

ABSTRACT OF THE 2011 ANNUAL REPORT OF BOE TECHNOLOGY GROUP CO., LTD.

§1. Important Statement

1.1 The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of BOE Technology Group Co., Ltd. (hereinafter referred to as “the Company”) warrant that this report does not contain any false information, misleading statement or material omission and will take individual and/or joint liabilities for the factuality, accuracy and completeness of this report.

The Abstract of the 2011 Annual Report is produced based the full text of the 2011 Annual Report, which is published on www.cninfo.com.cn in the mean time. Investors are suggested to read the full text of the 2011 Annual Report to understand more details.

1.2 KPMG Huazhen Certified Public Accountants Co., Ltd. has audited and issued a standard auditor’s report with unqualified opinion for the financial statements for 2011 of the Company.

1.3 Mr. Wang Dongsheng, Chairman of the Board (company principal), Mr. Chen Yanshun, President of the Company, Ms. Sun Yun, Chief Financial Officer of the Company (chief of the accounting work), as well as Ms. Yang Xiaoping, who is in charge of the Financial Planning Department (person-in-charge of the accounting organ & chief of accounting), hereby confirm that the financial statements enclosed in the 2011 Annual Report are true and complete.

1.4 English translation for reference only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

§2. Company Profile

2.1 Basic information

Stock abbr.	BOE A, BOE B
Stock code	000725, 200725
Stock exchange listed with	Shenzhen Stock Exchange

2.2 For contact

	Board Secretary	Securities Representative
Name	Feng Liqiong	Liu Hongfeng
Contact address	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, PRC	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, PRC
Telephone	010-64318888 Ext.	010-64318888 Ext.
Fax	010—64366264	010—64366264
E-mail	fengliqiong@boe.com.cn	liuhongfeng@boe.com.cn

§3. Financial and Business Highlights

3.1 Major accounting data

Unit: RMB Yuan

	2011	2010	Increase/decrease over last year (%)	2009
Gross operating revenues (Yuan)	12,741,413,562.00	8,025,290,848.00	58.77%	6,249,194,126.00
Operating profit (Yuan)	156,906,033.00	-2,320,259,514.00	106.76%	-1,305,340,544.00
Total profit (Yuan)	846,087,296.00	-2,241,360,223.00	137.75%	-81,947,276.00
Net profit attributable to the Company’s shareholders (Yuan)	560,866,477.00	-2,003,813,083.00	127.99%	49,680,328.00

Net profit attributable to the Company's shareholders after deducting non-recurring gains and losses (Yuan)	-3,871,227,843.00	-2,074,964,015.00	-86.57%	-1,189,472,397.00
Net cash flows from operating activities (Yuan)	-778,530,727.00	-1,053,315,294.00	26.09%	810,009,035.00
	As at the end of 2011	As at the end of 2010	YoY increase/decrease (%)	As at the end of 2009
Total assets (Yuan)	68,769,415,646.00	54,229,952,769.00	26.81%	30,613,980,480.00
Total liabilities (Yuan)	33,723,931,740.00	19,970,144,516.00	68.87%	8,677,828,526.00
Owners' equity attributable to the Company's shareholders (Yuan)	25,585,892,264.00	24,955,013,046.00	2.53%	18,029,695,698.00
Share capital (share)	13,521,542,341.00	11,267,951,951.00	20.00%	8,282,902,447.00

3.2 Major financial indexes

Unit: RMB Yuan

	2011	2010	Increase/decrease over last year (%)	2009
Basic earnings per share (Yuan/share)	0.041	-0.202	120.30%	0.008
Diluted earnings per share (Yuan/share)	0.041	-0.202	120.30%	0.008
Basic earnings per share after deducting non-recurring gains and losses (Yuan/share)	-0.286	-0.209	-36.84%	-0.192
Weighted average return on net assets (%)	2.22%	-11.77%	13.99%	0.39%
Weighted average return on net assets after deducting non-recurring gains and losses (%)	-15.31%	-12.19%	-3.12%	-9.28%
Net cash flows per share from operating activities (Yuan/share)	-0.058	-0.093	37.63%	0.10
	As at the end of 2011	As at the end of 2010	YoY increase/decrease (%)	As at the end of 2009
Net assets per share attributable to the Company's shareholders (Yuan/share)	1.89	2.21	-14.48%	2.18
Debt asset ratio (%)	49.04%	36.82%	12.22%	28.35%

3.3 Items of non-recurring gains and losses

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	2011 amount	Notes (if	2010 amount	2009 amount
---	-------------	-----------	-------------	-------------

		applicable)		
Gains and losses on the disposal of non-current assets	11,110,662.00		-8,192,947.00	6,452,227.00
Government subsidies recorded into current profit and loss (excluding government subsidies with close relationship with the Company's business and rationed government grants in line with the united standard)	666,446,749.00		76,412,990.00	699,504,502.00
Gains generated when the investment costs arising from the Company's acquiring subsidiaries, associates and joint ventures are lower than the fair value of identifiable net assets of investees attributable to the Company when the investments are obtained	2,295,471.00		0.00	502,574,889.00
Gains and losses on non-monetary assets exchanges	0.00		0.00	87,160,429.00
Reversals of impairment reserves for receivables on which an independent impairment test is carried out	144,850.00		1,189,804.00	4,247,525.00
Other gains and losses that fit the definition of non-recurring gains and losses	4,537,477,443.00		67,794,013.00	0.00
Other non-operating income/expense	9,328,381.00		10,679,248.00	14,861,650.00
Effect on income tax	-123,905,218.00		-17,565,212.00	-2,992,126.00
Effect on minority interests	-670,804,018.00		-59,166,964.00	-72,656,371.00
Total	4,432,094,320.00	-	71,150,932.00	1,239,152,725.00

§4. Particulars about Shareholding and Control Relationship Illustration

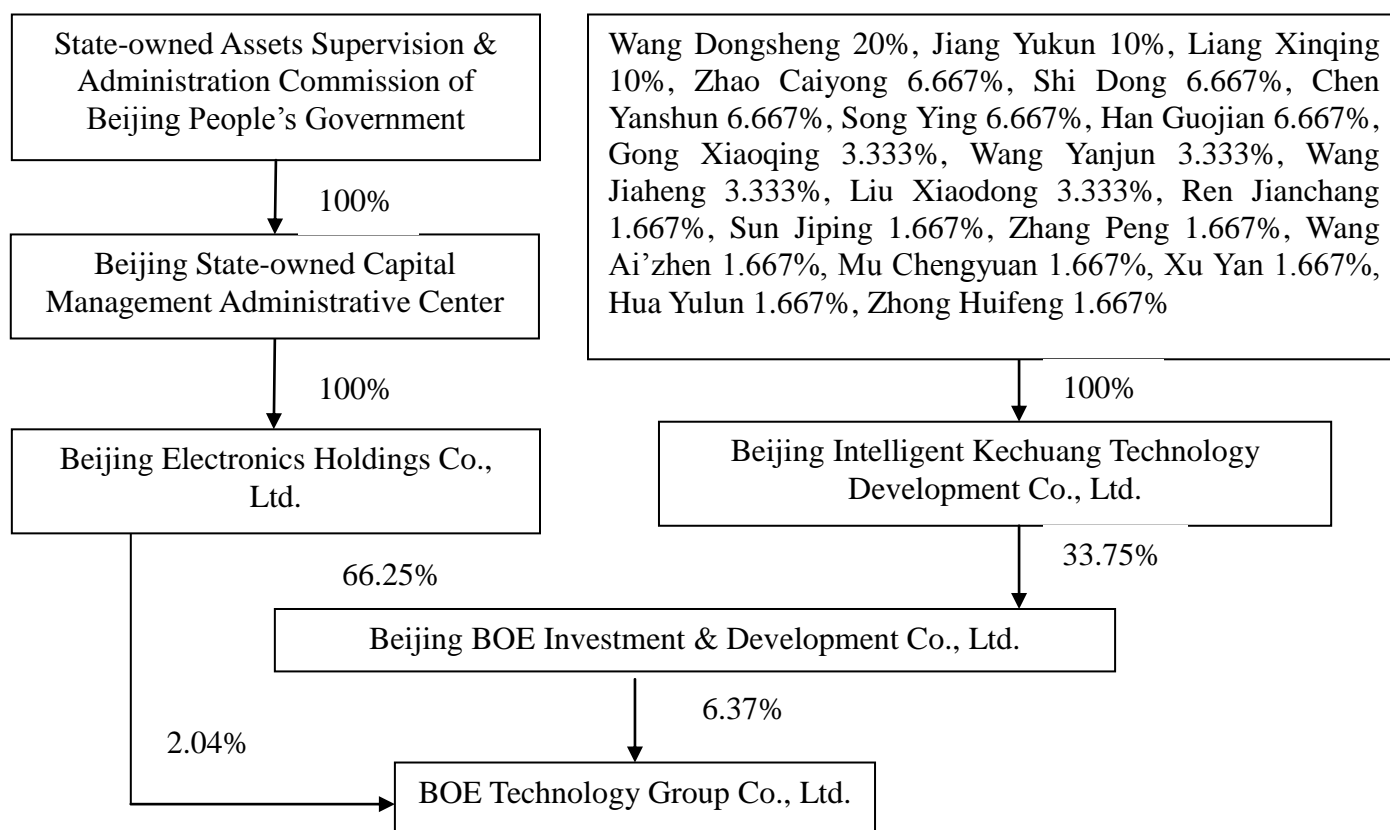
4.1 Shares held by the top ten shareholders and top ten shareholders not subject to trading moratorium

Unit: Share

Total number of shareholders at the end of 2011	475,659	Total number of shareholders at the end of the month before the day when the 2011 Annual Report is disclosed		486,752	Unit: Share
Particulars about shares held by the top ten shareholders					
Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Total shares held	Shares subject to trading moratorium held	Share pledged or frozen
Being E-TOWN International Investment & Development Co., Ltd.	Stated-owned corporation	9.57%	1,294,059,406	594,059,405	647,029,502
Beijing BOE Investment & Development Co., Ltd.	Stated-owned corporation	6.37%	860,981,080	0	0
Beijing Economic-Technological Investment & Development Corp.	Stated-owned corporation	6.27%	847,650,000	0	350,000,000
Hefei Rongke Project Investment Co., Ltd.	Stated-owned corporation	5.86%	792,000,000	0	0
Hefei Lan Ke Investment Co., Ltd.	Stated-owned corporation	5.55%	750,000,000	750,000,000	0
Hefei Xincheng State-Owned Assets	Stated-owned corporation	5.55%	750,000,000	750,000,000	0

Management Co., Ltd.					
Beijing Jiahui Dexin Investment Center (limited partnership)	Domestic non-state-owned corporation	4.44%	600,000,000	0	60,000,000
Beijing Industry Development & Investment Management Co., Ltd.	State-owned share	3.27%	442,016,711	0	0
Beijing Electronics Holdings Co., Ltd.	State-owned share	2.04%	275,303,883	0	168,418,605
Southwest Securities Co., Ltd.	Stated-owned corporation	1.80%	243,012,010	0	0
Particulars about shares held by the top ten shareholders not subject to trading moratorium					
Name of shareholder		Shares not subject to trading moratorium held		Type of shares	
Beijing BOE Investment & Development Co., Ltd.		860,981,080		A-share	
Beijing Economic-Technological Investment & Development Corp.		847,650,000		A-share	
Hefei Rongke Project Investment Co., Ltd.		792,000,000		A-share	
Beijing E-TOWN International Investment & Development Co., Ltd.		700,000,001		A-share	
Beijing Jiahui Dexin Investment Center (limited partnership)		600,000,000		A-share	
Beijing Electronics Holdings Co., Ltd.		442,016,711		A-share	
Beijing Industry Development & Investment Management Co., Ltd.		275,303,883		A-share	
Southwest Securities Co., Ltd.		243,012,010		A-share	
Ke Xiping		164,000,000		A-share	
Sinotrans Air Transportation Development Co., Ltd.		120,000,000		A-share	
Explanation on associated relationship among the top ten shareholders or action-in-concert	1. Beijing Electronics Holdings Co., Ltd. holds 66.25% shares of Beijing BOE Investment & Development Co., Ltd. and is its controlling shareholder. 2. When the Company completed private offering of shares in 2010, Beijing E-TOWN International Investment & Development Co., Ltd. transferred all shares directly held to Beijing BOE Investment & Development Co., Ltd. for management, then BOE Investment acquired the attached rights of the shares attributable to other shareholders in accordance with current effective laws and rules of the Company excluding right of disposition such as transfer, donation, mortgage etc. and usufruct (including claim for profit distribution and claim for retained assets distribution). 3. Except for relationship among the above shareholders, the Company is not aware of whether there is any associated relationship or not among top ten shareholders holding shares not subject to trading moratorium.				

4.2 The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



§5. Report of the Board of Directors

5.1 Discussion and analysis by the management team

I. Particulars about Operation of the Company

(I) Business Review for the Reporting Period

2011 marked the most difficult and challenging year for the TFT-LCD panel industry as a whole and the Company. In terms of the global environment, the quickly-slumping and weak global economy, appreciation of Renminbi and the continuous European Debt Crisis caused marked slide in the global consumer market. In terms of the industry, slack consumption, together with structural and regional oversupply caused fiercer competition in the industrial environment; constant global innovations of electronic information technologies, products and business modes brought about a new round of business structural adjustment, with new technologies, products and business modes springing up. As such, the industry as a whole suffered loss, many panel makers had to put forward the strategy of “survival as the most important” and the industry situation was anything but positive.

In face of the severe external environment in 2011, the Company kept to the annual operation principle of “sticking to the customer orientation and SOPIC innovation, accelerating production and technological innovations, enhancing fundamental professional strength, increasing product competitiveness and production line profitability and ensuring profits for the year”, thoroughly carried out the “12th Five-year Development” strategic plans, and promoted the market orientation and SOPIC innovation. As a result, the overall competitiveness of the Company was greatly improved and it was able to turn loss into profit in the year. For 2011, the Group (the Company and its subsidiaries) achieved operating revenues about RMB 12.7 billion, up 59% over last year. Meanwhile, thanks to the SOPIC innovation, the fundamental strength of all business unites were enhanced with better operating efficiency. The business layout of the Company improved day by day, the product and production line structures were also gradually perfected, and the core competitiveness was markedly improved.

Operation of all business units:

1. TFT-LCD

(1) COO unit:

The Company further carried forward the SOPIC innovation; kept to the customer orientation; implemented interaction of customers; products and production lines; and promoted lean management in design, procurement, production and marketing. As a result, the fundamental strength of the main business increased significantly. With interactions of units of operating planning, product development, design, procurement, production and marketing, all production line resources were better shared and allocated, laying a foundation for increasing the product competitiveness and production line profitability.

① Global manufacturing units: Remarkable phasic results were achieved in terms of the product and production line structural adjustment. The shift of the 5G line to a small-sized line was basically completed. As for the 6G line, 23 products were developed and put into mass production in the year. Meanwhile, the production capacity increased steadily, the overall production line yield kept rising quickly, coordination among all production lines was enhanced and manufacturing costs decreased in a steady manner.

② Global sale units: Phasic results were achieved in the business of high-end intelligent cell phones and flat-panel computers. Cooperation with world-class brands was realized. Meanwhile, breakthroughs were made in the application product business, with a much bigger market share. Strategic cooperation with main display customers in the world was maintained and deepened, ensuring a stable market share. Main TV customer groups domestic and abroad basically took shape.

③ Global supply chain units: Overcoming the impact of the Japanese Earthquake at the beginning of the year on material supply, as well as the pressure from rising prices of upstream materials and labor cost caused by inflation, great achievements were made in terms of new technologies of the 5G and 6G lines, introduction of new materials, internal and external coordination, the localization project, the lean management project, etc.. Besides, the Company proactively conducted win-win projects through the supplier competition mechanism and the supply chain system improved constantly.

④ Product development units: A breakthrough in number was made in terms of product and new technology development, which ensured the small-sized shift and increased added value of products. Meanwhile, the Company realized a swift application of the GOA technology on products, developed advanced technologies such as Touch and 3D, and carried out quite a few product development projects for the 8.5G line, so as to prepare well for mass production in the coming year.

⑤ Mobile application units: Through technical capacity and business mode innovations, the product competitiveness and enterprise profitability were both greatly improved. For 2011, the mobile application segment achieved earnings over RMB 50 million, with the marginal contribution made by single-substrates increasing 40% and the shipment to strategic customers recording breakthrough-making growth. Through independent development and technical improvement, the weight and yield rates of the COG and ADS production capacity, as well as the yield rate of modules increased steadily. Some achievements were made in ADS technology improvement, as well as 3D without glasses, TSP, high PPI, GOA, quick responsiveness, LTPS and other technology development.

(2) CTO units:

The Company proactively worked out plans to push forward development of advanced technologies such as LTPS, OXIDE, AMOLED and transparent display. As a result, breakthroughs were made in strategic technologies and the technical capacity kept increasing. Great progress was made in application of GOA, high permeability, TP, 0+4mask and other technologies. Management over patents, technical standards and technical innovations was strengthened. In 2011, with double breakthroughs in the “quality” and “quantity” of patent-filed, new patents applied for in the year exceeded 1,000 in number for the first time and the authorized number also exceeded 500 for the first time. Meanwhile, the Company led and took part in formulation and amendment of many

international or national industry standards. Cooperation with domestic and overseas colleges & universities and upstream material and equipment suppliers was further enhanced, with achievements made in quite a few cooperation projects concerning flexible display and organic TFT.

2. Non-TFT-LCD

(1) Display lighting business

The Company deepened the customer orientation, enhanced “two developments”, innovated with the business mode, and optimized both the customer and product structures. It focused on carrying forward industrial and commercial projects concerning LED lamps, etc. so as to quickly create new profit growth points. And the development strategy of the lighting business further concentrated on BMS and LED lighting systems.

(2) Whole-machine OEM / brand business

Whole-machine OEM: The Company adjusted its organizational structure in time, integrated resources of the Chinese mainland, Hong Kong and Taiwan, set up a panel-and-whole-machine coordination mechanism, kept optimizing the customer structure, expanded marketing channels, enhanced product planning and development, proactively adopted measures to reduce cost and further increased its technical capacity, which reduced the cost pressure in operation to some degree.

Brand business: The Company further improved the network layout and a marketing network featuring multi tiers and channels basically took shape. Meanwhile, it fully activated the “Tornado” campaign and improved the channel structure. It tried out online marketing and completed the layout of the main network; quickly expanded and constantly improved the national customer service system; achieved rapid growth in its export business, with large-sized and LED products taking a greater weight in the product structure; and won the bidding for the set-top box procurement project of Beijing Municipal Government.

(3) Vacuum and molding business

The Company accelerated adjustment to the business structure, carried forward key projects and achieved substantial progress in business transformation. The mechanism shift, the product structure adjustment and the enhanced management helped the Company achieve profits for the year.

(4) New energy business

Breakthroughs were made in the photovoltaic application project. The outdoor optimized testing system was authorized by Beijing General Certification Center as a “Golden Sun TMP Factory Certified Lab”. And the self-developed dc-to-ac converters and low-cost-and-high-efficiency technology researches concerning light-gathering solar power batteries and the like produced good results.

(5) Commercial park real estate business

The brand building showed some results, with lots of international and domestic clients being attracted to sign and rent. Meanwhile, with strong support from Electronic Zone, the infrastructure of the park was improved to a new level.

(II) Orderly Advancement of Significant Projects as Scheduled

(1) Hefei 6G Line Project: Full-capacity production of the project was realized at the end of April 2011, 3 months ahead of the original schedule. Through technical improvement at the end of 2011, the monthly production capacity could reach an input of 100,000 pieces of glass substrates.

(2) Beijing 8G Line Project: On 29 Jun. 2011, the 32 " products successfully started up and the production line went into operation officially; mass production was officially realized on 27 Sept. 2011. By the end of 2011, the production line ran at the capacity of 30K, with an overall yield rate over 90%. Full-capacity operation was expected to be realized in the middle of 2012.

(3) Ordos 5.5G AM-OLED Project: The investment framework agreement and move-in agreement for the project were signed on 27 Aug. 2011. By the end of 2011, the pile foundation work, the technical plan, the process equipment list / investment budget review, the overall layout of the production line and the research in power needs for equipments were basically concluded. And the

project was expected to go into production at the end of 2013.

(4) Other key projects: On 22 Nov. 2011, the Company disclosed that two of its affiliated subsidiaries—Hefei BOE Optoelectronics Technology Co., Ltd. and Beijing BOE Display Technology Co., Ltd.—were eligible to apply for refunds of taxes paid for equipment purchases (Announcement No. 2011-044). Up to 31 Dec. 2011, the two subsidiaries received tax refunds about RMB 1.997 billion in total.

II. Outlook for future development of the Company

1. Macro-economic policy

TFT-LCD industry is one of those industries greatly encouraged by China. In the National Outline for Medium and Long-term Planning for Scientific and Technological Development (2006-2020), it is clearly stated that the country will focus on developing display products with high definition and large screens, as well as establish the industrial chain of flat panel display materials and devices; Meanwhile, in the Ninth Five-Year Plan of PRC for National Economic and Social Development and the Outline of the Long-term Development Target for the Year 2010, the electronic industry is considered as one of the pillar industries of the national economy, with the LCD devices as one of the new-typed electronic components to be focused on. Also, the LCD device is included in the Catalogue of Industries, Products and Technologies Currently Particularly Encouraged by the State for Development.

At the beginning of 2010, the National Development and Reform Commission and the Ministry of Industry and Information Technology jointly promulgated Development Plan of Flat Panel Industry from 2010 to 2012, which created better policy environment and market environment for fast development in the flat panel display industry. On 18 May 2010, the website of National Development and Reform Commission promulgated the Circular on Special Item of Industrialization -- Continuing to Organize the Implementation of Strategic Transformation of Color TV Industry in 2010, aiming at the upstream of FPTV industry, and presenting new requirements for R&D and industrialization of AM-OLED, which is reputed as the 3G Display Technology. On 8 Sep. 2010, the executive meeting of the State Council reviewed and passed the State Council's Decision on Accelerating the Cultivation and Development of Strategic Rising Industries, according to which, along with IC industry and software industry, flat panel display, one of the three basic industries of the new generation of information technology, was clearly listed into the planning of seven strategic rising industries.

On 14 Mar. 2011, the 4th Session of the 11th National People's Congress approved and passed the Outline of the 12th Five-year Plan of Economy and Society of People's Republic of China, which listed new industries, such as flat panel display and IC, into the scope, providing strong security and support for the development of flat panel display industry in aspects of industry structure adjustment, industry innovation, and science and technology innovation.

On 24 Feb. 2012, the Ministry of Industry and Information Technology formulated the 12th Five-Year Development Plan for the Electronic Information Product Manufacturing Industry, according to which new-typed display devices were taken as a development priority for the 12th five-year development. According to the Plan, technology development and commercial application of small-and medium-sized OLED will be promoted and researches will be carried out in technologies in relation to large-sized OLED. Large-sized, touch-sensitive, multicolored, soft active driving electronic paper display screens and the like will be among the development focuses. China will try to reach the advanced international level in the new-type display industry by the end of the 12th Five-Year Development Plan, so as to fully support transformation and upgrading of the domestic color TV industry.

Promulgation of the government policies above shows the government's support for development of the TFT-LCD industry, as well as the strategic importance of the TFT-LCD industry in the electronic information sector.

2. Development trends of the industry, as well as opportunities and challenges faced by the

Company

In 2012, the debt crisis in European countries is gradually over, the structural tax reduction in China expands, and global economy is expected to grow moderately. Development of new products such as intelligent cell phones, ultrabooks, flat-panel computers, intelligent TV and 3DTV will bring structural opportunities to the electronic industry. At the same time, the phasic structural adjustment of the Company's products and production lines is completed, and the 8.5G line goes into full operation, which will create great opportunities for the development of the Company.

Certainly, there won't be fundamental change in the industry or market environments that the Company faces in the short run, and a new round of competition in the industry, even an intangible business war, will become severer. In order to enhance their existing competitive edges, top enterprises quietly adjusted their competition strategies, i.e. to upgrade from pure price and size battles to competition over talent, technologies and patents, as well as strategy union, standards, patent barriers, etc. in terms of new technologies, techniques and application. Considering the severe challenges that it still faces, the Company needs to keep improving the ability of product and technology R&D, optimizing the product development flow chart and deepening organizational and technical innovations, so as to increase the overall strength of the Company.

3. Working principle of the Company in 2012

In 2012, the Company will work hard under the principle of "deepening the customer orientation and the SOPIC innovation, laying a solid foundation and carrying out lean management so as to ensure profits for the year".

4. Outlook for development of specific businesses**(1) TFT-LCD business**

The Company will deepen the customer orientation and the SOPIC innovation, implement in detail the product strategy of "focusing on two ends and improving the middle", accelerate new product development and new technology application, firmly push forward the product structure adjustment, flexibly handle the increasing cell phone products of the 5G line, the small-sized products of the 6G line and the application of the Oxide technology. Meanwhile, it will firmly keep to the principle of "customer orientation, order-grabbing marketing, full production and sale, multi-line interaction and encouraging more excellent employees" and go all out to ensure the accomplishment of the sales target set for the year. It will also further carry forward lean management, fully ensure stable supply of materials and equipments for all production lines of the Company and try to reduce costs. At the same time, with customers' needs as the guidance, it will develop new products and technologies in a forward-looking way and make contributions to continuous improvement of the product competitiveness and the production line profitability. In terms of the mobile application business segment, the Company will keep in mind the major development trends in the industry (more and more small-sized products with higher added value in the world, as well as upgrading in the industry such as wider-view, LTPS and AM-OLED mobile application products and other new products and technologies), keep to the customer orientation and proactively adopt measures to handle various situations, so as to ensure constant profits. CTO business units will, withholding the principle of "overall development with clear focuses", increase the technical capacity, focus on the improvement of the basic technical capacity, monitor hi-tech development trends and take the technological commanding position in time.

(2) Non-TFT-LCD business

Lighting business: The Company will work out an overall plan and development path for the lighting and light source business, enhance the technological development ability, shift gradually to a provider of complete solutions and technical services, and formulate a long-term stable profiting mechanism.

Whole-machine OEM business: The Company will effectively integrate internal and external

resources, attach importance to “combination of quantity and profit”, enhance customer development, enhance planning and development for products needed by the market, strengthen the management over the whole-machine R&D team, strengthen the supply chain management, and form good interaction in the BMS business mechanism.

Whole-machine brand business: With the principle of “deepening management, transformation through innovations; promoting rapid growth and ensuring profits” as the guidance, the Company will implement the “three-step” product strategy in depth, and realize rapid development.

Vacuum and molding business: The Company will accelerate business transformation, promote adjustment of the product structure and optimization of the production layout, lay a solid foundation, and constantly improve the profitability and the ability for sustainable development.

New energy business: The Company will continue to carry forward the “application + technology” strategy in depth, upgrade the business mode, enhance market and customer development and increase the technological development ability, so as to realize sustainable profits.

Business park real estate business: The Company will keep to the customer orientation, increase the professional ability, upgrade the development mode, work out the overall planning for the business park, improve the infrastructure of the park, proactively implement the expansion strategy and do a good job in planning and development of the new business park.

5.2 Main businesses classified according to industries and products

Unit: (RMB) Ten Thousand

Main businesses classified according to industries						
Industries	Operating income	Operating cost	Gross profit ratio (%)	Increase/decrease of operating income over last year (%)	Increase/decrease of operating cost over last year (%)	Increase/decrease of gross profit ratio over last year (%)
TFT-LCD	1,397,832.14	1,497,010.20	-7.10%	119.97%	127.41%	-3.50%
Display lighting	161,735.71	150,623.57	6.87%	18.05%	16.66%	1.11%
Display system	180,480.46	175,369.41	2.83%	213.06%	221.16%	-2.45%
Other	157,136.11	92,732.16	40.99%	-17.84%	-35.66%	16.35%
Internal offset	-623,043.07	-571,612.46	8.25%	184.70%	263.35%	-19.86%
Total	1,274,141.36	1,344,122.89	-5.49%	58.77%	62.17%	-2.22%
Main businesses classified according to products						
Products	Operating income	Operating cost	Gross profit ratio (%)	Increase/decrease of operating income over last year (%)	Increase/decrease of operating cost over last year (%)	Increase/decrease of gross profit ratio over last year (%)
TFT-LCD	1,397,832.14	1,497,010.20	-7.10%	119.97%	127.41%	-3.50%
Display lighting	161,735.71	150,623.57	6.87%	18.05%	16.66%	1.11%
Display system	180,480.46	175,369.41	2.83%	213.06%	221.16%	-2.45%
Other	157,136.11	92,732.16	40.99%	-17.84%	-35.66%	16.35%
Internal offset	-623,043.07	-571,612.46	8.25%	184.70%	263.35%	-19.86%
Total	1,274,141.36	1,344,122.89	-5.49%	58.77%	62.17%	-2.22%

5.3 Reasons for material movements of profit breakdown, main business and its structure and main business profitability in the reporting period as compared with last year

☒ Applicable ☐ Inapplicable

In 2011, the Company’s affiliated subsidiary—BOE Optoelectronics Technology gained an investment income of RMB 3.592 billion from disposal of 80% equity interests of BOE Energy Investment held by it. And the Company re-measured the remaining 20% equity interests at the fair value on the date when the control ceased, and the difference of RMB 898 million between the fair value and the initial investment cost was recognized as investment income for the reporting period. This event had an influence of RMB 3.726 billion on net profit attributable to the Company.

§6 Financial Report

6.1 Explanation about changes in accounting policies, accounting estimates and measurement methods as compared with the previous annual report

☐ Applicable ☒ Inapplicable

6.2 Contents, corrected amounts, reasons and influence of material accounting errors

☐ Applicable ☒ Inapplicable

6.3 Specific explanation about changes of the consolidation scope as compared with the previous annual report

☒ Applicable ☐ Inapplicable

1. Beijing Zhongpingxun Technology Co. Ltd., Beijing Zhongxiangying Technology Co. Ltd. 、 Ordos Haosheng Energy Investment Co., Ltd and Ordos Yuansheng optoelectronic Co., Ltd. are the newly established subsidiaries of the Company in 2011, which were included into the consolidated statement by the Company in 2011.

2. Beijing BOE Multimedia Science and Technology Co., Ltd. signed an Equity Transfer Contract with Sichuan Changhong Network Technology Co., Ltd. (hereinafter referred as “Sichuan Changhong”) and Chengdu Changhong Network Technology Co., Ltd.(hereinafter referred as “Chengdu Changhong”), at which BOE Multimedia acquired 51% of the equity of Beijing Changhong Innovative Network Technology Co., Ltd. (hereinafter referred as “Changhong Innovative”) from Sichuan Changhong and Chengdu Changhong with a total price of RMB 15,300,000. Both parties agreed the equity settlement date on 28 Feb. 2011, and finished the equity transfer on that day. After the equity transfer, Changhong Innovative changed its name as BOE Changhong, and its 51% equity was held by BOE Multimedia Science and Technology Co., Ltd., thus it was included into the consolidated statement.

3. In 2011, the Company took over Shaoxing Shengjing Investment Management Co., Ltd. via Zhejiang BOE. After the takeover, Shengjing was cancelled and Zhejiang BOE continued to operate. The reorganization proposal was reviewed and approved by Beijing Electronics Holding Co., Ltd. (the Company’s ultimate controller) on 15 Jul. 2011, later at the 13th Session of the 6th Board of Directors of the Company on 17 Aug. 2011, and finally at the 2nd Special Shareholders’ General Meeting of the Company for 2011 on 27 Aug. 2011. On the same day, the agreement was reviewed and approved at the general meeting of Chengjing. On 31 Aug. 2011, both parties signed the takeover agreement, which became effective immediately. After the takeover, the shareholding ratio of the Company in Zhejiang BOE decreased from 69.29% to 7.03%. The control of the Company over Zhejiang BOE ceased and Zhejiang BOE was deconsolidated.

6.4 Explanation from the Board of Directors and the Supervisory Committee on any “non-standard auditor’s report” issued by the Certified Public Accountants

☐ Applicable ☒ Inapplicable