

BOE TECHNOLOGY GROUP CO., LTD.

ABSTRACT OF THE THIRD QUARTERLY REPORT 2012

I. Important Notes

The Board of Directors, the Supervisory Committee, directors, supervisors and other senior management personnel of BOE Technology Group Co., Ltd. (hereinafter referred to as the Company) hereby guarantee that this report carries no false information, misleading statements or major omissions, and accept, individually and collectively, the responsibility for the factuality, accuracy and completeness of the information set forth herein.

All directors attended the board session for reviewing this report.

Mr. Wang Dongsheng, Chairman of the Board of Directors of the Company, Mr. Chen Yanshun, President of the Company, Ms. Sun Yun, Chief Financial Officer and Ms. Yang Xiaoping, Person-in-charge of the Planning & Financial Department hereby confirm the factuality and completeness of the Financial Report in this quarterly report.

II. Company Profile

(I) Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

☐ Yes ☒ No ☐ Inapplicable

	30 Sept. 2012	31 Dec. 2011	Increase/decrease (%)	
Total assets (RMB Yuan)	68,100,966,776.00	68,769,415,646.00	-0.97%	
Owners' equity attributable to shareholders of the Company (RMB Yuan)	24,960,741,954.00	25,585,892,264.00	-2.44%	
Share capital (Share)	13,521,542,341.00	13,521,542,341.00	0%	
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	1.846	1.8922	-2.44%	
	Jul.-Sept. 2012	YoY increase/decrease (%)	Jan.-Sept. 2012	YoY increase/decrease (%)
Gross operating revenues (RMB Yuan)	7,514,025,988.00	110.21%	17,122,908,001.00	101.1%
Net profit attributable to shareholders of the Company (RMB Yuan)	151,609,285.00	116.34%	-635,272,911.00	70.36%
Net cash flow from operating activities (RMB Yuan)	--	--	402,871,706.00	138.52%
Net cash flow per share from operating activities (RMB Yuan/share)	--	--	0.03	138.52%
Basic EPS (RMB Yuan/share)	0.011	115.71%	-0.047	70.63%
Diluted EPS (RMB Yuan/share)	0.011	115.71%	-0.047	70.63%
Weighted average ROE (%)	0.61%	4.6%	-2.51%	6.48%

Weighted average ROE after deducting non-recurring gains and losses (%)	-0.23%	3.95%	-3.82%	5.58%
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Items of non-recurring gains and losses

√Applicable □Inapplicable

Item	Amount during Jan.-Sept. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	-9,379,177.00	
Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents		
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	396,273,543.00	
Capital occupation fees received from non-financial enterprises that are included in current gains and losses		
Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments		
Exchange gains and losses of non-monetary assets		
Gains and losses through entrusting others to invest or manage assets		
Various asset impairment provisions due to acts of God such as natural disasters		
Gains and losses on debt restructuring		
Enterprise reorganization expenses, such as expenses on employee settlement and integration		
Gains and losses on the parts exceeding the fair value when prices of transactions become unfair		
Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control		
Gains and losses on contingent matters which are irrelevant to the normal operation of the Company		
Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation		
Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs		
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement		
Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations		
Custodian fee income from entrusted operations with the Company		
Other non-operating incomes and expenses besides the items above	12,916,309.00	

Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects	-67,632,298.00	
Income tax effects	-2,218,735.00	
Total	329,959,642.00	--

(II) Total number of shareholders and top 10 shareholders at the period-end

Total number of shareholders	426,229 shareholders (including 387,950 A-share holders and 38,279 B-share holders)		
Particulars about shares held by the top ten shareholders holding tradable shares			
Name of shareholder	Number of tradable shares held at period-end	Type and number of shares	
		Type	Number
BEIJING E-TOWN INTERNATIONAL INVESTMENT & DEVELOPMENT CO., LTD	940,000,001	RMB ordinary shares	940,000,001
BEIJING BOE INVESTMENT & DEVELOPMENT CO., LTD.	860,981,080	RMB ordinary shares	860,981,080
BEIJING ECONOMIC-TECHNOLOGICAL INVESTMENT & DEVELOPMENT CORP.	847,650,000	RMB ordinary shares	847,650,000
HEFEI RONGKE PROJECT INVESTMENT CO., LTD.	792,000,000	RMB ordinary shares	792,000,000
HEFEI LAN KE INVESTMENT CO., LTD.	750,000,000	RMB ordinary shares	750,000,000
HEFEI XINCHENG STATE-OWNED ASSETS MANAGEMENT CO., LTD	750,000,000	RMB ordinary shares	750,000,000
BEIJING BDA TECHNOLOGICAL INVESTMENT DEVELOPMENT CO., LTD.	600,000,000	RMB ordinary shares	600,000,000
BEIJING INDUSTRY DEVELOPMENT & INVESTMENT MANAGEMENT CO., LTD.	442,016,711	RMB ordinary shares	442,016,711
CHINA CONSTRUCTION BANK—YINHUA CORE VALUE SELECTED STOCK FUND	309,309,017	RMB ordinary shares	309,309,017
BEIJING ELECTRONICS HOLDING CO., LTD	275,303,883	RMB ordinary shares	275,303,883
Particulars about shareholders	<p>1. Beijing Electronics Holdings Co., Ltd. holds 66.25% shares of Beijing BOE Investment & Development Co., Ltd. and is its controlling shareholder.</p> <p>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).</p> <p>3. BEIJING ECONOMIC-TECHNOLOGICAL INVESTMENT & DEVELOPMENT CORP. holds 49% shares of BEIJING BDA TECHNOLOGICAL INVESTMENT DEVELOPMENT CO., LTD.. Both of them are under the control of the Administration Committee of Beijing Economic and Technological Development Zone, which makes them parties acting in concert.</p> <p>4. 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.</p>		

III. Significant Events

(I) Significant changes in major accounting data, financial highlights and reasons for these changes

√Applicable □Inapplicable

1. Monetary funds decreased 31% over the end of last year, which was mainly due to the expenditure on projects.
2. Notes receivable increased 82% over the end of last year, which was mainly because some receivables from customers were paid in remittance drafts.
3. Accounts receivable increased 103% over the end of last year, which was mainly because the operating income generated by the phasic mass production of new projects increased and goods payments receivable from customers increased accordingly.
4. Prepayments increased 238% over the end of last year, which was mainly due to the increase of prepayments to suppliers.
5. Interest receivable decreased 64% over the end of last year, which was mainly due to the decrease of term deposits.
6. Inventory increased 34% over the end of last year, which was mainly due to the phasic mass production of new projects.
7. Other current assets increased 246% over the end of last year, which was mainly due to the increase of deductible VAT.
8. Construction in progress decreased 77% over the end of last year, which was mainly because new projects went into mass production and the relevant construction in progress turned into fixed assets.
9. Long-term deferred expenses increased 901% over the end of last year, which was mainly due to the increase of other deferred expenses with an amortization period over one year.
10. Other non-current assets increased 129% over the end of last year, which was mainly due to the increase of prepayments for long-term assets.
11. Short-term borrowings decreased 65% over the end of last year, which was mainly because due trade loans were repaid.
12. Notes payable increased 71% over the end of last year, which was mainly because some payables to suppliers were settled in remittance notes.
13. Accounts payable increased 50% over the end of last year, which was mainly due to the increase of payables to suppliers.
14. Accounts received in advance increased 201% over the end of last year, which was mainly because the operating income generated by the phasic mass production of new projects increased and thus advances from customers increased.
15. Dividend payable increased 59% over the end of last year, which was mainly because some subsidiaries distributed dividends.
16. Non-current liabilities due within one year decreased 32% over the end of last year, which was mainly because the long-term borrowings due within one year were paid off.
17. Other current liabilities decreased 36% over the end of last year, which was mainly because product quality guarantee deposit provisions made in previous years were written off as the products were sold.
18. Operating revenues increased 101% over the same period of last year, which was mainly because the production capacity expanded and new projects went into phasic mass production, which boosted the sales volume of main products, as well as the sales income.
19. Operating costs increased 75% over the same period of last year, which was mainly because the production capacity expanded and new projects went into phasic mass production, which made operating costs increased along with operating revenues.
20. Business taxes and surtaxes increased 35% over the same period of last year, which was mainly because real estate income increased.
21. Selling expenses increased 54% over the same period of last year, which was mainly because the production capacity expanded and new projects went into phasic mass production, which made selling expenses increased along with operating revenues.
22. Financial expenses increased 504% over the same period of last year, which was mainly due to the increase of

net expenses on interest.

23. Asset impairment loss decreased 163% over the same period of last year, which was mainly because the Company reversed the impairments on inventory and some other assets based on the lower of the cost and the net realizable value.

24. Investment income decreased 2,545% over the same period of last year, which was mainly because the investment loss on associates was recognized.

25. Non-operating income increased 245% over the same period of last year, which was mainly due to the increase of governmental subsidies.

26. Net cash flows from operating activities increased 139% over the same period of last year, which was mainly because the operating income expanded and the prices for main products rallied.

27. Net cash flows from investing activities increased 86% over the same period of last year, which was mainly because new projects went from the construction period to the operation period, which resulted in a lower expenditure on construction and equipment purchase.

28. Net cash flows from financing activities decreased 104% over the same period of last year, which was mainly because new projects went from the construction period to the operation period, which resulted in a smaller cash inflow generated by special borrowings.

(II) Progress of significant events and its influence, as well as the analysis and explanation on solutions

1. About non-standard audit opinion

☐Applicable ☒Inapplicable

2. The Company offers capital to the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedures.

☐Applicable ☒Inapplicable

3. Signing and execution of significant contracts concerning routine operation

☐Applicable ☒Inapplicable

4. Others

☒Applicable ☐Inapplicable

1、The Company's subordinate subsidiary—Hefei BOE Optoelectronics Technology Co., Ltd. and Beijing BOE Display Technology Co., Ltd.—could apply for refunds of overpaid taxes for equipment imports, which was disclosed by the Company in the Announcement No. 2011-044 on 21 Nov. 2011. From 1 Jan. 2012 to 30 Sept. 2012, Beijing BOE Display Technology Co., Ltd. received refunds of overpaid value-added taxes for equipment imports of RMB 0.133 billion in total.

2、The Company disclosed on 26 Oct. 2011 Announcement No. 2011-035 regarding its subsidiary transferring equity interests of Ordos BOE Energy Investment Co., Ltd.. And progress of this issue is as follows:

(1) On 24 Oct. 2012, the subordinate of the Company received the Commitment Letter from Beijing Industry Development & Investment Management Co., Ltd., which stated that the rest of the transfer price regarding the said issue was to be paid in two stages. The first stage shall not be less than RMB 200 million and shall be paid before 31 Oct. 2012 and the rest before 30 Nov. 2012.

(2) On 24 Oct. 2012, the subordinate of the Company received the Letter from Beijing Haohua Energy Resource Co., Ltd., which stated that the rest of the transfer price regarding the said issue was to be paid in two stages. The first stage shall not be less than RMB 50 million and shall be paid before 25 Oct. 2012 and the rest before 31 Dec. 2013. And the Company has received the first stage (RMB 50 million) till the disclosing date..

(III) Commitments of the Company or shareholders with an over 5% shareholding made in or carried down into the reporting period

☒Applicable ☐Inapplicable

Event	Commitment maker	Commitment contents	Commitment time	Commitment period	Execution
Commitment made in a share reform					
Commitment made in an acquisition report or a report on changes of owners' equity					
Commitment made in asset exchange					
Commitment made in share issuance	Being E-TOWN International Investment & Development Co., Ltd.	Being E-TOWN International Investment & Development Co., Ltd. has committed that it will not transfer the Company's A-share held by it within 36 months since the date when the private share offering deal is closed.	10 Dec. 2010	From 13 Dec. 2010 to 13 Dec. 2013	In the process of execution
Commitments made to minority shareholders					
Commitment fulfilled in time or not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Inapplicable				
Specific reasons for failing to fulfill the commitment and plan for the next step	Inapplicable				
Make commitments regarding the horizontal competition and related-party transactions caused or not	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Inapplicable				
Promised deadline for solving the problem	Inapplicable				
Ways of solving the problem	Inapplicable				
Execution of the commitment	Inapplicable				

(IV) Predict the 2012 annual operating results

Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next reporting period compared with the same period of the last year according to prediction, as well as explanations on the reasons

☐Applicable ☒Inapplicable

(V) Other significant events that need to be explained

1. Securities investment

☐Applicable ☒Inapplicable

2. Investments in derivatives

☐Applicable ☒Inapplicable

3. Derivative investments held at the period-end

□Applicable √Inapplicable

4. Researches, visits and interviews received in the reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
3 Jul. 2012	Conference Room of the Company	Field research	Institution	Barclay Capital	Main discussion: 1. Operation status and future development strategies of the Company; 2. Present status and development trends in the industry; 3. Particulars about the production lines of the Company. Materials provided by the Company: The Company's annual reports for 2011, brochure and other materials available for public access
10 Jul. 2012	Conference Room of the Company	Field research	Institution	Beijing Office of Daiwa Securities	
13 Jul. 2012	Conference Room of the Company	Field research	Institution	China Minzu Securities Co., Ltd.	
16 Jul. 2012	Conference Room of the Company	Field research	Institution	Qilu Securities Co., Ltd.	
18 Jul. 2012	Conference Room of the Company	Field research	Institution	Merrill Lynch Securities Co., Ltd., Capital Research Global Investors	
19 Jul. 2012	Conference Room of the Company	Field research	Institution	HSBC Jintrust Fund Management Company Limited	
20 Jul. 2012	Conference Room of the Company	Field research	Institution	Chang Xin Asset Management Co., Ltd., China Investment Securities Co., Ltd.	
24 Jul. 2012	Conference Room of the Company	Field research	Institution	Clough capital partners,LP	
31 Jul. 2012	Conference Room of the Company	Field research	Institution	Money Week, HK Directors Institute, Shenzhen Guofu Hengtong Investment Consulting Co., Ltd., Shanghai General Motors Buick Company Limited	
17 Aug. 2012	Conference Room of the Company	Field research	Institution	Everbright Securities Co., Ltd.	
6 Sept. 2012	Conference Room of the Company	Field research	Institution	TX Investment Consulting Co., Ltd., Taikang Asset Management Co., Ltd.	
11 Sept. 2012	Over phone	By phone	Institution	Sylebra Capital Management	
14 Sept. 2012	Conference Room of the Company	Field research	Institution	China Minzu Securities Co., Ltd.	
17 Sept. 2012	Conference Room of the Company	Field research	Institution	Fullgoal Fund Management Co., Ltd., CCB Principal Asset Management Co., Ltd., China Asset Management Co., Ltd., Capital Securities Co., Ltd., Beijing Zhongbang Investment Management Co., Ltd., CITIC Private Equity Funds Management Co., Ltd., Shanghai Elegant Investment Co., Ltd., Orient Fund Management Co., Ltd., Yinhua Fund Management Co., Ltd., Qilu Securities Co., Ltd., SWS	

				Research Co., Ltd.
24 Sept. 2012	Conference Room of the Company	Field research	Institution	J.P.Morgan Securities (Asia Pacific) Limited, Moon Capital Management LP

5. Corporate bonds issued

Any corporate bonds issued?

☐ Yes ☒ No

Chairman of the Board: Mr. Wang Dongsheng (Signature):
Date when the Board of Directors approved this report for submission: * *, 2012