

Stock code: 200725

Stock abbreviation: BOE B

Announcement No.:2013-018

BOE TECHNOLOGY GROUP CO., LTD.

ABSTRACT OF THE 2012 ANNUAL REPORT

1. Important notes

This abstract is based on the full text of the annual report. For more details, investors are suggested to read the full text disclosed at the same time with this abstract on the website of Shenzhen Stock Exchange or any other website designated by CSRC.

Company profile:

Stock abbreviation	BOE A, BOE B	Stock code	000725, 200725
Stock exchange listed with	Shenzhen Stock Exchange		
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2. Financial highlights and change of shareholders

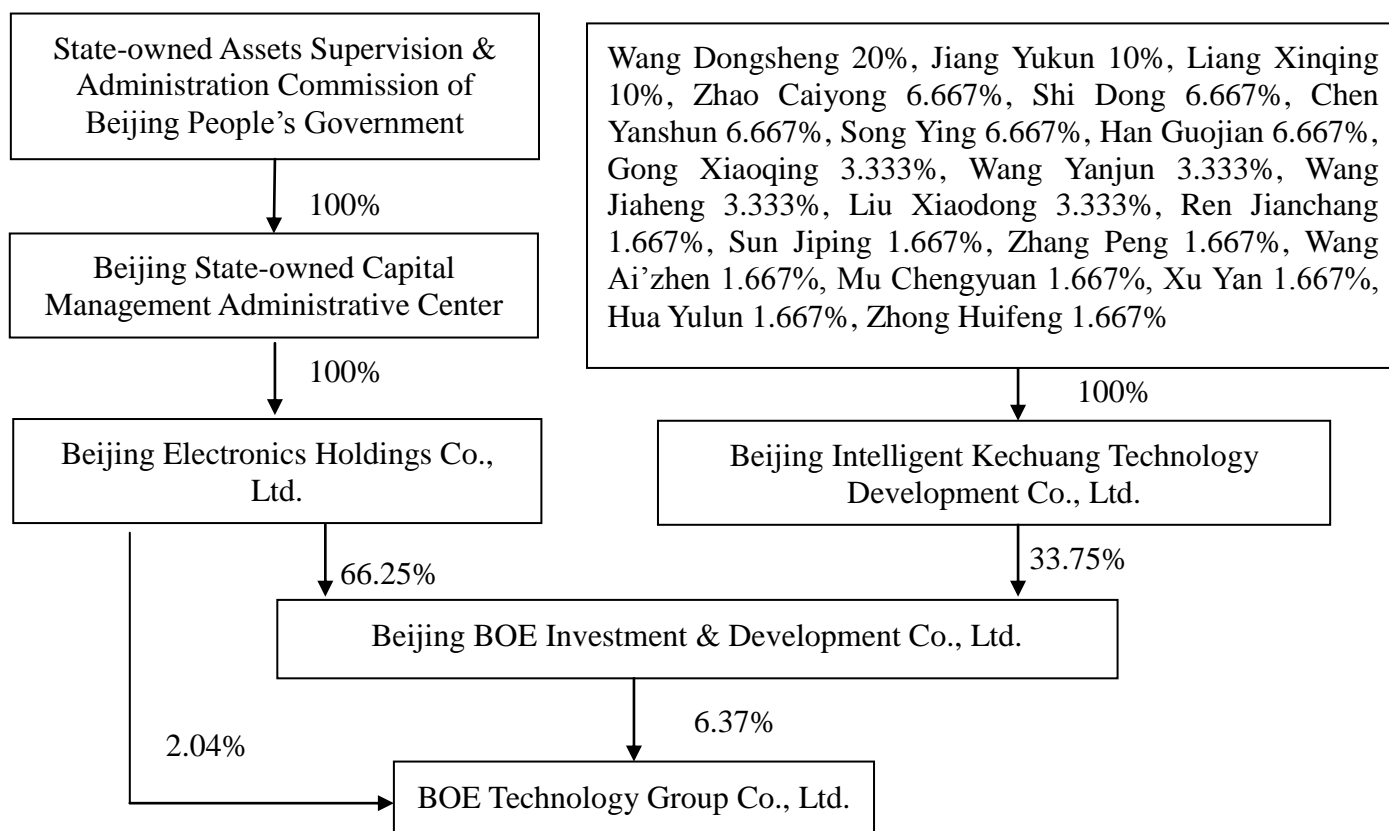
(1) Financial highlights

Items	2012	2011	Increase or decrease of this year over last year (%)	2010
Operating revenues (RMB Yuan)	25,771,583,386.00	12,741,413,562.00	102.27%	8,025,290,848
Net profit attributable to shareholders of the Company (RMB Yuan)	258,133,391	560,866,477	-53.98%	-2,003,813,083
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	-544,170,638	-3,871,227,843	85.94%	-2,074,964,015
Net cash flows from operating activities (RMB Yuan)	3,088,875,525	-778,530,727	496.76%	-1,053,315,294
Basic EPS (RMB Yuan/share)	0.019	0.041	-53.66%	-0.202
Diluted EPS (RMB Yuan/share)	0.019	0.041	-53.66%	-0.202
Weighted average ROE (%)	1.00%	2.22%	-1.22%	-11.77%
	As at 31 Dec. 2012	As at 31 Dec. 2011	Increase or decrease of this year-end than last year-end (%)	As at 31 Dec. 2010
Total assets (RMB Yuan)	67,105,360,865	68,769,415,646	-2.42%	54,229,952,769
Net assets attributable to shareholders of the Company (RMB Yuan)	25,886,959,650	25,585,892,264	1.18%	24,955,013,046

(2) Shareholdings of the top 10 shareholders

Total number of shareholders at the end of the reporting period	393,673 (including 355,877 A-share holders and 37,796 B-share holders)	Total number of shareholders at the end of the fifth trading day before the disclosure date of the	376,180 (including 339,672 A-share holders and 36,508 B-share holders)
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	B-share holders)	annual report			holders)	
Shareholdings of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
Being E-TOWN International Investment & Development Co., Ltd.	State-owned Corporation	11.35%	1,534,059,406	594,059,405		
Beijing BOE Investment & Development Co., Ltd.	State-owned Corporation	6.37%	860,981,080			
Beijing Economic-Technological Investment & Development Corp.	State-owned Corporation	6.27%	847,650,000		Pledged	350,000,000
Hefei Rongke Project Investment Co., Ltd.	State-owned Corporation	5.86%	792,000,000			
Hefei Lan Ke Investment Co., Ltd.	State-owned Corporation	5.55%	750,000,000			
Hefei Xincheng State-Owned Assets Management Co., Ltd.	State-owned Corporation	5.55%	750,000,000			
Beijing BDA Technological Investment Development Co., Ltd.	Domestic non-state-owned corporation	4.44%	600,000,000			
Beijing Industry Development & Investment Management Co., Ltd.	On behalf of the country	3.27%	442,016,711			
China Construction Bank—Yinhua Core Value Selected Stock Fund	Domestic non-state-owned corporation	2.54%	342,810,267			
Beijing Electronics Holdings Co., Ltd.	On behalf of the country	2.04%	275,303,883		Frozen	2,000,000
Explanation on associated relationship or persons acting in concert among the above-mentioned shareholders		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. 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.				
		4. Except for relationship among the above shareholders, the Company is not aware of whether the other top ten shareholders exist associated relationship or not, or they are persons acting in concert or not.				

(3) Relation between the Company and its actual controller in the form of diagram

Note: 1. The Company regards Beijing Intelligent Kechuang Technology Development Co., Ltd. as a platform to implement equity incentive for the whole core technology manager, the aforesaid 20 subscribers are nominal shareholders, each investment proportion is not actual equity proportion, the equities of Beijing Intelligent Kechuang Technology Development Co., Ltd. are held in common by all implemented objectives of simulate plan of equity incentive mechanism.

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. (hereinafter refer to as "BOE Investment") 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). As to the end of reporting period, BOE Investment held 2,395,040,486 shares with attributable voting right, which accounted for 17.71% of total share capital.

3. Discussion and analysis by the management**(1) Overview**

There is a saying that you may need ten years to sharpen your sword. 2012 marked the tenth year of the Company's entry into the semiconductor display field. It was a decade of glory, in which China won a place in the global flat panel display sector; it was a decade of hardship, in which the Company went through a lot of ups and downs to get to No. 5 in the global industry; and it was a decade of persistence, in which the Company firmly adhered to its strategies, forged ahead with innovation and won favor.

In face of the adverse market environment in 2012, all the staff worked as one man and all the divisions and centers faithfully carried out the operating strategies for the year. The Company further deepened the customer-orient mechanism, enhanced product development and market promotion, beefed up optimization of production lines and the product structure and kept increasing the weight of products with high added value in all production lines, so as to ensure full utilization, high yields, high efficiency and high returns of production lines. In the year, the shipment of the Company jumped to the fifth place in the world. For 2012, it achieved operating revenues near RMB 25.8 billion, up 102% over last year, and after-tax net profit about RMB 258 million.

In 2012, efforts of BOE were recognized by various social sectors. It won the "Chinese Patent Gold Award" and the "Enterprise Social Responsibility Special Gold Award". In addition, it was honored as one of the "Top 10 Leading Consumer Electronic Brands in China" for the sixth consecutive year and the "2012 Annual Influential Enterprise of China's Information Industry". It also won the "Excellent Leading Enterprise Award of China's Flat Panel Display Industry for 2012", the "Golden Roundtable Excellent BOD" and

many other awards.

Operation of divisions:

(1) Flat panel display

In 2012, all production lines of the Company achieved full production and full sale, with the total shipment leaping to the 5th place in the global sector.

Medium-and large-sized panel division: The annual sales volume exceeded 47 million pieces, with the shipment accounting for nearly 9% in the global market. And the 32" TV product took up 22% in the domestic market. In the year, the Company launched the 36.5", 46" and 55" products, enriching the product range in terms of size and increasing the utilization rate of the production lines. Its transparent display products got into the DID market and won sales. And the 65" UHD oxide TFT display screen and the UHD 110" (the biggest size in the world) were brought to China Shenzhen Hi-tech Fair and won favor of the market.

Medium-and small-sized panel division: The Company sold 240 million pieces in the year and developed 31 new products and derivative products. Its products were gradually transformed to high-added-value smart TVs of a medium or large size over 3.5", a narrow frame, super thinness, high resolution, etc. while maintaining full utilization. The overall gross profit rate of mobile application products increased significantly.

Global manufacture: The production lines of the Company kept breaking records of production capacity, with the yield rate taking a steady position in the front of the industry. The product structure was gradually optimized and the framework and mechanism for adjustment and optimization among production lines basically took shape. The fixed expenses on production lines were under effective control and the overall competitiveness increasing significantly.

The global supply chain: The Company enhanced the in-depth interaction with relevant departments and achieved "dualization in the product planning and development stages". As a result, costs of the new product BOM went down considerably.

Product development: The product application scope kept expanding and the technical innovation ability improved significantly. In 2012, the ultrabook, the polarized 3DTV and other new products and technologies were put into mass production. The 55" 3D, 65" UHD oxide and 110" UHD products won favor in exhibitions. In addition, quite a few new technology projects were successfully accomplished and the standardization work produced good results.

(2) CTO division: Great progress was made in the oxide technology. Breakthroughs were made in the AM-OLED technology development and platform building, successfully turning on the first 17" AM-OLED display screen combining the oxide TFT technology and the inkjet printing technology and displaying the large-size UHD technology, which caused a great sensation in the industry. It also applied for over 2,500 patents within the year.

(3) Display system brand division:

Sales improved significantly, channels became more diversified and the customer service network coverage expanded. A total of 109 product models were chosen for the government's "energy-saving product people-benefit project", further solidifying the foundation.

(4) OEM for complete machines:

The production and sales volumes increased considerably, the side contribution further went up, the customer structure was improved significantly and the cooperation with strategic customers was enhanced. Meanwhile, the technology level went higher and higher, product design speeded up and the product competitiveness increased.

(5) Light technology division:

It deepened the customer-oriented philosophy, speeded up transformation of the product structure and considerably increased competitiveness of its production lines and products. Channel and brand development proceeded steadily. The product quality and the customer satisfaction further increased.

(6) Other divisions

Energy technology: The Company proactively expanded the photovoltaic application business, enhancing development of technologies and products. **Vacuum electrical appliances:** The Company ensured stable markets, customers, production and quality and at the same time launched more products with high added value. **Vacuum technology:** Planning and research for the vacuum dry pump maintenance project completed. **The Beixu photoresistance project:** The project was successfully put into operation and accepted by the group customer. **Real estate:** The leasing rates for properties increased significantly. **Beijing Matsushita Color CRT:** The park zone was successfully altered and fully leased. **Park zone:** Brand development produced good results.

(2) Asset and liability analysis

1) . Major changes of asset items

Unit: RMB Yuan

Item	As at 31 Dec. 2012		As at 31 Dec. 2011		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	15,211,851,133	22.67%	20,325,469,116	29.56%	-6.89%	—
Accounts receivable	5,196,041,164	7.74%	2,560,795,545	3.72%	4.02%	Some new projects were put into mass production, the operating revenues increased, and the accounts receivable from customers increased accordingly.
Inventories	2,668,906,527	3.98%	2,116,218,705	3.08%	0.9%	—
Investing real estate	1,309,561,041	1.95%	1,340,984,989	1.95%	0%	—
Long-term equity investment	971,409,821	1.45%	958,879,205	1.39%	0.06%	—
Fixed assets	34,534,107,374	51.46%	28,388,863,004	41.28%	10.18%	—

Construction in process	2,294,256,409	3.42%	8,412,921,608	12.23%	-8.81%	Some new projects were put into mass production in the reporting period and some construction in process shifted to fixed assets.
Notes receivable	860,883,384	1.28%	340,293,997	0.49%	0.79%	Some accounts receivable were recovered in draft.
Other receivables	459,082,392	0.68%	1,735,824,884	2.52%	-1.84%	The Company received in the reporting period the payment for the equity transfer in previous years.
Other current assets	1,284,972,353	1.91%	696,796,503	1.01%	0.9%	Increase of overpaid VAT

2. Major changes of liability items

Unit: RMB Yuan

Item	2012		2011		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Short-term borrowings	727,267,475	1.08%	6,487,193,510	9.43%	-8.35%	Due trade financing borrowings were repaid.
Long-term borrowings	17,373,155,700	25.89%	14,700,018,374	21.38%	4.51%	—
Accounts payable	5,452,578,519	8.13%	3,630,464,475	5.28%	2.85%	Some new projects were put into mass production and the payables to suppliers increased accordingly.
Accounts received in advance	647,932,719	0.97%	186,069,735	0.27%	0.7%	Some new projects were put into mass production and the advances from customers increased accordingly.
Payroll payable	539,910,148	0.8%	368,442,775	0.54%	0.26%	Some new projects were put into mass production and more efforts were input for R&D, boosting the labor cost.

(3) . Expectation to the future development of the Company

1) . Industry competition structure and external economic environment

With the development of electronic information industry and extension of application field, panel display industry develops rapidly and has become a major industry with large-scale market, fast update of technologies, wide radiating surface of industry and obvious benefit pulling. At present, although there is a fierce competition structure with three countries and four districts including China, Japan, Korea in the display industry; price war, intellectual property war and compound war make the competition more complicated, BOE has kept its footing in the display industry through the rooting strategy and laid a foundation for global competition through the steel sword strategy.

At present, the global economy is still in the adjustment period; such questions as the lack of structure reform and weak growth of demand are not easily solved; new development occurs in the adjustment of global industry structure. In the next few years, global panel market will sustainably and steadily grow because of global economy recovery, the development of Asian emerging economies, stimulation to display application from development of technologies including cloud computing, internet of things, complete digitization and novel input. As to the inland China, there still exist many uncertain factors in the economic development; the original competition advantage and increase impetus weaken gradually; the new advantage of economic development has been not formed yet; the operation of economy is seeking for new balance but economy has showed the tendency of rebound after dipping to the bottom.

2) Expectation to the future development of the Company

As an optoelectric display technology, product and solution provider, we have been innovating to shift from a display device manufacturer to a global innovative system product and service provider, achieving constant and stable earnings and becoming a globally advanced enterprise in the display field.

2013 will be a key year for the Company to develop as a “challenger” and start to carry out the “iron sword strategy”. Firmly adhering to the annual operation guiding principle of “customer-orientation, lean management, innovation and profit ensuring”, the Company will make an all-out effort to accomplish the business objectives and strategic tasks for the year.

Each business group takes active measures.

a. Business groups of display devices

In terms of business of medium-to-large size products, strive to work well on product and market plan, especially new product plan according to the development of industry. On the basis of cooperating well with current clients, actively development new clients, explore new market and strengthen the profound cooperation with domestic strategic clients. Accelerate the launch of new products and products with high value-added, focus on planning and developing new products according to the special needs of clients. Make great efforts to strengthen the maintenance of international strategic clients and promote the cooperation with domestic strategic clients. Speed up the innovation of products and technologies and launch subversive products. Realize the optimization and upgrade of production line and promote the decrease of costs. Quicken the client authentication of ESL project, broaden the market and

contribute to the profits of group operation.

b. Business groups of non-display devices

In terms of business group of OEM for complete machine brands, optimize structure of products and clients, enlarge current sales volume and types of products, take measures to increase the sales of products bringing high profits to derivative products, promote the development of market, make full use of group resources to strengthen cooperation with strategic clients, enlarge supply to foreign customers, reinforce the construction of R&D groups, enhance R&D efficiency, utilize resource advantage to manufacture good products with competition.

In terms of business group of display system brands, adhere to the principle of combining imitative innovation and subversive innovation, focus on promoting innovation of business pattern and establish products and service with own features. Accelerate the development and construction of domestic market channels, strengthen the extension of foreign market with the focus on emerging market. Promote the construction and publicity of new internet channels and rapidly increase the sales of electricity suppliers. Enlarge the sales scale of commercial products with high profits and exceed the sales objective of energy-saving programs with national subsidies. Reinforce quality management of products and construction of after-sales service and build excellent corporate image.

In terms of business group of lighting science and technology, strengthen fine management and accelerate the transformation of product structure to high value-added products and technology value-added services. Effectively integrate shared resources, deeply and completely develop display illumination and speed up the development of environment lighting. Environment lighting should focus on brand construction, promote development of new products and enhance operation efficiency; rapidly carry out lighting culture and scientific & technology industrial park program and newly planned business.

In terms of other businesses, energy science and technology: according to the principle of extending application, strengthening technology, innovative model, sustainable profit, establish core competition in the field of solar energy application, lay a solid foundation for business, enhance the capacity of program development and technology R&D. Vacuum electricity appliance: enhance the comprehensive competition of production line, the capacity of developing production technology and managing & controlling quality and finish the overall development of new products. Electronic materials: maximize product with original advantages, optimize current resources. Real estate: insist on customer-oriented principle, improve the satisfaction of clients, enhance the ability of development and operation and accelerate the innovation of business model.

4. Matters related to financial reporting

(1) Explain change of the consolidation scope as compared with the financial reporting of last year

Beijing BOE Land Co., Ltd.(hereinafter referred to as BOE Land) and Beijing Miyun Economic Development Zone Corporation respectively contributed RMB 2,500,000 and established Beijing Dongfang Hengtong Technology Development Co., Ltd. (hereinafter referred to as Dongfang Hengtong) on 28 Aug. 2009. BOE Land and Beijing Miyun Economic Development Zone Corporation respectively hold 50% shares of Dongfang Hengtong. Through the deliberation and approval of shareholders' meeting in 2012 of Dongfang Hengtong, Dongfang Hengtong repurchased 50% shares held by Beijing Miyun Economic Development Zone Corporation. After the repurchase, the registered capital of Dongfang Hengtong decreased from RMB 5,000,000 to RMB 2,500,000. BOE Land Co., Ltd. is now holding the 100% shares of Dongfang Hengtong and Dongfang Hengtong is thus consolidated by the Company.