\$440 million was recorded, contributing approximately 7% to the total revenue of the Group. The revenue has increased by approximately 25% as compared with that of last year.

Despite the macroeconomic headwinds of high inflation, rising interest rates, and energy crises, we have still achieved positive revenue growth, thanks to our strategic investments in research and development as well as enhanced customer service capabilities over the past few years. The projects we have successfully won and brought into mass production during the period under review have also contributed significantly to driving our revenue growth. The opening of our new office in USA has strengthened our ability to provide immediate customer support and feedback which strengthen our relationship with leading automotive manufacturers.

We have successfully extended our product applications to agricultural vehicles, garnering positive results from mass production. We will continue to explore new vehicle segments for our product applications for future growth.

## **KOREA**

During the period under review, revenue of HK\$153 million was recorded, representing a decrease of approximately 10% from that of last year. Revenue from Korea accounted for approximately 2% of the Group's revenue.

The decrease in revenue during the period under review was mainly due to customers reducing their marketing efforts in the Korean market.

## **JAPAN**

During the period under review, revenue of HK\$40 million was recorded, representing an increase of approximately 13% from that of last year. Japan accounted for approximately 1% of the Group's revenue in terms of delivery location.

The significant growth was attributable to the successful mass production of projects that we secured over the past few years, our efforts in advanced product technology development and superior customer service brought from our new office in Japan.

The Group also endeavour to promote our new oxide display modules and system solutions to our current and potential customers and believe the potential growth.

## REVENUE BY LOCATION OF SOURCING DECISION OF CUSTOMERS

The Group has put utmost effort to catch up the global market and has been successful in obtaining contracts from international customers. To provide a comprehensive understanding of the Group's revenue structure, on top of revenue by delivery location, the Group also demonstrates our revenue by location of sourcing decision of customers.

The Group manages its customers by the geographical locations of their sourcing decision centre. The sourcing decision centre of our multi-national customers will make important decisions including suppliers' selection for their new projects. The Group will allocate resources in accordance with the place of customers' sourcing decision centre and set up the related sales teams to develop marketing strategies and, negotiate and conclude new projects with the sourcing decision centre of our multi-national customers.

Based on the Group's unaudited information, our revenue by location of sourcing decision of customers is distributed as below:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	HK\$'000	%	HK\$'000	%
<b>The PRC</b>	3,580,580	58%	3,039,121	58%
<b>Europe</b>	1,212,887	20%	1,253,587	24%
<b>Japan</b>	622,591	10%	244,257	5%
<b>America</b>	391,682	6%	273,625	5%
<b>Korea</b>	198,655	3%	158,275	3%
<b>Others</b>	150,924	3%	241,352	5%
	2,576,739	42%	2,171,096	42%
<b>Revenue</b>	6,157,319	100%	5,210,217	100%

During the period under review, the Group's business exhibited a balanced overseas and local customer portfolio, demonstrating a diversified revenue source despite our new display system business are mainly with customers that carry sourcing decision domestically. With the advent of emerging opportunities from overseas, we believe that the customer mix for these new products will be more balanced in future.

**Consolidated statement of profit or loss**  
*For the six months ended 30 June 2024 - unaudited*

	Note	<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>	5	<b>6,157,319</b>	5,210,217
Other operating income	6	<b>94,770</b>	118,568
Change in inventories of finished goods and work in progress		<b>(234,154)</b>	258,845
Raw materials and consumables used		<b>(4,872,891)</b>	(4,650,060)
Staff costs		<b>(538,381)</b>	(403,099)
Depreciation		<b>(118,972)</b>	(85,721)
Other operating expenses	7(c)	<b>(294,040)</b>	(207,908)
<b>Profit from operations</b>		<b>193,651</b>	240,842
Finance costs	7(a)	<b>(8,540)</b>	(15,638)
Share of losses of an associate		-	(4,471)
<b>Profit before taxation</b>	7	<b>185,111</b>	220,733
Income tax	8	<b>(9,734)</b>	(18,690)
<b>Profit for the period</b>		<b>175,377</b>	202,043
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>172,100</b>	202,512
Non-controlling interests		<b>3,277</b>	(469)
		<b>175,377</b>	202,043
<b>Earnings per share for profit attributable to equity shareholders of the Company (in HK cents)</b>	10		
Basic		<b>21.9 cents</b>	25.8 cents
Diluted		<b>21.8 cents</b>	25.7 cents

## Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2024 - unaudited

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<u>175,377</u>	<u>202,043</u>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
- Exchange translation adjustments: net movement in exchange reserve	<u>(23,776)</u>	<u>(64,888)</u>
<b>Total comprehensive income for the period</b>	<u>151,601</u>	<u>137,155</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	148,324	137,624
Non-controlling interests	<u>3,277</u>	<u>(469)</u>
	<u>151,601</u>	<u>137,155</u>



## Consolidated statement of financial position

At 30 June 2024 - unaudited

	Note	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		2,057,173	1,759,580
Intangible assets		27,391	25,061
Other financial assets	12	41,883	41,897
Non-current deposits and prepayments		70,861	101,264
Deferred tax assets		38,865	8,843
		<u>2,236,173</u>	<u>1,936,645</u>
<b>Current assets</b>			
Inventories		1,802,858	1,947,101
Trade and other receivables, deposits and prepayments and other contract costs	11	2,818,172	2,555,501
Amounts due from an associate		1,970	12,220
Other financial assets	12	405,832	15,405
Current tax recoverable		5,684	10,354
Fixed deposits with banks with more than three months to maturity when placed		421,740	-
Restricted bank deposits		41,635	55,884
Cash and cash equivalents		3,074,364	3,500,760
		<u>8,572,255</u>	<u>8,097,225</u>
<b>Current liabilities</b>			
Trade and other payables	13	5,383,826	4,738,130
Lease liabilities		11,884	8,159
Current tax payable		8,816	13,925
Bank loans		174,488	236,439
Deferred income		24,421	26,138
Dividends payable	9	149,660	-
		<u>5,753,095</u>	<u>5,022,791</u>

## Consolidated statement of financial position (continued)

At 30 June 2024 - unaudited

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
<b>Net current assets</b>	<b>2,819,160</b>	3,074,434
<b>Total assets less current liabilities</b>	<b>5,055,333</b>	5,011,079
<b>Non-current liabilities</b>		
Lease liabilities	17,265	13,907
Deferred tax liabilities	2,853	3,468
Deferred income	186,191	200,496
Bank loans	432,202	383,497
	<b>638,511</b>	601,368
<b>NET ASSETS</b>	<b>4,416,822</b>	4,409,711
<b>CAPITAL AND RESERVES</b>		
Share capital	197,894	197,894
Reserves	4,159,535	4,155,701
Total equity attributable to equity shareholders of the Company	4,357,429	4,353,595
Non-controlling interests	59,393	56,116
<b>TOTAL EQUITY</b>	<b>4,416,822</b>	4,409,711

## Notes:

### 1. General

BOE Varitronix Limited (the “Company”) is incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The Company is a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Directors consider the ultimate controlling party of the Company and its subsidiaries (the “Group”) to be BOE Technology Group Co., Ltd, which is incorporated in the People’s Republic of China (“PRC”). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Units A-F, 35/F., Legend Tower, No.7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and Thin Film Transistor (“TFT”) module assembly capacity.

### 2. Independent review

The interim financial results set out in this announcement do not constitute the Group’s interim financial report for the six months ended 30 June 2024 but are extracted from that interim financial report.

The interim financial report is unaudited and has been reviewed by the auditor of the Company, KPMG in accordance with Hong Kong Standard on Review Engagement 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board is included in the interim financial report to be sent to the shareholders of the Company. In addition, this interim financial report has been reviewed by the Company’s audit committee.

### 3. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the HKICPA. It was authorised for issuance on 22 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

#### **4. Changes in accounting policies**

The Group has applied the following amendments to HKFRS issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### **5. Revenue and segment reporting**

The principal activity of the Company is investment holding. The principal activities of the Group are the design, manufacture and sale of liquid crystal displays and related products. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and touch panel display module assembly capacity.

##### **(a) Operating segment results**

The Group manages its business as a single unit and, accordingly, the design, manufacture and sale of liquid crystal displays and related products is the only reporting segment and virtually all of the revenue and operating profits are derived from this business segment. The interim financial report has already been presented in a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment. Accordingly, no separate business segment information is disclosed.

The chief operating decision-maker has been identified as the Board. The Board reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined that a single operating segment exists based on this internal reporting.

The Board assesses the performance of the operating segments based on revenue which is consistent with that in the interim financial report. Other information, being the total assets excluding deferred tax assets, other financial assets and current tax recoverable, all of which are managed on a central basis, are provided to the Board to assess the performance of the operating segment.

## (b) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and the location of operation to which they are allocated, in the case of intangible assets.

### (i) Group's revenue from external customers

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
The PRC (place of domicile)	<u>4,666,474</u>	<u>3,706,212</u>
Europe	667,032	768,202
America	439,856	351,245
Korea	153,445	170,734
Others	230,512	213,824
	<u>1,490,845</u>	<u>1,504,005</u>
Consolidated revenue	<u>6,157,319</u>	<u>5,210,217</u>

Revenue from external customers located in Europe are analysed as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Czech Republic	168,134	189,443
Portugal	103,621	47,049
Italy	49,594	40,339
Romania	46,268	79,803
Germany	44,863	144,789
France	43,406	74,821
United Kingdom	4,592	5,917
Other European countries	206,554	186,041
	<u>667,032</u>	<u>768,202</u>

*(ii) Group's specified non-current assets*

	<b>At 30 June 2024 HK\$'000</b>	At 31 December 2023 HK\$'000
The PRC (place of domicile)	<b>2,067,896</b>	1,765,921
Others	<b>16,668</b>	18,720
	<b><u>2,084,564</u></b>	<u>1,784,641</u>

**6. Other operating income**

	<b>Six months ended 30 June</b>	
	<b>2024 HK\$'000</b>	2023 HK\$'000
Government grants (note)	<b>16,328</b>	47,783
Interest income on financial assets measured at amortised cost	<b>58,067</b>	48,065
Net gain/(loss) on financial assets measured at fair value through profit or loss	<b>1,833</b>	(19)
Net exchange gain	<b>13,513</b>	16,440
Net gain on disposal of property, plant and equipment	<b>353</b>	465
Rental receivable from operating leases	<b>24</b>	3,836
Other income	<b>4,652</b>	1,998
	<b><u>94,770</u></b>	<u>118,568</u>

Note: The amount represents the incentives granted by the government to the Group for engaging in research and development of high technology manufacturing and other subsidies of HK\$997,000 (2023: HK\$8,409,000), amortisation of government grants received in relation to acquisitions of machineries of HK\$14,588,000 (2023: HK\$2,145,000), incentive related to production of HK\$Nil (2023: HK\$34,200,000), and incentives granted in relation to staff retention of HK\$743,000 (2023: HK\$3,029,000). There are no unfulfilled conditions attaching to these government grants.

## 7. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>(a) Finance costs</b>		
Interest on lease liabilities	655	433
Interest on bank borrowings	7,885	15,205
	<u>8,540</u>	<u>15,638</u>
<b>(b) Other item</b>		
Cost of inventories	<u>5,454,644</u>	<u>4,737,131</u>
<b>(c) Other operating expenses</b>		
Amortisation of intangible assets	1,929	1,445
Auditors' remuneration		
- Audit services	1,640	1,588
- Review services	450	450
- Other services	18	18
Bank charges	2,800	1,005
Building management fees	4,227	4,351
Factory consumables, cleaning and security service expenses	17,774	12,528
Freight charges	47,641	32,746
Insurance and quality assurance expenses	8,943	4,452
Legal and professional fees	4,164	5,067
Office expenses	6,670	6,020
Other taxes, surcharge & duties	15,594	8,328
Provision/(reversal) of expected credit losses allowance on trade receivables and amounts due from an associate	4,719	(889)
Repair and maintenance	22,674	12,941
Sales, marketing and commission expenses	46,214	33,211
Subcontracting fees	28,264	13,980
Trademark licence fee	13,294	9,699
Travelling and entertainment expenses	14,883	15,662
Utilities expenses	42,428	37,296
Miscellaneous expenses	9,714	8,010
	<u>294,040</u>	<u>207,908</u>

## 8. Income tax

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	15,441	6,317
Current tax – Chinese Mainland income taxes	28,103	15,730
Current tax – Jurisdictions outside Hong Kong and the Chinese Mainland	(3,173)	5,894
Deferred tax	(30,637)	(9,251)
	<u>9,734</u>	<u>18,690</u>

(i) Hong Kong Profits Tax

The Group's operations in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%.

(ii) Chinese Mainland income taxes

The Group's operations in the Chinese Mainland are subject to Corporate Income Tax Law of the PRC. The standard Chinese Mainland Corporate Income Tax rate is 25%.

Varitronix (Heyuan) Display Technology Limited ("Varitronix Heyuan"), REHEO technology co. ltd. ("REHEO") and BOEVX Automotive Huizhou Co., Ltd. ("Varitronix Huizhou"), subsidiaries of the Group, were designated as high and new technology enterprise, which qualified for a reduced Corporate Income Tax rate of 15%. Chengdu BOE Automotive Display Technology Co., Ltd. ("Chengdu Automotive"), subsidiary of the Group was entitled to preferential tax policy of the western development and was subject to the preferential Corporate Income Tax rate of 15%. Accordingly, the Varitronix Heyuan, REHEO, Varitronix Huizhou and Chengdu Automotive's applicable tax rate are 15% for the periods ended 30 June 2024 and 2023.

Other subsidiaries of the Group incorporated in the Chinese Mainland are subject to the standard PRC Corporate Income Tax rate of 25%.

Withholding tax is levied on dividend distributions arising from profits of the Chinese Mainland entities of the Group earned after 1 January 2008 based on an applicable tax rate at 5%.

(iii) Jurisdictions outside Hong Kong and the Chinese Mainland

Taxation for subsidiaries of the Group operating outside Hong Kong and the Chinese Mainland is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.



## 9. Dividends

### (a) Dividends payable to equity shareholders of the Company attributable to the interim period

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of 19.0 HK cents (2023: 23.0 HK cents) per share	<u>149,660</u>	<u>180,964</u>

The final dividend has been recognised as dividend payable in the consolidated statement of financial position as at 30 June 2024.

## 10. Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK\$172,100,000 (six months ended 30 June 2023: HK\$202,512,000) and the weighted average of 787,435,694 ordinary shares (2023: 785,412,552 ordinary shares) in issue during the interim period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK\$172,100,000 (six months ended 30 June 2023: HK\$202,512,000) and the weighted average of 789,217,506 ordinary shares (2023: 789,120,056 ordinary shares) in issue during the interim period.

## 11. Trade and other receivables, deposits and prepayments and other contract costs

As at the end of the reporting period, the aging analysis of trade debtors and bills receivables (which are included in trade and other receivables, deposits and prepayments and other contract costs), based on the invoice date and net of loss allowance of HK\$47,972,000 (31 December 2023: HK\$44,100,000), is as follows:

	<b>At 30 June 2024 HK\$'000</b>	At 31 December 2023 HK\$'000
Within 60 days of the invoice issue date	<b>1,843,315</b>	1,482,570
61 to 90 days after the invoice issue date	<b>326,389</b>	378,849
91 to 120 days after the invoice issue date	<b>195,547</b>	255,079
More than 120 days but less than 12 months after the invoice issue date	<b>164,438</b>	94,903
	<u><b>2,529,689</b></u>	<u>2,211,401</u>

Trade debtors and bills receivable are generally due within 60 to 90 days from the date of billing.

## 12. Other financial assets

	<b>At 30 June 2024 HK\$'000</b>	At 31 December 2023 HK\$'000
<b>Non-current portion</b>		
Financial assets measured at fair value through profit or loss		
- Unlisted equity securities outside Hong Kong	<u><b>41,883</b></u>	<u>41,897</u>
<b>Current portion</b>		
Financial assets measured at fair value through profit or loss		
- Issued by financial institutions outside Hong Kong (note)	<b>405,832</b>	-
Financial assets measured at amortised costs		
- Issued by financial institutions outside Hong Kong	<u>-</u>	<u>15,405</u>
	<u><b>405,832</b></u>	<u>15,405</u>

Note:

The balances as at 30 June 2024 represented the investments in the structured deposit products which were issued by our principal bankers, and with guaranteed principal and floating return.

### 13. Trade and other payables

As at the end of the reporting period, the aging analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>At 30 June 2024 HK\$'000</b>	At 31 December 2023 HK\$'000
Within 60 days of supplier invoice date	<b>3,561,168</b>	3,242,495
61 to 120 days after supplier invoice date	<b>285,998</b>	377,646
More than 120 days but within 12 months after supplier invoice date	<b>347,553</b>	131,089
More than 12 months after supplier invoice date	<b>46,325</b>	56,951
	<b><u>4,241,044</u></b>	<u>3,808,181</u>

### 14. Commitments

Capital commitments outstanding at the end of the reporting period not provided for in the Group's financial statements were as follows:

	<b>At 30 June 2024 HK\$'000</b>	At 31 December 2023 HK\$'000
Contracted for	<b><u>161,482</u></b>	<u>346,202</u>

### INTERIM DIVIDEND

The Group has no change in its dividend policy.

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## **OTHER INFORMATION**

### **Staff**

As at 30 June 2024, the Group employed 7,234 staff around the world, of whom 122 were in Hong Kong, 7,055 were in the PRC and 57 were in overseas. The Group remunerates its employees (including directors) based on their performance, experience and prevailing industry practice. The Group operates a share award plan and provides rent-free quarters to certain of its employees in Hong Kong and the PRC and other fringe benefit to employees.

The Group adopts a performance-based remuneration policy. Salary adjustments and performance bonuses are based on the evaluation of job performance. The aim is to create an atmosphere that encourages top performers and provides incentives for overall employees to improve and excel.

The Group always keeps pace with the times and strive to improve human resources efficiency and corporate governance capabilities, arrange sufficient human resources, provide different training and development programmes to attract, motivate and retain talented staff.

### **Liquidity and Financial Resources**

As at 30 June 2024, the total equity of the Group was HK\$4,417 million (31 December 2023: HK\$4,410 million). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.49 as at 30 June 2024 (31 December 2023: 1.61).

At the period end, the Group held a liquid portfolio of HK\$3,944 million (31 December 2023: HK\$3,572 million) of which HK\$3,496 million (31 December 2023: HK\$3,501 million) was in cash and fixed deposits balance, HK\$406 million (31 December 2023: HK\$15 million) was in other financial assets, HK\$42 million (31 December 2023: HK\$56 million) was in restricted bank deposits. At the period end, the Group had the bank borrowings balance of HK\$607 million (31 December 2023: HK\$620 million). The carrying amounts of bank borrowings are denominated in Renminbi. The Group's gearing ratio (bank borrowings over net assets) was approximately 13.7% as at 30 June 2024 (31 December 2023: 14.1%).

The Group's inventory turnover ratio (annualised cost of inventories over average inventories balance) for the six months ended 30 June 2024 was 6 times (31 December 2023: 5 times). Debtor turnover days (trade receivables over annualised revenue times 365) for the six months ended 30 June 2024 was 74 days (31 December 2023: 75 days).

### **Foreign Currency and Interest Rate Exposure**

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Euros, Japanese Yen and Renminbi.

The Group primarily hedge its foreign currency exposure by its operation and is not engaged in the use of any financial instruments for hedging purposes. Management monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

As of 30 June 2024, the bank borrowings of the Group are with fixed and floating interest rate, where the balance are HK\$6 million and HK\$601 million respectively (as of 31 December 2023: HK\$443 million and HK\$177 million respectively). The Group will monitor interest rate movements and consider appropriate measures when arrange bank borrowings with floating rates.

### **Purchase, Sale or Redemption of the Company's Listed Securities (Including Sale of Treasury Shares)**

During the period ended 30 June 2024, the trustee of the Company's share award plan (adopted on 28 August 2020) (the "Share Award Plan") purchased 1,000,000 shares of the Company (representing 0.13%\* of the issued share capital of the Company) on the Stock Exchange. Total accumulated number of shares of the Company purchased were 13,373,000 (representing 1.69%\* of the issued share capital of the Company) under the Share Award Plan.

During the period ended 30 June 2024, a total of 2,047,000 awarded shares (representing 0.26%\* of the issued shares capital of the Company) were granted to certain selected participants, comprising of 5 Directors and certain employees of the Group on 22 March 2024, pursuant to the Share Award Plan.

At the period ended 30 June 2024, after deducting the 2,047,000 awarded shares granted on 22 March 2024, the total number of awarded shares that can be granted was 1,444,000 (representing 0.18%\* of the issued share capital of the Company) based on the accumulated number of shares of the Company purchased in so far and was 61,588,520 (representing 7.78%\* of the issued share capital of the Company) based on the maximum number of awarded shares that can be granted at the adoption date (excluding treasury shares).

Other than the aforesaid, during the period ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

\*Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 30 June 2024.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules throughout the period ended 30 June 2024.

All information on the CG Code has been disclosed in the corporate governance report contained in the 2023 annual report of the Company issued in April 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct on securities transactions by directors (the "Code of Conduct") on terms no less exacting than those required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code and the Code of Conduct throughout the period ended 30 June 2024.

The Company has also adopted a code of conduct on securities transactions by employees (revised on 24 July 2024) on terms no less exacting than those required standards set out in the Model Code.

## **AUDIT COMMITTEE**

The Audit Committee of the Company (the “AC”) comprises the following independent non-executive Directors: Mr. Fung, Yuk Kan Peter (Chairman of the AC), Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this announcement. The AC is responsible for appointment of external auditors, review of the Group’s financial information and oversight of the Group’s financial reporting system, risk management and internal control systems. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company’s internal and external auditors.

The AC has reviewed with management the accounting principles, estimates and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters including the review of the interim results for the six months ended 30 June 2024 of the Company now reported on so as to ensure that an effective control and corporate governance environment is maintained.

## **REMUNERATION COMMITTEE**

The Remuneration Committee of the Company (the “RC”) is responsible for setting and monitoring the remuneration policy for all Directors and senior management of the Group. The RC comprises Mr. Fung, Yuk Kan Peter (Chairman of the RC), Mr. Gao Wenbao, Ms. Ko Wing Yan, Samantha, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this announcement. There are more than half of the members are independent non-executive Directors.

## **NOMINATION COMMITTEE**

The Nomination Committee of the Company (the “NC”) comprises Mr. Gao Wenbao (Chairman of the NC), Mr. Su Ning, Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this announcement. Among those members of the NC, more than half of the members are independent non-executive Directors.

The roles and functions of the NC include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Group’s corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for the Directors, in particular the Chairman of the Board and the Chief Executive Officer.

## **INVESTMENT COMMITTEE**

The Investment Committee of the Company (the “IC”) is established to source, review and select appropriate investment projects to achieve the Group’s advancement and transformation strategy. The IC comprises 9 members, including the Company’s directors Mr. Gao Wenbao (Chairman of the IC), Ms. Ko Wing Yan, Samantha and Mr. Su Ning and other management of the Company as at the date of this announcement.

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

## **PUBLICATION OF UNAUDITED INTERIM RESULTS AND THE INTERIM REPORT**

This announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.boevx.com](http://www.boevx.com)). The Company’s interim report for the six months ended 30 June 2024 will be despatched to the shareholders of the Company who have elected to receive printed copies and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**BOE Varitronix Limited**  
**Gao Wenbao**  
Chairman

Hong Kong, 22 August 2024

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