

BOE TECHNOLOGY GROUP CO., LTD. REPORT FOR THE FIRST QUARTER OF 2012

§1 Important Notice

1.1 The Board of Directors, the Supervisory Committee, as well as directors, supervisors and senior executives of BOE Technology Group Co., Ltd. (hereinafter referred to as “the Company”) guarantee 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.

1.2 Financial statements for the first quarter of 2012 have not been audited by an accounting firm.

1.3 Mr. Wang Dongsheng, Chairman of the Board, Mr. Chen Yanshun, President of the Company, Ms. Sun Yun, Chief Financial Officer of the Company, as well as Ms. Yang Xiaoping who is in charge of the Planning & Financing Department, hereby confirm that the financial statements enclosed in the quarterly report are factual and complete.

[English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.]

§2 Company Profile

2.1 Main accounting data and financial indices

Unit: RMB Yuan

	31 Mar. 2012	31 Dec. 2011	Increase/decrease (%)
Total assets (Yuan)	66,199,967,494	68,769,415,646.00	-3.74%
Owners' equity attributable to shareholders of the Company (Yuan)	25,074,364,454	25,585,892,264.00	-2.00%
Share capital (share)	13,521,542,341	13,521,542,341.00	-
Net assets per share attributable to shareholders of the Company (Yuan/share)	1.85	1.89	-2.12%
	Jan.-Mar. 2012	Jan.-Mar. 2011	Increase/decrease (%)
Gross revenue (Yuan)	4,147,641,280	1,969,646,222.00	110.58%
Net profit attributable to shareholders of the Company (Yuan)	-494,562,773	-674,781,964.00	26.71%
Net cash flows from operating activities (Yuan)	-44,245,959.00	-366,268,678.00	87.92%
Net cash flows per share from operating activities (Yuan/share)	-0.003	-0.033	90.91%
Basic EPS (Yuan/share)	-0.037	-0.050	26.00%
Diluted EPS (Yuan/share)	-0.037	-0.050	26.00%
Weighted average ROE (%)	-1.95%	-2.74%	0.79%
Weighted average ROE after deducting non-recurring gains and losses (%)	-2.13%	-2.81%	0.68%

Note: Due to the Company implemented the Plan on Capitalization of Capital Reserves in Jun. 2011, the basic EPS and diluted EPS for the same period of last year shall be restated with the same range in accordance with relevant regulations.

Items of non-recurring gains and losses

☒Applicable ☐Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount from 1 Jan. 2012	Notes (if
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	to 31 Mar. 2012	applicable)
Gains and losses from disposal of non-current assets	136,303.00	
Government subsidies recorded into current gains and losses, excluding those related closely to the routine business of the Company and continuously enjoyed by the Company at fixed amounts or ratios according to state policies and regulations	56,865,424.00	
Other non-operating incomes and expenses	2,598,853.00	
Total	59,600,580.00	-

2.2 Total number of shareholders and shares held by the top ten shareholders not subject to trading moratorium at the end of the reporting period

Unit: share

Total number of shareholders at the end of the reporting period	486,752, of which 446,254 were A-share holders and 40,498 were B-share holders	
Shares held by the top ten shareholders not subject to trading moratorium		
Full name of shareholder	Shares not subject to trading moratorium held at the period-end	Type of share
Beijing BOE Investment & Development Co., Ltd.	860,981,080	RMB ordinary shares
Beijing Economic-Technological Investment & Development Corp.	847,650,000	RMB ordinary shares
Hefei Rongke Project Investment Co., Ltd.	792,000,000	RMB ordinary shares
Beijing E-TOWN International Investment & Development Co., Ltd.	700,000,001	RMB ordinary shares
Beijing Jiahui Dexin Investment Center (limited partnership)	600,000,000	RMB ordinary shares
Beijing Industry Development & Investment Management Co., Ltd.	442,016,711	RMB ordinary shares
Beijing Electronics Holdings Co.,Ltd.	275,303,883	RMB ordinary shares
Southwest Securities Co., Ltd.	241,012,010	RMB ordinary shares
Sinotrans Air Transportation Development Co., Ltd.	120,000,000	RMB ordinary shares
Ke Xiping	86,144,458	RMB ordinary shares

§3 Significant Events

3.1 Significant changes in main accounting statement items and financial indicators as well as reasons for these changes

√Applicable □Non-applicable

- Notes receivable increased 64% over the end of last year, which was mainly because some receivables from customers were paid with notes.
- Interest receivable decreased 35% over the end of last year, which was mainly because fixed term deposits decreased.
- Other current assets increased 233% over the end of last year, which was mainly because the deductible amount of VAT increased.
- Other current liabilities decreased 40% over the end of last year, which was mainly because the product quality guarantee deposits pre-withdrawn in previous years were written off as the products were sold.
- Operating revenue increased 111% over the same period of last year, which was mainly because the new project realized phasic mass production and the capacity of production lines increased.
- Operating cost increased 88% over the same period of last year, which was mainly because the operating revenue increased.
- Selling expense increased 70% over the same period of last year, which was mainly because the sales increased.
- Financial expense increased 54% over the same period of last year, which was mainly because interest expense increased.

9. Asset impairment loss increased 249% over the same period of last year, which was mainly because the Company made impairment provisions for inventories and other assets according to the smaller amount between the cost and the net realizable value.

10. Non-operating income increased 219% over the same period of last year, which was mainly because deferred income was transferred to non-operating income in stages according to the progress of projects.

11. Net cash flows from operating activities increased 88% over the same period of last year, which was mainly because the product structure was adjusted and the production & sales increased.

12. Net cash flows from investing activities increased 70% over the same period of last year, which was mainly because the new project proceeded from the construction stage to the operation stage and the expense on construction and equipment purchase decreased.

13. Net cash flows from financing activities decreased 87% over the same period of last year, which was mainly because the new project proceeded from the construction stage to the operation stage and the financing cash inflows from special borrowings decreased.

3.2 Progress of significant events as well as their influence and solutions

3.2.1 Non-standard audit opinion

☐Applicable ☒Inapplicable

3.2.2 The Company provides funds for the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedure

☐Applicable ☒Inapplicable

3.2.3 Significant contracts signed and executed concerning routine operation

☐Applicable ☒Inapplicable

3.2.4 Other

☐Applicable ☒Inapplicable

3.3 Fulfillment of commitments made by the Company, its shareholders and actual controller

Commitments made by the Company, its directors, supervisors, senior executives, shareholders holding over 5% of the Company's shares, actual controller and other related parties in the reporting period, or such commitments carried down into the reporting period

☐Applicable ☒Inapplicable

3.4 Warnings of possible losses or large-margin year-on-year change of the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period according to prediction, as well as explanations on the reasons

☒Applicable ☐Inapplicable

Business performance forecast	Loss							
	From the year-begin to the end of the next reporting period			Same period of last year	Increase/decrease (%)			
Expected accumulative net profit (RMB Ten thousand)	-90,000	--	-80,000	-121,548	--		--	
Basic EPS (RMB Yuan/share)	-0.07	--	-0.06	-0.09	--		--	
Explanation about the performance forecast	<p>1、The prices of main products has been rebounding a little bit but still low since the arrival of 2012; The G8.5 TFT-LCD line will cause certain losses as its capacity is still in the climbing period;</p> <p>2、the adjustment of products structure and raw materials cost control have shown positive results, and the marketing competitiveness of products have been significantly improved. It is estimated that the operation performance of the first half</p>							

	year of 2012 will continue ameliorate year-to-year.
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3.5 Other significant events that need to be explained

3.5.1 Securities investments

☐Applicable ☒Inapplicable

3.5.2 Researches, interviews and visits received in the reporting period

Time	Place	Way of reception	Type of visitor	Visitor	Main discussion and information provided by the Company
9 Jan. 2012	Conference Room of the Company	Field research	Institution	Azentus Capital	Main discussion: 1. Operation of the Company and its future development strategy; 2. Current status and development trends in the industry; 3. Particulars about the Chengdu 4.5G Production Line, Beijing 5G Production Line, Hefei 6G Production Line, Beijing 8.5G Production Line and Ordos 5.5G AMOLED Production Line; Materials provided: The 2010 Annual Report, the brochure of the Company and other materials available for public access
11 Jan. 2012	Conference Room of the Company	Field research	Institution	Longzhong Investment, CITIC Securities Co., Ltd.	
18 Jan. 2012	By phone	By phone	Institution	Daiwa Securities Co., Ltd., Daiwa Securities (H.K.) Co., Ltd.	
7 Feb. 2012	By phone	By phone	Institution	BOC International (China) Limited	
16 Feb. 2012	By phone	By phone	Institution	YCT Investment Management Co., Ltd.	
24 Feb. 2012	Conference Room of the Company	Field research	Institution	Daiwa Securities Co., Ltd., Beijing Office of Daiwa Securities Co., Ltd.	
2 Mar. 2012	By phone	By phone	Institution	Citibank Hongkong	
6 Mar. 2012	By phone	By phone	Institution	Huatai Securities	
7 Mar. 2012	Conference Room of the Company	Field research	Institution	Fino wave investments	
8 Mar. 2012	Conference Room of the Company	Field research	Institution	Dacheng Fund	
9 Mar. 2012	Conference Room of the Company	Field research	Institution	Yinhua Fund	
16 Mar. 2012	Ritz-Carlton Hotel	Field research	Institution	Shanghai Office of Merrill Lynch Securities Co., Ltd., Merrill Lynch (Asia Pacific) Limited, Cephei capital, Mitsubishi UFJ	
19 Mar. 2012	Conference Room of the Company	Field research	Institution	Everbright Securities Co., Ltd.	
20 Mar. 2012	By phone	By phone	Institution	Sylebra Capital Management	

3.6 Derivatives investments

☐Applicable ☒Inapplicable

3.6.1 Derivatives investments held at the end of the reporting period

☐Applicable ☒Inapplicable