



京东方科技集团股份有限公司
BOE TECHNOLOGY GROUP CO., LTD.

2012 ANNUAL REPORT

April 2013

Section I. Important Reminders, Catalogue & Explanation

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of BOE TECHNOLOGY GROUP CO., LTD. (hereinafter referred to as “the Company”) warrant that this report does not contain any false record or misleading statement or omit any material fact and shall hereby accept, individually and collectively, responsibility for the factuality, accuracy and completeness of the contents carried in this report.

Mr. Wang Dongsheng, Chairman of the Board, Mr. Chen Yanshun, President of the Company, Ms. Sun Yun, chief of the accounting work, and Ms. Yang Xiaoping, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

All directors have attended the board session for reviewing this report.

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

This report was prepared in compliance with the Chinese “Accounting Standards for Business Enterprises” and other relevant regulations. KPMG has issued a standard unqualified audit report for the Company.

This report is prepared in both Chinese and English. Should there be any understanding discrepancy between the two versions, the Chinese version shall prevail.

Catalogue

Section I. Important Reminders, Catalogue & Explanation.....	1
Section II. Company Profile.....	5
Section III. Accounting & Financial Highlights	7
Section IV. Report of the Board of Directors	9
Section V. Significant events.....	36
Section VI. Changes in shares and particulars about shareholders.....	41
Section VII. Directors, Supervisors, Senior Management Staffs and Employees	50
Section VIII. Corporate Governance.....	62
Section IX. Internal Control	70
Section X. Financial Report	73
Section XI. Documents Available for Reference	75

Explanation

Term	Refers to	Contents
BOE, the Company, Company	Refers to	BOE Technology Group Co., Ltd.
Stock Listing Rules	Refers to	Stock Listing Rules of Shenzhen Stock Exchange (Revised in 2012)
SZSE, the Stock Exchange	Refers to	Shenzhen Stock Exchange
CSRC	Refers to	China Securities Regulation Commission
CSRC Beijing	Refers to	China Securities Regulation Commission Beijing Bureau
Articles of Association	Refers to	Articles of Association of BOE Technology Group Co., Ltd.
The “Company Law”	Refers to	The “Company Law of the People’s Republic of China”
The “Securities Law”	Refers to	The “Securities Law of the People’s Republic of China”
AM-OLED	Refers to	Active Matrix/Organic Light Emitting Diode
BOE Display	Refers to	Beijing BOE Display Technology Co., Ltd.
Hefei Optoelectronics, Hefei BOE	Refers to	Hefei BOE Optoelectronics Technology Co., Ltd.
Chengdu Optoelectronics	Refers to	Chengdu BOE Optoelectronics Technology Co., Ltd.
Yuansheng Optoelectronics	Refers to	Erdos Yuansheng Optoelectronics Co., Ltd.
Matsushita Color CRT	Refers to	Beijing·Matsushita Color CRT Co., Ltd.
Orient Hengtong	Refers to	Beijing Orient Hengtong Technology Development Co., Ltd.
Gaochuang	Refers to	Gaochuang (Suzhou) Electronics Co., Ltd.
The cninfo website	Refers to	http://www.cninfo.com.cn/

Reminder of Major Risks

China Securities Journal, Shanghai Securities News, Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn are designated by the Company as the media for information disclosure. All information of the Company shall be subject to what is disclosed by the Company on the said media. And Investors are kindly reminded to pay attention to possible investment risks.

Section II. Company Profile

I. Basic information of the Company

Stock abbreviation	BOE A,BOE B	Stock code	000725, 200725
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	京东方科技集团股份有限公司		
Abbr. of the Chinese name of the Company	京东方		
English name of the Company (if any)	BOE TECHNOLOGY GROUP CO., LTD.		
Abbr. of the English name of the Company (if any)	BOE		
Legal representative of the Company	Wang Dongsheng		
Registered address	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, P.R.China		
Postal code for the registered address	100015		
Office address	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, P.R.China		
Postal code for the office address	100015		
Internet website of the Company	http://www.boe.com.cn		
Email address	web.master@boe.com.cn		

II. For Contact

Term	Company Secretary	Securities Affairs Representative
Name	Feng Liqiong	Liu Hongfeng
Contact address	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, P.R.China	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, P.R.China
Tel.	010—64318888 ext.	010—64318888 ext.
Fax	010—64366264	010—64366264
E-mail	fengliqiong@boe.com.cn	liuhongfeng@boe.com.cn

III. About information disclosure and where this report is placed

Newspapers designated by the Company for information disclosure	Securities Times, China Securities Journal, Shanghai Securities News, Ta Kung Pao (HK)
Internet website designated by CSRC for disclosing this report	http://www.cninfo.com.cn
Where this report is placed	Company Secretary Office

IV. Change of the registered information

Term	Registration date	Registration place	Business license No.	Registration code of taxation	Organization al code
Initial registration	9 Apr. 1993	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, P.R.China	1501259(5-2)	110105520128647	10110166-0
At the end of the reporting period	6 Dec. 2011	No. 10, Jiuxianqiao Road, Chaoyang District, Beijing, P.R.China	110000005012597	110105101101660	10110166-0
Change of the Company's main business since listing (if any)	Unchanged				
Changes of the controlling shareholder (if any)	Unchanged				

V. Other information

The CPAs firm hired by the Company:

Name	KPMG
Office address	8/F, Office Tower E2, Oriental Plaza, No. 1 East Chang An Avenue, Beijing, P.R.China
Signing accountants	Zhang Huan, Yuan Zhaoxin

Sponsor engaged by the Company to conduct consistent supervision during the reporting period

☒ Applicable ☐ Inapplicable

Name	Office address	Representative	Consistent supervision period
China Securities Co., Ltd.	188 Chaonei Avenue, Dongcheng District, Beijing, P.R.China	Zhu Mingqiang, Xu Zitong	22 Nov. 2010-31 Dec. 2012

Financial consultant engaged by the Company to conduct consistent supervision during the reporting period

☐ Applicable ☒ Inapplicable

Section III. Accounting & Financial Highlights

I. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

☐ Yes ☒ No

	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
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/owners' equity attributable to shareholders of the Company (RMB Yuan)	25,886,959,650	25,585,892,264	1.18%	24,955,013,046

II. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	2012	2011	2010	Notes
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-41,715,421	11,110,662	-8,192,947	None
Government grants recognized in the current	925,766,702	666,446,749	76,412,990	None

period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards				
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	1,160,762	2,295,471	0	None
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	0	-8,670,137	67,794,013	None
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately	4,185,236	144,850	1,189,804	None
Non-operating income and expense other than the above	25,014,788	9,328,381	10,679,248	None
Investment gain on disposal of long-term equity investments	-1,186,187	4,546,147,580	0	None
Income tax effects	10,610,168	123,905,218	17,565,212	None
Minority interests effects (after tax)	100,311,683	670,804,018	59,166,964	None
Total	802,304,029	4,432,094,320	71,150,932	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

☐ Applicable ☒ Inapplicable

Section IV. Report of the Board of Directors

I. 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.

II. Main business analysis

1. Overview

The operating revenues increased 102% over last year, which was mainly because the production capacity increased, the sales volume of main products increased after new projects being put into mass production, and the sales income increased. Costs, expense and R&D input increased accordingly as the scale of the Company expanded. Meanwhile, along with increasing sales income and profitability, operating cash flows also rose from last year.

Overview of the reporting period progress of development strategies and business plans disclosed in previous periods:

1. On 21 Nov. 2011, the Company disclosed that a subordinate subsidiary was eligible to apply for refunding of the overpaid VAT for imported equipment (announcement No. 2011-044). From 1 Jan. 2012 to 31 Dec. 2012,

Beijing BOE Display Technology Co., Ltd. received a rebate of RMB 1.279 billion in total.

2. On 26 Oct. 2011, the Company disclosed that a subordinate subsidiary transferred equity interests of Erdos BOE Energy Investment Co., Ltd. (announcement No. 2011-035). Progress of the matter is as follows:

(1) On 24 Oct. 2012, the subordinate of the Company received the “Commitment Letter” from Beijing Industrial Development Investment Management Co., Ltd.. The rest of the equity transfer payment would be made in two phases. For the first phase, not less than RMB 200 million would be paid before 31 Oct. 2012. And for the second phase, the rest would be paid up before 30 Nov. 2012. Up to 31 Dec. 2012, the subordinate had received all the payments.

(2) On 24 Oct. 2012, the subordinate of the Company received a letter from Beijing Haohua Energy Resource Co., Ltd.. The rest of the equity transfer payment would be made in two phases. For the first phase, not less than RMB 50 million would be paid on 25 Oct. 2012. And for the second phase, the rest would be paid up before 31 Dec. 2013. Up to the disclosure date, the Company has received the first phase payment of RMB 50 million.

3. Hefei 8.5G Line: The basic construction of the plants proceeded smoothly. The main plant has been topped off and the interior clean room decoration is proceeding. It is expected to be put into production in the first quarter of 2014.

4. Erdos 5.5G AM-OLED Project: The construction has been completed as scheduled and interior decoration is proceeding. The LTPS and OLED technique paths have been determined and the project basic technical scheme analysis has been completed. The project is expected to be put into production before the end of 2013.

State the reasons why the Company’s actual business performance is 20% lower or higher than the earning forecast for the reporting period which has been publicly disclosed earlier:

☐ Applicable ☒ Inapplicable

2. Revenues

Is the Company’s goods selling revenue higher than the service revenue?

☒ Yes ☐ No

Industry	Items	2012	2011	YoY +/- (%)
TFT-LCD	Sales volume (0,000 pieces)	29,484	19,519	51%
	Output (0,000 pieces)	28,784	20,332	42%
	Stock (0,000 pieces)	677	1,756	-61%

Reasons for any over-30% YoY movement of the data above:

☒ Applicable ☐ Inapplicable

The production and sales volumes increased over last year mainly because the production capacity increased.

Major orders held:

☐ Applicable ☒ Inapplicable

Significant change or adjustment of the Company’s products or services during the reporting period:

☐ Applicable ☒ Inapplicable

Major customers:

Total sales to the top 5 customers (RMB Yuan)	10,162,353,829
Ratio of the total sales to the top 5 customers to the annual total sales (%)	39%

Information about the top 5 customers:

√ Applicable □ Inapplicable

Serial No.	Name of customer	Sales (RMB Yuan)	Proportion in annual total sales (%)
1	Customer A	6,433,728,454	25%
2	Customer B	1,294,562,431	5%
3	Customer C	936,815,267	4%
4	Customer D	896,271,619	3%
5	Customer E	600,976,058	2%
Total	—	10,162,353,829	39%

3. Costs

Classified by industry:

Unit: RMB Yuan

Industry	Item	2012		2011		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
TFT-LCD	Materials, labor, depreciation, etc.	30,709,599,632	134.75%	14,970,102,042	111.37%	105.14%
Display light source	Materials, labor, depreciation, etc.	1,752,594,786	7.69%	1,506,235,705	11.21%	16.36%
Display system	Materials, labor, depreciation, etc.	2,264,356,879	9.94%	1,753,694,131	13.05%	29.12%
Other	Materials, labor, depreciation, etc.	736,062,956	3.23%	927,321,606	6.90%	-20.62%
Offset	Materials, labor, depreciation, etc.	-12,672,281,790	-55.61%	-5,716,124,622	-42.53%	121.69%

Classified by product:

Unit: RMB Yuan

Product	Item	2012		2011		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	

TFT-LCD	Materials, labor, depreciation, etc.	30,709,599,632	134.75%	14,970,102,042	111.37%	105.14%
Display light source	Materials, labor, depreciation, etc.	1,752,594,786	7.69%	1,506,235,705	11.21%	16.36%
Display system	Materials, labor, depreciation, etc.	2,264,356,879	9.94%	1,753,694,131	13.05%	29.12%
Other	Materials, labor, depreciation, etc.	736,062,956	3.23%	927,321,606	6.90%	-20.62%
Offset	Materials, labor, depreciation, etc.	-12,672,281,790	-55.61%	-5,716,124,622	-42.53%	121.69%

Major suppliers:

Total purchases from the top 5 suppliers (RMB Yuan)	6,284,493,886
Ratio of the total purchases from the top 5 suppliers to the annual total purchases (%)	28%

Information about the top 5 suppliers:

√ Applicable □ Inapplicable

Serial No.	Name of supplier	Procurement amount (RMB Yuan)	Proportion in annual total procurement amount (%)
1	Supplier A	3,791,036,151	17%
2	Supplier B	1,147,566,862	5%
3	Supplier C	500,877,792	2%
4	Supplier D	459,266,450	2%
5	Supplier E	385,746,631	2%
Total	—	6,284,493,886	28%

4. Expense

Item	2012	2011	YoY +/- (%)
Selling expenses	651,287,241	439,290,894	48%
Financial expenses	291,893,218	29,682,149	883%
Income tax expenses	1,668,895	152,409,979	-99%

Selling expenses increased 48% over last year, which was mainly because the production capacity increased, some new projects went into phasic mass production, and the selling expenses increased as the operating revenues rose.

Financial expenses increased 883% over last year, which was mainly because the net interest expenses increased.

Income tax expenses decreased 99% over last year, which was mainly because the income tax expenses of last year included those on the re-measured fair value of the remaining equity interests of Erdos BOE Energy Investment Co., Ltd. held by the Company.

5. R&D expenses

Item	2012	2011	YoY +/- (%)
R&D expenses (RMB Yuan)	1,780,799,777	1,139,607,275	56.26%
Proportion in the Company's latest audited net assets (%)	6.88%	4.45%	2.43%
Proportion in the Company's latest audited operating revenues (%)	6.91%	8.94%	-2.03%

The upgrading trend was obvious in the industry, with new technologies, products and techniques being constantly launched and competition becoming increasingly fierce. In order to satisfy market needs, the Company increased the R&D input in the reporting period to speed up product design and development and increase its product competitiveness and profitability.

6. Cash flows

Unit: RMB Yuan

Item	2012	2011	YoY +/- (%)
Subtotal of cash inflows from operating activities	26,973,840,040	13,400,785,226	101.29%
Subtotal of cash outflows from operating activities	23,884,964,515	14,179,315,953	68.45%
Net cash flows from operating activities	3,088,875,525	-778,530,727	496.76%
Subtotal of cash inflows from investing activities	2,088,111,571	2,970,775,551	-29.71%
Subtotal of cash outflows from investing activities	4,265,462,922	18,345,564,210	-76.75%
Net cash flows from investing activities	-2,177,351,351	-15,374,788,659	85.84%
Subtotal of cash inflows from financing activities	16,658,988,060	25,772,922,875	-35.36%
Subtotal of cash outflows from financing activities	16,956,864,002	15,794,187,659	7.36%
Net cash flows from financing activities	-297,875,942	9,978,735,216	-102.99%
Net increase in cash and cash equivalents	596,953,022	-6,138,414,968	109.72%

Reasons for any over-30% YoY movement of the data above:

☒ Applicable ☐ Inapplicable

Net cash flows from operating activities increased 496.76% over last year, which was mainly because the operating revenues and the gross profit rates of main products increased.

Net cash flows from investing activities increased 85.84% over last year, which was mainly because some new projects moved from the construction stage to the operation stage and the expenses on engineering and equipment procurement decreased accordingly.

Net cash flows from financing activities decreased 102.99% over last year, which was mainly because some new projects moved from the construction stage to the operation stage and the financing cash inflows from special borrowings decreased accordingly.

Reasons for a big difference between the operating cash flows and the net profit:

☐ Applicable ☒ Inapplicable

III. Breakdown of main business

Unit: RMB Yuan

Item	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over last year (%)	Increase/decrease of operating costs over last year (%)	Increase/decrease of gross profit rate over last year (%)
Classified by industry:						
TFT-LCD	32,374,817,536	29,989,039,878	7.37%	140.18%	104.19%	16.33%
Display light source	1,895,845,902	1,748,468,173	7.77%	18.61%	16.74%	1.48%
Display system	2,289,383,404	2,175,205,657	4.99%	28.80%	25.91%	2.18%
Other	522,887,266	424,537,905	18.81%	-23.16%	-20.19%	-3.01%
Offset	-12,164,878,721	-12,202,995,018	-0.31%	129.53%	127.03%	1.11%
Classified by product:						
TFT-LCD	32,374,817,536	29,989,039,878	7.37%	140.18%	104.19%	16.33%
Display light source	1,895,845,902	1,748,468,173	7.77%	18.61%	16.74%	1.48%
Display system	2,289,383,404	2,175,205,657	4.99%	28.80%	25.91%	2.18%
Other	522,887,266	424,537,905	18.81%	-23.16%	-20.19%	-3.01%
Offset	-12,164,878,721	-12,202,995,018	-0.31%	129.53%	127.03%	1.11%
Classified by region:						
China	14,152,680,845	12,521,602,063	11.52%	89.20%	56.70%	18.35%
Other Asian countries and regions	7,713,996,432	6,708,579,437	13.03%	97.14%	57.59%	21.83%
Europe	2,107,054,865	2,010,604,861	4.58%	465.89%	417.28%	8.97%
America	913,463,168	863,228,211	5.50%	128.38%	137.43%	-3.60%
Other countries	30,860,077	30,242,023	2.00%	-56.10%	-56.10%	0.00%

Where the Company's accounting standard of the main business data above changed during the reporting period, give the main business data of the latest year adjusted according to the accounting standard at the end of the reporting period:

☐ Applicable ☒ Inapplicable

IV. 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. Assets and liabilities measured at fair value

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Closing amount
Financial assets							
1. Financial assets measured at fair value and of which changes are recorded into current gains/losses (excluding derivative financial assets)	0	0	0	0	0	0	0
2. Derivative financial assets	0	0	0	0	0	0	0
3. Available-for-sale financial assets	74,718,931	0	41,881,769	0	0	0	116,600,700

Subtotal of financial assets	74,718,931	0	41,881,769	0	0	0	116,600,700
Investing real estate	0	0	0	0	0	0	0
Productive biological assets	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total of the above	74,718,931	0	41,881,769	0	0	0	116,600,700
Financial liabilities	0	0	0	0	0	0	0

Did any significant change occur to the attribute of the Company's main asset measurement during the reporting period?

☐ Yes ☒ No

V. Core competitiveness analysis

1. With innovation breakthroughs, the Company has significantly increased its independent innovation capability in terms of product and technology.

Knowing well the philosophy of innovation creating value, the Company proactively develops talent capable of technical innovation, keeps improving the technical innovation mechanism and focuses on development of the patent obtaining mechanism. Meanwhile, it takes an active part in formulating technical standards for the industry, develops new techniques and products in a forward-looking manner and thoroughly increases its core competitiveness in terms of product and technology. In 2012, the Company applied for over 2,500 patents, representing an increase of 98.6% over last year and ranking in the front of the global sector. It has accumulatively applied for over 5,000 patents and owns over 9,000 valid patents. In addition, the Company has successfully launched the 65" UHD oxide display screen, the 110" UHD ADSDS display screen (both the biggest size in the world), the 10.1" oxide display screen, the 17.1" AM-OLED inkjet printing display and the 55" 3D HD product.

2. The Company attaches importance to independent development of talent to keep enhancing its personnel strength.

Flat panel display is a technology-intensive industry, with fierce competition over advanced technologies and managerial talent. High-end talent is in different extents of shortage. The Company adheres to a talent development mode of independent cultivation as the main way and new employment as a support, enhances development of the talent ladder and develops talent in a progressive and fast manner. As a result, a sound talent development mechanism has taken shape and the Company owns a highly professional technical talent team and a managerial team with rich experience in transnational operation.

3. The Company adheres to the customer-oriented strategy and cooperates with upstream and downstream enterprises in a stable manner.

In the downstream, the Company has stable customers and has established a long-term and stable strategic cooperation relationship with major domestic TV brands and SAMSUNG, LG, Dell, HP, FUNAI, Lenovo and other internationally famous companies. In the upstream, on the basis of the existing supporting suppliers, the Company works in a deeper way and carries out coordinative development with material and equipment suppliers from all around the world. Currently, the Company has nearly 100 domestic and foreign upstream material and equipment suppliers, including Corning, Sumitomo Chemical, LG Chemical, Dongjin Chemical and Lucky Polaroid. A stable and efficient supply chain system has taken shape. In 2012, 60% of the

Company's local materials and 15% of its equipment came from China.

4. The Company makes rational overall arrangements and steadily promotes itself to a higher position in the industry.

The Company has successfully built up and operated Chengdu 4.5G Line, Beijing 5G Line, Hefei 6G Line and Beijing 8.5G Line. It has also maintained a good yield rate in the industry for all the time. The Hefei 8.5G TFT-LCD production line and the Erdos 5.5G AM-OLED production line (a second production line of such kind in the world) are being built. The oxide, LTPS and AMOLED technologies adopted by the said production lines will significantly increase the Company's product competitiveness and profitability. At present, the Company has formed the Pan-Bo-Sea industrial base with Beijing as the center, the Pan-Yangtze-River-Delta industrial base with Hefei as the center and the southwest industrial base with Chengdu as the center. In 2012, the shipment of company leapt the 56th place in the world.

VI. Analysis of investment

1. Information about external equity investment

(1) External investment

External investment		
Amount of investment in 2012 (RMB Yuan)	Amount of investment in 2011 (RMB)	Amount of variation
28,000,000	2,350,000	1091.49%
Information about investee		
Name of the company	Main business	Equity proportion of listed company in the investee (%)
Ordos BOE Energy Investment Co., Ltd.	Energy investment	20%
BeijingYingfei Hailin Investment Center	Project investment, investment consultancy, investment management	40%

(2) Information about securities investment

Statement about shareholding in other listed companies

Stock code	Stock abbr.	Initial investment amount (RMB Yuan)	Proportion in the company's total equity (%)	Closing carrying amount (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Change of owners' equity during the reporting period (RMB Yuan)	Accounting title	Stock source
HK0903	TPV Technology	134,658,158	1.04%	41,285,189	0	13,241,882	Available-for-sale financial assets	Subscription
SH600658	Electronic Zone	90,160,428	1.69%	75,315,511	1,669,314	28,639,887	Available-for-sale financial assets	Share exchange

Total	224,818,586	--	116,600,700	1,669,314	41,881,769	--	--
-------	-------------	----	-------------	-----------	------------	----	----

2. Utilization of raised funds

(1) General utilization of the raised funds

Unit: RMB 0'000

Total raised capital	2,072,696
Total raised capital input in the reporting period	530,638
Accumulative raised capital input	2,072,696
Total raised capital of which the use was changed in the reporting period	0
Accumulative raised capital of which the use was changed	0
Proportion of accumulative raised capital of which the use was changed	0%
General utilization of the raised funds	
In the reporting period, raised funds of the Company have finished utilization in line with the plan.	

(2) Projects promised to be invested with raised funds

Unit: RMB 0'000

Committed investment projects and investment direction of extra raised funds	Changed projects or not (partial change included)	Total committed investment of raised funds	Total investment after adjustment (1)	Invested amount in the reporting period	Accumulative invested amount as at the end of the period (2)	Investment progress as at the end of the period (%) (3) = (2)/(1)	Date when the project reached serviceable condition	Benefit realized in the reporting period	Reached projected benefit or not	Significant change occurred to feasibility of the project or not
Committed investment projects										
Production line of 6 th -Generation TFT-LCD (6G Project)	No	1,078,331	895,950	76,765	895,950	100%	1 May 2011	12,408	Non-applicable	No
Supplementing current capital (2009)	No	100,000	282,381	0	282,381	100%	Non-applicable	Non-applicable	Non-applicable	No
Production line of 8.5 th -Generation TFT-LCD (8.5G Project)	No	850,000	850,000	453,873	850,000	100%	1 Aug. 2012	-20,690	Non-applicable	No

Supplementing current capital (2010)	No	44,365	44,365	0	44,365	100%	Non-applicable	Non-applicable	Non-applicable	No
Subtotal of committed investment projects	--	2,072,696	2,072,696	530,638	2,072,696	--	--	Non-applicable	--	--
Investment of extra raised funds										
Total	--	2,072,696	2,072,696	530,638	2,072,696	--	--	Non-applicable	--	--
Situation and reason on failing to catch up with the planned progress or achieve the estimated earnings (with details of each involved project)	None									
Explanation on significant change of project feasibility	None									
Amount, usage, and utilization progress of extra raised funds	Non-applicable									
Change of implementation place of projects invested by raised funds	Non-applicable									
Adjustment in implementation way of projects invested by raised funds	Non-applicable									
Preliminary input and replacement of projects invested by raised funds	Applicable									
	Before raised funds of Y2009 were available, in accordance with Proposal on Investing and Establishing 6 th -Generation TFT-LCD Production Line Project and Proposal on Issuance Scheme of Private Offering of A stock approved by voting at the 17 th Session of the 5 th Board of Directors on 7 Nov. 2008 and the 2 nd Shareholders' General Meeting 2008 on 25 Nov. 2008, the Company preliminarily input self raised funds of RMB 1,309,500,000 to construction of 6G Project. After raised funds of Y2009 became available, based on the Management Method of Raised Funds of Listed Companies of Shenzhen Stock Exchange, and as reviewed and passed by the 26 th Session of the 5 th Board of Directors on 23 Jun. 2009, the Company replaced the preliminary self-raised funds put into 6G Project by raised funds of RMB 1,309,500,000.									
Temporarily supplementing current capital with idle raised	Applicable									
	In light of Public Notice of BOE Technology Group Co., Ltd. on Supplementing Current Capital with Some Idle Raised Funds by its Controlled Subsidiary on 21 Aug. 2009, in order to improve the service									

funds	<p>efficiency of raised Funds, and under the premise of not changing whereabouts of raised funds and not influencing normal operation of raised funds projects, temporarily idle capital of less than RMB 900 million in the regulatory account of raised funds of Hefei BOE Co., Ltd. were used to supplement current capital need in other accounts of Hefei BOE Co., Ltd. with a limited period of 6 months, so as to be applied in daily payments and other businesses in other accounts. Hefei BOE Co., Ltd. has returned the aforesaid raised proceeds to the special account in time according to stipulations.</p>
Surplus of raised funds during the implementation of projects and reason thereof	<p style="text-align: center;">Applicable</p> <p>6G project :As reviewed and approved by the 17th Session in 2008 of the 5th Board of Directors, the Company originally intended to use RMB 9 billion from raised funds in 2009 to invest the 6G project, and promised to use the extra surplus to construct the 6G project when the actual net raised funds exceeded the intended total input of raised funds. At present, the financial structure of 6G project is rational, and the operating capital is enough and stable, meeting daily operation demands. On 22 Apr. 2011, the 8th Session of the 6th Board of Directors reviewed and approved the Proposal on Using Surplus Funds Privately Raised in 2009 to Supplement Current Capital, agreeing to use the surplus raised funds of RMB 1,910,185,759.45 (including capital of RMB 1,823,808,831.30 and derivative interest of RMB 86,376,928.15), which was deposited by Hefei BOE in the special account for raised funds of the Company till 31 Mar. 2011 and originally promised to be invested to 6G project, to supplement current capital.</p> <p>8.5G project: the derivative interest of the surplus raised funds for 8.5G project is RMB 16,423,606.86 till 31 Dec. 2012.</p>
Usage and whereabouts of the remaining raised funds	None
Existing problems or other conditions during the usage and disclosure of raised funds	None

3. Analysis of main subsidiaries and shareholding companies

Information about main subsidiaries and shareholding companies

Company name	Type of company	Industry belonging	Main product or service	Registered capital	Total asset (Yuan)	Net asset (Yuan)	Operating revenue(Yuan)	Operation profit (Yuan)	Net profit (Yuan)
Beijing BOE Optoelectronics Technology Co., Ltd.	Subsidiary	TFT-LCD	Development and production of TFT-LCD	USD 649.11 million	7,140,142,578	3,799,470,865	4,417,988,528	203,646,480	296,884,139
Hefei BOE Optoelectronics Technology Co., Ltd.	Subsidiary	TFT-LCD	Development and production of TFT-LCD	RMB 9 billion	16,829,547,960	7,663,669,753	7,856,787,392	- 317,639,651	124,078,451
Beijing BOE Display Technology Co., Ltd.	Subsidiary	TFT-LCD	Development and production of TFT-LCD	RMB 17.3772 billion	30,359,491,997	16,931,314,542	8,621,035,423	-362,024,801	-206,895,786
Chengdu BOE Optoelectronics Technology Co., Ltd.	Subsidiary	TFT-LCD	Development and production of TFT-LCD	RMB 1.83 billion	4,042,275,394	1,841,904,526	2,720,210,498	41,987,720	89,760,438

Information about acquirement and disposal of subsidiaries in the reporting period

√ Applicable □ Non-applicable

Company name	Purpose of acquirement and disposal of subsidiaries in the reporting period	Method of acquirement and disposal of subsidiaries in the reporting period	Influence on the general production and performance
Beijing Dongfang Hengtong Technology Development Co., Ltd.	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 becomes a subsidiary of the Company.	Merger of enterprises under different control	No significant influence

4. Significant projects invested with non-raised funds

Unit: RMB ten thousand

Project name	Total amount of investment	Amount input this year	Accumulative amount actually input up to the end of the reporting period	Progress of project	Project earnings
AM-OLED Project of Yuansheng Optoelectronic	2,050,000	166,395	172,450	8%	Non-applicable
Total	2,050,000	166,395	172,450	--	--
Notes to significant projects invested with non-raised fund					
The non-raised funds listed above were mainly used in construction in process and purchase of facilities for Erdos AM-OLED Project of Yuansheng Optoelectronic.					

VII. Expectation to the future development of the Company

I. Industry competition structure and external economic environment

1. Industry competition structure

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.

2. External economic environment

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.

II. 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.

1. 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.

2. 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.

VIII. Explanation about changes in consolidated financial statements compared with financial report 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. Therefore, the above was incorporated in consolidated financial statements..

IX. Information about profit distribution and dividends of the Company

In the reporting period, formulation, implementation and adjustment of profit distribution policy, especially cash bonus policy

According to the requirements of Notice on Further Implementing Cash Dividend Related Issues of Listed Companies (ZJF[2012] No.37) issued by CSRC and the Notice on Further Perfecting Cash Dividend Related Issues of Listed Companies (JZGSF [2012] No.101) issued by Beijing Securities Regulatory Bureau, the Company adjusted cash bonus policy in Articles of Association with the deliberation and approval of the 1st temporary shareholders' meeting in 2012. In the course of adjustment, the Company gave enough consideration to the appeal and opinions of medium-sized and small shareholders, paid attention to safeguarding the legal rights and interests of shareholders, clarified different conditions of cash bonus and shares and dividends issuance and further clarified standards and proportion of cash bonus. In order to guarantee the stability of profit distribution policy and protect rational expectation of shareholders, as to the adjustment of profit distribution policy, the board of directors need conduct special discussions, expound reasons of adjustment in detail, formed a written report. The adjustment need be submitted to the shareholders' general meeting as a special resolution after the deliberation of independent directors. On the basis of perfecting and practicing relevant regulations of Articles of Association, the Company formulated plan of rewarding shareholders.

In the reporting period, preplan on profit distribution and preplan on the transfer of capital reserve to common shares are in conformity with relevant regulations of Articles of Association.

Information about preplan on profit distribution and preplan on the transfer of capital reserve to common shares of the recent three years (including the reporting period)

Preplan on Profit Distribution and the Transfer of Capital Reserve to Common Shares in 2010 was approved in the 2010 annual shareholders' general meeting. Regarding the total equity of 11,267,951,951 shares up to 31 Dec. 2010 as cardinality, the Company transferred and increased 2 shares per 10 shares for the whole shareholders holding A share and B share in the form of capital reserve.

Preplan on 2011 Annual Profit Distribution was deliberated and approved on the 2011 annual shareholders' general meeting. Because up to 2011, the accumulative undistributed profit was negative, the Company did not conduct profit distribution and not transfer capital reserve into common shares in 2011.

Preplan on 2012 Annual Profit Distribution was deliberated and approved on the 2012 annual board meeting. Because up to 2011, the accumulative undistributed profit was negative, the Board of Directors planned not to conduct profit distribution and not transfer capital reserve into common shares in 2012, which need to be submitted to 2012 annual shareholders' general meeting for deliberation.

Statement about cash bonus of the Company during the recent three years

Unit: Yuan

Year	Amount of cash bonus (including tax)	Net profit attributed to shareholders of listed company in annual consolidated statements of dividends	Proportion in net profit attributed to shareholders of listed company in consolidated statements (%)
2012	0	258,133,391	0%
2011	0	560,866,477	0%
2010	0	-2,003,813,083	0%

In the reporting period, the Company made profit and undistributed profit of parent company was positive but did not propose preplan on cash bonus distribution

☐ Applicable ☒ Non-applicable

X. Social responsibility

The Company, as a state-owned controlling company listed in Shenzhen Stock Exchange, strictly complies with business ethnics and norms recognized by the society, conducts operation activities in line with the laws and standards. It fulfills its responsibility as a social citizen while sustainably and steadily developing itself, realizes the coordinate development of the enterprise and stakeholders, grows itself together with clients, brings good returns to shareholders, helps employees realize their own value and supports social benefits. The Company disclosed report on social responsibility; for details see the announcement of the Company published in Cninfo website on the same day.

XI. Registration form of receiving investigation & research, communication and interviews

Reception date	Reception place	Reception way	Type of visitor	Visitor	Main content of discussion and materials provided by the Company
9 Jan. 2012	Meeting Room of the Company	Field research	Institution	Azentus Capital	
11 Jan. 2012	Meeting Room of the Company	Field research	Institution	Longzhong Investment, CITIC Securities Co., Ltd.	
18 Jan. 2012	Investigation & research by phone	Communication by phone	Institution	Daiwa Securities, Daiwa Securities (Hong Kong)	
7 Feb. 2012	Investigation & research by phone	Communication by phone	Institution	BOC International	
16 Feb. 2012	Meeting Room of the Company	Field research	Institution	Beijing YCT Investment Management Co., Ltd.	
24 Feb. 2012	Meeting Room of the Company	Field research	Institution	Daiwa Securities, Beijing Representative Office of Daiwa Securities	
2 March 2012	Investigation & research by phone	Communication by phone	Institution	Citibank (Hong Kong)	
6 March 2012	Investigation & research by phone	Communication by phone	Institution	Huatai Securities	
7 March 2012	Meeting Room of the Company	Field research	Institution	Fino wave investments	
8 March 2012	Meeting Room of the Company	Field research	Institution	Dacheng Fund	
9 March 2012	Meeting Room of the	Field research	Institution	Yinhua Fund	

	Company				
16 March 2012	The Ritz-Carlton Hotel	Field research	Institution	Shanghai Representative Office of Merrill Lynch Corporation, Merrill Lynch (Asia-Pacific) Co., Ltd., Cephei Capital, Mitsubishi UFJ	Main contents of discussion: 1. Information about corporate operation and future development strategy. 2. Industry situation and development tendency. 3. Information about several production lines of the Company. Materials provided: public information including 2010 and 2011 Annual Reports and Corporate brochure.
19 March 2012	Meeting Room of the Company	Field research	Institution	Everbright Securities Co., Ltd.	
20 March 2012	Investigation & research by phone	Communication by phone	Institution	Sylebra Capital Management	
7 May 2012	Meeting Room of the Company	Field research	Institution	GF Securities Co., Ltd., Jiahe Life Insurance Co., Ltd., Cinda Securities Co., Ltd., Shanghai Zexi Investment Management Co., Ltd., Zhongzhi Enterprise Group Co., Ltd.	
11 May 2012	Meeting Room of the Company	Field research	Institution	China Securities Co., Ltd., Lion Fund Management Co., Ltd., Changshen Fund Management Co., Ltd., Beijing Anquan Xingye Enterprise Management Centre, Minsheng Securities, Aviva-Cofco Life Insurance Co., Ltd., Dacheng Fund Management Co., Ltd., Shanghai Liuhe Capital Co., Ltd., GF Securities	
17 May 2012	Investigation & research by phone	Communication by phone	Institution	Everbright Securities Co., Ltd.	
22 May 2012	Meeting Room of the Company	Field research	Institution	Xingye Securities, Orient Securities Asset Management Co., Ltd, Mizuho Corporate Bank	
24 May 2012	Meeting Room of the Company	Field research	Institution	kylin management LLC	
15 June 2012	Meeting Room of the Company	Field research	Institution	Guofu Fund Management Co., Ltd.	
18 June 2012	Investigation & research by phone	Communication by phone	Institution	Shenzhen Zhongzheng Investment Co., Ltd.	
19 June 2012	Meeting Room of the Company	Field research	Institution	Asian Century Quest	

3 July 2012	Meeting Room of the Company	Field research	Institution	Barclay Capital
10 July 2012	Meeting Room of the Company	Field research	Institution	Beijing Representative Office of Daiwa Securities
13 July 2012	Meeting Room of the Company	Field research	Institution	China Minzu Securities Co., Ltd.
16 July 2012	Meeting Room of the Company	Field research	Institution	Qilu Securities Co., Ltd.
18 July 2012	Meeting Room of the Company	Field research	Institution	Merrill Lynch Securities Co., Ltd., Capital Research Global Investors
19 July 2012	Meeting Room of the Company	Field research	Institution	HSBC Jintrust Fund Management Co., Ltd.
20 July 2012	Meeting Room of the Company	Field research	Institution	Chang Xin Asset Management Co., Ltd., China Investment Securities Co., Ltd.
24 July 2012	Meeting Room of the Company	Field research	Institution	Clough capital partners,LP
31 July 2012	Meeting Room of the Company	Field research	Institution	Money Week, Hong Kong Directors Institute, Shenzhen Guofu Hengtong Investment Advisory Co., Ltd., Shanghai GM & Buick Company
17 Aug. 2012	Meeting Room of the Company	Field research	Institution	Everbright Securities Co., Ltd.
6 Sep. 2012	Meeting Room of the Company	Field research	Institution	TX Investment Consulting Co., Ltd., Taikang Asset Management Co., Ltd.
11 Sep. 2012	Communication by phone	Communication by phone	Institution	Sylebra Capital Management
14 Sep. 2012	Meeting Room of the	Field research	Institution	China Minzu Securities Co., Ltd.

	Company			
17 Sep. 2012	Meeting Room of the Company	Field research	Institution	Fullgoal Fund Management Co., Ltd., CCB Principal Asset Management Co., Ltd., China AMC Fund Management Co., Ltd., Shouchuang Capital Securities Co., Ltd., Beijing Zobon Investment Management Co., Ltd., CTTIC Private Equity Funds 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 Sep. 2012	Meeting Room of the Company	Field research	Institution	JP Morgan Chase Securities (Asia-Pacific) Co., Ltd., Moon Capital Management LP
11 Oct. 2012	Meeting Room of the Company	Field research	Institution	Oppenheimer & Co.Inc
11 Oct. 2012	Telephone conference	Communication by phone	Institution	Asset Management Department of Essence Securities, Dacheng Fund, Sales Department of Orient Securities, Soochow Asset, ICBC Ruixin Fund, Everbright Pramerica Fund, Asset Management Department of Everbright Securities, Sales Department of Everbright Securities, HFT Investment Management, China Universal Asset Management Co., Ltd., Ligu Investment, Penghua Fund, Pearl Fund, Rongtong Fund, Shenghai Investment, Pacific Endowment Insurance, Taikang Asset, Sunshine Insurance, E Fund, Yimin Fund, Asset Management Department of CITIC Securities, Industrial Securities
30 Oct. 2012	Meeting Room of the Company	Field research	Institution	SWS Research Co., Ltd., Guosen Securities, China Minzu Securities Co., Ltd., Capital Synergy Invest Management Co., Ltd., Bohai Securities Co., Ltd., China Reinsurance Asset Management Co., Ltd., Minsheng Securities Co., Ltd., AXA SPDB Investment Managers Co., Ltd., China AMC Fund Management Co., Ltd., Taikang Asset Management Co., Ltd., Houyuan Investment Management Co., Ltd., CITIC Securities Co., Ltd., Guangzhou Securities Co., Ltd., Changxin Fund, Minmetals Capital Holdings Limited, Dacheng Fund Management Co., Ltd., Yinhua Fund Management Co., Ltd., Beijing Dinglong Investment Co., Ltd., New

				China Asset Management Co., Ltd., Manulife Teda Fund Management Co., Ltd., China Post Fund, GF Fund Management Co., Ltd., Beijing Representative Office of Daiwa Securities, TX Investment Consulting Co., Ltd., Shouchuang Capital Securities Co., Ltd., Beijing Zobon Investment Management Co., Ltd., China Post & Capital Fund Management Co., Ltd., Hongyuan Securities Co., Ltd., New China Fund Management Co., Ltd., Rising Securities Co., Ltd., Fortune CLSA Securities Limited
30 Oct. 2012	Investigation & research by phone	Communication by phone	Institution	Asset Management Department of Essence Securities, Dacheng Fund, Sales Department of Orient Securities, Soochow Asset, ICBC Ruixin Fund, Everbright Pramerica Fund, Asset Management Department of Everbright Securities, Sales Department of Everbright Securities, HFT Investment Management, China Universal Asset Management Co., Ltd., Ligu Investment, Penghua Fund, Pearl Fund, Rongtong Fund, Shenghai Investment, Pacific Endowment Insurance, Taikang Asset, Sunshine Insurance, E Fund, Yimin Fund, Asset Management Department of CITIC Securities, Industrial Securities
2 Nov. 2012	Meeting Room of the Company	Field research	Institution	Bohai Securities Co., Ltd.
5 Nov. 2012	Meeting Room of the Company	Field research	Institution	Shenzhen Zhongzheng Investment Consulting Co., Ltd.
6 Nov. 2012	Telephone conference	Communication by phone	Institution	CIFM, Shanghai Daoxin Asset, Everbright Pramerica, Huaan Funds, Soochow Asset, Everbright Securities, UBS SDIC, Fullgoal Fund, CongRong Investment, Elegant Investment, Dacheng Fund, Guosen Securities, Mingzhe Asset, Yinhua Fund Management Co., Ltd., Lion Fund Management Co., Ltd., Rising Securities Co., Ltd., China AMC Fund Management Co., Ltd., Beijing Ruice Investment Management Co., Ltd., Taikang Asset Management Co., Ltd., Kashine Century Investment Group Co., Ltd., Hua Chuang Securities
6 Nov. 2012	Beijing Colorful	Field research	Institution	Galaxy Fund Management Co., Ltd., CITIC Securities Co., Ltd.

	Yunan Qingfengxiang			
7 Nov. 2012	Meeting Room of the Company	Field research	Institution	Founder Securities
14 Nov. 2012	Telephone conference	Communication by phone	Institution	First State Cinda Fund Management Co., Ltd., Guosen Securities Co., Ltd.
15 Nov. 2012	Meeting Room of the Company	Field research	Institution	GF Fund Management Co., Ltd.
16 Nov. 2012	Meeting Room of the Company	Field research	Institution	Zhong De Securities Co., Ltd., Lion Fund Management Co., Ltd.
21 Nov. 2012	Meeting Room of the Company	Field research	Institution	China Securities Co., Ltd.
29 Nov. 2012	Meeting Room of the Company	Field research	Institution	China Development Bank Securities Co., Ltd.
30 Nov. 2012	Telephone conference	Communication by phone	Institution	Orient Securities, Anbang Asset, Aeno Life, Baoying Fund, Investment Department of Changjiang Securities, Chuan Chemical Investment, Dehui Investment, Soochow Asset, Fuanda Fund, Fuyue Capital, Everbright Pramerica Fund, Asset Management Department of GF Securities, Guotai Fund, Heju Investment, Hongyuan Asset Harfor Fund, Woshine Fune, China Universal Asset Management Co.,Ltd., Jiahe Life, Jiangsu Ruihua Investment, Golden Investment, Asset Management Department of Kaiyuan Securities, China Southern Fund , AXA SPDB Fund, Investment Department of Qilu Securities, Shanghai Investment, Shanghai Wanji Investment, CIFM Fund, Shangcheng Asset, Sales Department of Shenyin & Wanguo Securities, Taiping Asset Management , Manulife Teda Fund, Taikang Asset, China Nature Fund, Wangjia Fund, New China Fund, First State Cinda Fund, Asset Management Department of Industrial Securities, Sunshine Insurance, Yinhua Fund, Yinli Weishi Investment, Longrising Asset , China Pingan Insurance, Zhonghai Fund, CITIC Industrial Fund, Sales Department of China

				Securities Co., Ltd., CITIC Securities, BOC Fund, China Post Fund, Chongyang Investment	
13 Dec. 2012	Meeting Room of the Company	Field research	Institution	Ford Eagle Financing Co., Ltd., Hongyuan Securities Co., Ltd.	
19 Dec. 2012	Telephone conference	Communication by phone	Institution	Coatue Management LLC	
21 Dec. 2012	Meeting Room of the Company	Field research	Institution	Lion Fund Management Co., Ltd.	
21 Dec. 2012	Telephone conference	Communication by phone	Institution	SAC Capital Advisors, LP	
25 Dec. 2012	Meeting Room of the Company	Field research	Institution	CITIC Private Equity Funds Management Co., Ltd., Caitong Securities Co., Ltd., Huaxia Life Insurance Co., Ltd.	

XII. Service for investors

In 2012, the Company employed diversified forms of service for investors. The total number of investors served was 1,073 persons, among whom analysts occupied 40%, internet (interactive platform) occupied 26%, phone calls from shareholders occupied 34%.

1. Institution investors

The total number of institutions received by the Company was 354, among which local reception (including reception by phone) occupied 244, outward reception in strategic meetings of investment occupied 110, an increase of 270% compared with reception of last year. There were 322 domestic institutions and 32 foreign ones.

In 2012, the total amount of global analysts received by the Company was 430 persons, among whom persons receiving local reception (including in the form of telephone conference) occupied 292, persons received in outward strategic meetings occupied 138. In respect of investigation & research form, field research occupied 47%; telephone conference occupied 21%; strategic meetings occupied 32%.

2. Internet interactive platform

In 2012, the amount of questions raised by investors through internet interactive platform was 283 which were 4.4 times more than the amount in 2011. The questions were related to four aspects including product technology, finance and performance, shares and corporate operation, among which corporate operation occupied 46%, shares 17%, product technology 16%, finance and performance 14% and others 7%.

3. Phone calls from shareholders

In 2012, the total amount of shareholders received by phone was 360. The shareholders paid their attention on corporate operation, shares in secondary market, performance, etc.

4. Illustration meeting of performance

On 30 Aug. 2012, BOE held illustration meeting of semi-annual performance online. The directors and senior executives of the Company communicated with shareholders through internet platform and earnestly listened to and answered various advices and questions about the Company from shareholders.

Section V. Significant events

I. Significant lawsuits and arbitrations

☐ Applicable ☒ Non-applicable

There existed no significant lawsuit or arbitration this year.

Information about questions from the media

☐ Applicable ☒ Non-applicable

There existed no questions from the media this year.

II. Transaction of assets

1. Information about corporate merger

This year Dongfang Hengtong, the original joint venture, was incorporated in the scope of merger, which made no effect on the continuity of business and stability of the management. Because as to this merger, BOE Land got 50% equities of Dongfang Hengtong without consideration, the profit influenced by this merger was RMB 210,762.

III. Significant related transactions

1. Related creditor's rights and liabilities

Whether there existed non-operating related creditor's rights and liabilities

☐ Yes ☒ No

2. Other significant related transactions

On the basis of related transactions in 2011, the Company conducted reasonable prediction to the total amount of the accumulative related transactions of the same kind in 2012 and the actual amount of routine related transactions in 2012 was strictly controlled in the scope of prediction.

Reference to the disclosure website of temporary announcements about significant related transactions

Name of temporary announcement	Disclosure date of temporary announcement	Name of disclosure website
Announcement on prediction of routine related transactions in 2012	27 April 2012	www. Cninfo.com.cn

IV. Significant contracts and the fulfillment

1. Significant guarantees

Unit: RMB ten thousand

External guarantees provided by the Company (excluding guarantees for subsidiaries)								
Name of the guaranteed	Disclosure date of announcement	Guarantee limits	Date of occurrence (Date of signing agreement)	Actual amount of	Type of guarantee	Term of guarantee	Accomplish the guarantee	Guarantee for related

	t on guarantee limits			guarantee			or not	parties or not
Beijing Agricultural Guarantee Co., Ltd.	4 June 2012	1,500	19 July 2012	500	Mortgage	From the date of signing guarantee contract to the date of completely paying off debts under the items of contract	No	No
The total amount of external guarantee limits approved in the reporting period (A1)		1,500		The total amount of actual occurrence of external guarantee in the reporting period (A2)		500		
The total amount of external guarantee approved up to the end of reporting period (A3)		1,500		The total balance of actual external guarantee up to the end of reporting period (A4)		500		
Guarantee provided for subsidiaries								
Name of the guaranteed	Disclosure date of announcement on guarantee limits	Guarantee limits	Date of occurrence (Date of signing agreement)	Actual amount of guarantee	Type of guarantee	Term of guarantee	Accomplish the guarantee or not	Guarantee for related parties or not
Beijing BOE Optoelectronics Technology Co., Ltd.	8 April 2005	465,127	31 March 2005	160,836	General guarantee	8 April 2005-13 April 2014	No	No
The total amount of guarantee limits for subsidiaries approved in the reporting period (B1)		0		The total amount of actual occurrence of guarantee for subsidiaries in the reporting period (B2)		0		
The total amount of guarantee for subsidiaries approved up to the end of reporting period (B3)		465,127		The total balance of actual guarantee for subsidiaries up to the end of reporting period (B4)		160,836		
The total amount of guarantee by the Company (the total amount of the first two items)								

The total amount of guarantee limits approved in the reporting period（A1+B1）	1,500	The total amount of actual occurrence of guarantee in the reporting period（A2+B2）	500
The total amount of guarantee approved up to the end of reporting period（A3+B3）	466,627	The total balance of actual guarantee up to the end of reporting period（A4+B4）	161,336
Proportion of total amount of actual guarantee (A4+B4) in the net assets of the Company		6.23%	
Among which:			
Amount of guarantees provided for shareholders, actual controller and other related parties (C)		0	
Amount of debt guarantees provided directly or indirectly for parties with asset-liability ratio exceeding 70% (D)		0	
Proportion of total guarantee amount exceeding 50% of the Company's net assets (E)		0	
Total amount of the above three guarantees (C+D+E)		0	
Explanation on possibility of taking several and joint liability involving immature guarantees		None	
Explanation on external guarantees provided by violating regulated procedures		None	

Specific explanation on guarantees provided in the compound form

None

V. Implementation of commitments

1. Commitments made in the reporting period by the Company or its shareholders with equities of over 5% or such commitments carried down into the reporting period

Commitment	Party making the commitment	Content of commitment	Date of making commitment	Term for acceptance	Fulfillment of commitment
Commitments made in a share reform					
Commitments made in acquisition reports or report on changes in equity					
Commitments made at the time of assets reorganization					
Commitments at the time of initial public issuance or re-financing	Being E-TOWN International Investment & Development Co., Ltd.	The term of locking shares purchased through non-public	13 Dec. 2010	Three years	Under the fulfillment

		issuance in 2010 is three years			
Other commitments made for medium and small shareholders of the Company					
Whether commitments were fulfilled in time	Yes				
Specific reasons of unfinished fulfillment and further plan	Non-applicable				
Term of settling commitments	Non-applicable				
Methods of settlement	Non-applicable				
Fulfillment of commitments	Under the fulfillment				

VI. Particulars about employing and dismissing Certified Public Accountants by the Company

Certified Public Accountants in employment

Name of domestic accounting firm	KPMG Huazhen (Special General Partnership)
Payment for domestic accounting firm(RMB 0'000)	418
Number of successive years of audit service provided by domestic accounting firm	Eight years
Name of certified public accounts in domestic accounting firm	Zhang Huan, Yuan Zhaoxin
Name of foreign accounting firm (if any)	None
Payment for foreign accounting firm(RMB 0'000) (if any)	0
Number of successive years of audit service provided by domestic accounting firm (if any)	None
Name of certified public accounts in domestic accounting firm(if any)	None

Whether employing another accounting firm instead during the reporting period ☐

Yes ☒ No

Particulars about financial consultancy or sponsor when employing accounting firm of internal control audit

☒ Applicable ☐ Non-applicable

This year, because of the need of internal control audit, the Company employed KPMG Huazhen (Special General Partnership) as the accounting firm of internal control audit, which was paid RMB 1.8 million as internal control audit expense within the period.

VII. Explanation about other significant events

1. Announcement on Affiliated Subsidiary of BOE Technology Group Co., Ltd. Being Granted Government Subsidies was disclosed in the Cninfo website (<http://www.cninfo.com.cn/>) on 17 May 2012; the No. was 2013-012.

2. Announcement on Progress of Affiliated Subsidiary of BOE Technology Group Co., Ltd. Being Granted Government Subsidies was disclosed in the Cninfo website (<http://www.cninfo.com.cn/>) on 26 June 2012; the No. was 2012-020
3. Announcement on Affiliated Subsidiary of BOE Technology Group Co., Ltd. Being Granted Interest Subsidies of Loans was disclosed in the Cninfo website (<http://www.cninfo.com.cn/>) on 25 Oct. 2012; the No. was 2012-030.

VIII. Events after the reporting period

1. On 19 April 2013, the first temporary shareholders' general meeting in 2013 deliberated and approved the program of investing and constructing production line of 8.5th-Generation TFT-LCD with the total amount of investment reaching RMB 28.5 billion in Hefei. Part of the Oxide-TFT technology will be employed and the main products are TFT-LCD display screens with the size of 55" and less than 55" and modules. For details see the relevant announcements disclosed in the Cninfo website on 3 April 2013.
2. On 14 April 2013, the first temporary shareholders' general meeting in 2013 deliberated and approved the guarantee for syndicated loan of Erdos Yuansheng Optoelectronic Co., Ltd. (hereinafter referred to as Yuansheng Optoelectronic). Yuansheng Optoelectronic is planning to apply syndicated loan with the amount of less than RMB 4.5 billion from financial institutions like national development banks. The Company and the subsidiaries are going to provide pledge guarantee (less than RMB 4.5 billion) in advance for the above loan. After Yuansheng Optoelectronic accomplishes relevant certificate of title, it will provide mortgage guarantee in the form of its own real estate and machinery facilities. The pledge guarantee will be gradually removed after setting up the mortgage guarantee. For details see the relevant announcements disclosed in the Cninfo website on 3 April 2013.

Section VI. Changes in shares and particulars about shareholders

I. Changes in shares

Item	Before the change		Increase/decrease (+/-)		After the change	
	Amount	Proportion (%)	Others	Subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	2,094,137,906	15.49%	-1,499,916,825	-1,499,916,825	594,221,081	4.39%
1. State-owned shares	0	0%	0	0	0	0%
2. Shares held by state-owned corporations	2,094,059,405	15.49%	-1,500,000,000	-1,500,000,000	594,059,405	4.39%
3. Shares held by domestic investors	0	0%	0	0	0	0%
Among which: shares held by domestic legal person	0	0%	0	0	0	0%
Shares held by domestic natural person	0	0%	0	0	0	0%
4. Shares held by foreign investors	0	0%	0	0	0	0%
Among which: shares held by foreign legal person	0	0%	0	0	0	0%
Shares held by foreign natural person	0	0%	0	0	0	0%
5. Shares held by senior executives	78,501	0%	83,175	83,175	161,676	0%
II. Shares not subject to trading moratorium	11,427,404,435	84.51%	1,499,916,825	1,499,916,825	12,927,321,260	95.61%
1. RMB ordinary shares	10,088,744,435	74.61%	1,499,916,825	1,499,916,825	11,588,661,260	85.71%
2. Domestically listed foreign shares	1,338,660,000	9.9%	0	0	1,338,660,000	9.9%
3. Overseas listed foreign shares	0	0%	0	0	0	0%

4. Others	0	0%	0	0	0	0%
III. Total shares	13,521,542,341	100%	0	0	13,521,542,341	100%

Reasons of changes in shares

1. In the reporting period, part of shares which were non-publicly issued in 2009 by the Company cancelled the trading moratorium and listed on 19 June 2012 with the total shares reaching 1,500,000,000.
2. In the reporting period, senior executives of the Company increased the shareholding of the Company and the shares subject to trading moratorium by 83,175 shares.

Approval of changes in shares

☐ Applicable ☒ Non-applicable

Particulars about transferring ownership of shares

None

Influence of changes in shares on financial indicators of the recent year or the recent term including basic EPS, diluted EPS, net asset value per share belonging to common stock holders of the Company, etc.

☐ Applicable ☒ Non-applicable

Other contents that the Company thinks it is necessary to disclose or that securities regulatory institutions demand to disclose

None

II. Issuance and listing of securities

1. Securities issuance in recent three years as at 31 Dec. 2012

Names of the stock and its derivative securities	Date of issue	Issue price (or interest)	Issue number	Date for listing	Number approved for listing	Date for trading expiration
Stocks:						
Private A-share offering	22 Nov. 2010	3.03	2,985,049,504	13 Dec. 2010	2,985,049,504	

Notes to securities issuance in recent three years:

1. As approved by CSRC with ZJXX [2010] No. 1324 document, the Company completed the private issuance of A-share totalling 2,985,049,504 shares at a price of RMB 3.03 per share in Dec. 2010, the total share capital of the Company has increased to 11,267,951,951 shares from 8,282,902,447 shares. Newly additional shares had been listed on Shenzhen Stock Exchange on 13 Dec. 2010.
2. On 30 May 2011, the Company convened Shareholders' General Meeting for Y2010, of which reviewed and approved Pre-plan on Profit Distribution 2010 and Capitalization of Capital Reserve, that is, the Company distributed additional two shares for every ten shares held by shareholders of A shares and shareholders of B shares with capital reserve, of which based on total shares of 11,267,951,951 shares at 31 Dec. 2010. Newly additional A shares had been listed on 20 Jun. 2011 and newly additional B shares had been listed on 23 Jun. 2011.

2. Changes of the Company's share number and structure, as well as the corresponding changes in its asset-liability structure

The Company's share structure remained unchanged.

III. Shareholders and actual controller

1. Total number of shareholders and their shareholding situation

Unit: Share

Total number of shareholders at the reporting period	393,673 (including 355,877 A-share holders and 37,796 B-share holders)			Total number of shareholders on the fifth trading day before the disclosure date of the annual report	376,180 (including 339,672 A-share holders and 36,508 B-share holders)			
Particulars about shares held by shareholders with a shareholding percentage over 5%								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the reporting period	Number of non-tradable shares held	Number of tradable 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	240,000,000	594,059,405	940,000,001		
Beijing BOE Investment & Development Co., Ltd.	State-owned Corporation	6.37%	860,981,080	0	0	860,981,080		
Beijing Economic-Technological Investment & Development Corp.	State-owned Corporation	6.27%	847,650,000	0	0	847,650,000	Pledged	350,000,000
Hefei Rongke Project Investment Co., Ltd.	State-owned Corporation	5.86%	792,000,000	0	0	792,000,000		
Hefei Lan Ke Investment Co., Ltd.	State-owned Corporation	5.55%	750,000,000	0	0	750,000,000		
Hefei Xincheng	State-owned	5.55%	750,000,000	0	0	750,000,000		

State-Owned Assets Management Co., Ltd.	Corporation							
Beijing BDA Technological Investment Development Co., Ltd.	Domestic non-state-owned corporation	4.44%	600,000,000	600,000,000	0	600,000,000		
Beijing Industry Development & Investment Management Co., Ltd.	On behalf of the country	3.27%	442,016,711	0	0	442,016,711		
China Construction Bank—Yinhua Core Value Selected Stock Fund	Other	2.54%	342,810,267	0	0	342,810,267		
Beijing Electronics Holdings Co., Ltd.	On behalf of the country	2.04%	275,303,883	0	0	275,303,883	Frozen	2,000,000
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any)	Naught							
Explanation on associated relationship or/and persons acting in concert among the above-mentioned 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 the other top ten shareholders exist associated relationship or not, or they are persons acting in concert or not.</p>							

Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium			
Name of shareholder	Number of tradable shares held at the year-end	Type of shares	
		Type	Number
Being 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	342,810,267	RMB ordinary shares	342,810,267
Beijing Electronics Holdings Co., Ltd.	275,303,883	RMB ordinary shares	275,303,883
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten 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.</p>		

	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.
Explanation on shareholders participating in the margin trading business (if any)	Naught

2. Particulars about the controlling shareholder

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
Beijing BOE Investment & Development Co., Ltd.	Wang Dongsheng	21 Apr. 2005	10110124-9	RMB 680,982,000	R&D and production of electronic products, electronic raw materials and components; sales of self-produced products, etc.
Operating results, financial situation, cash flow and future development strategy, etc.	As for Beijing BOE Investment & Development Co., Ltd. at the end of 2012, the un-audited total amount of assets was RMB 1.30555 billion and the amount of the owner's equity was RMB 1.10878 billion; the amount of revenue of sales and total amount of profits in 2012 were RMB 0 and RMB 9.69 million respectively; and the net cash flow from operating activities in 2012 was RMB -83,730,000. Beijing BOE Investment & Development Co., Ltd., as the controlling shareholder of the Company, will mainly develop the assets management business in the future, and will support the Company to develop as a leading enterprise in the display field.				
Shares held by the controlling shareholder in other listed companies by holding or shareholding during the reporting period	Naught				

Change of the controlling shareholder during the reporting period

☐ Applicable ☒ Inapplicable

3. Particulars about the actual controller

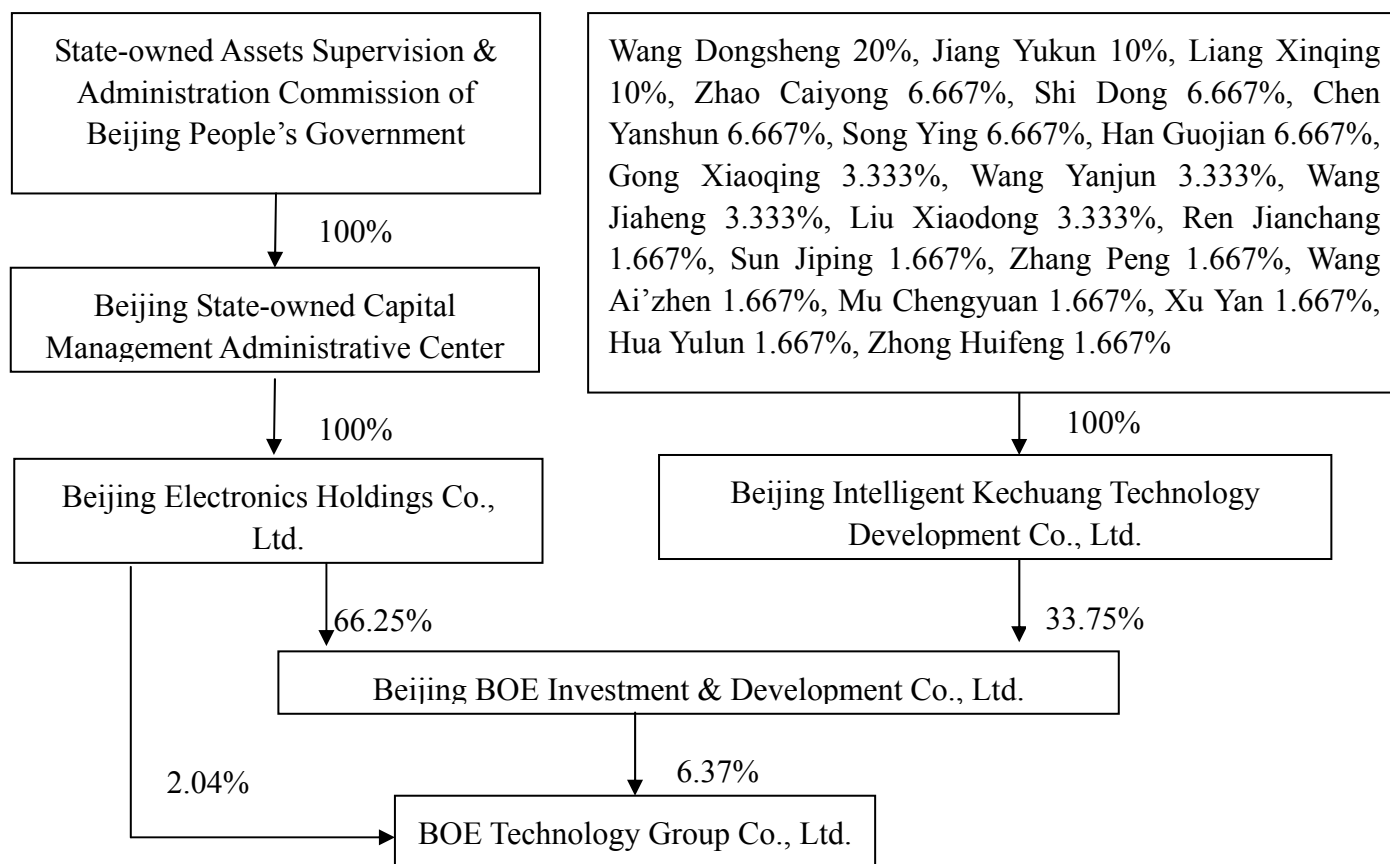
Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
-------------------------------	--	-----------------------	-------------------	--------------------	----------------

Beijing Electronics Holdings Co., Ltd.	Wang Yan	8 Apr. 1997	63364799-8	RMB 1,307,370,000	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.
Operating results, financial situation, cash flow and future development strategy, etc.	As for Beijing Electronics Holdings Co., Ltd. at the end of 2012, the un-audited total amount of assets was RMB 88.5 billion, the amount of the owner's equity was RMB 44 billion, and the amount of owners' equity attributable to the Company was RMB 7.3 billion; the amount of revenue of sales and total amount of profits in 2012 were RMB 32.8 billion and RMB 562 million respectively; and the net cash flow from operating activities in 2012 was RMB 5.164 billion. Beijing Electronics Holdings Co., Ltd., as the actual controller of the Company, will mainly form the industrial pattern with electronic information industry as the main business and the park real estate services industry & cultural creative industry as the supporting business in the future; optimize the resource allocation by centralized planning of scientific and technological industry, centralized operation of park real estate and stable & centralized management of social security; form the three main industrial chains of digital TV, new energy and LED; strengthen the four special industries of special electronic equipments, electronic devices & components, centralized application equipment a& services and instruments & meters; and give all efforts to become a strategic holding group with international competitiveness and leading technology at home and abroad.				
Shares held by the actual controller in other listed companies by holding or shareholding during the reporting period	Beijing Electronics Holdings Co., Ltd. directly holds 405,981,375 ones of A-share of DZC (with stock code of 600658), accounting for 69.99% of the total shares of DZC; and holds 90,005,760 ones of A-share of QXDZ (with stock code of 002371) through the holding subsidiary—The Seven Star Group, accounting for 51.11% of the total shares of QXDZ.				

Change of the actual controller during the reporting period

☐ Applicable ☒ Inapplicable

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



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.

The actual controller controls the Company via trust or other ways of asset management

☐ Applicable ☒ Inapplicable

4. Particulars about other corporate shareholders with shareholding proportion over 10%

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope or management activities
Being E-TOWN International Investment & Development Co., Ltd.	Bai Wen	6 Feb. 2009	68435529-0	4.91106 billion	Investment management and consultancy; leasing of self-owned offices

Section VII. Directors, Supervisors, Senior Management Staffs and Employees

I. Changes in shareholding of directors, supervisors and senior management staffs

Name	Office title	Tenure status	Sex	Age	Start date	Ending date	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Amount of shares held at the period-end (share)
Wang Dongsheng	Chairman of the Board, Chief of Executive Committee	Current	Male	55	21 May 2010	20 May 2013	29,905	0	0	29,905
Yuan Hanyuan	Vice Chairman of the Board	Current	Male	57	21 May 2010	20 May 2013	0	0	0	0
Liang Xinqing	Vice Chairman of the Board	Current	Male	60	21 May 2010	20 May 2013	11,963	0	0	11,963
Chen Yanshun	Executive director, President	Current	Male	46	21 May 2010	20 May 2013	0	0	0	0
Han Guojian	Executive director, Executive Vice President	Current	Male	59	21 May 2010	20 May 2013	11,962	110,900	0	122,862
Wang Jiaheng	Executive director, Executive Vice President COO of the Company	Current	Male	43	21 May 2010	20 May 2013	0	0	0	0
Gui Jinghua	Director	Current	Female	39	21 May 2010	20 May 2013	0	0	0	0
Dong Ansheng	Independent director	Current	Male	61	21 May 2010	20 May 2013	0	0	0	0
Ouyang	Independent director	Current	Male	66	21 May 2010	20 May 2013	0	0	0	0

Zhongcan										
Geng Jianxin	Independent director	Current	Male	58	21 May 2010	20 May 2013	0	0	0	0
Ji Guoping	Independent director	Current	Male	65	21 May 2010	20 May 2013	0	0	0	0
Wu Wenxue	Convener of Supervisory Committee	Current	Male	46	21 May 2010	20 May 2013	0	0	0	0
Zhang Jinsong	Supervisor	Current	Male	40	21 May 2010	20 May 2013	0	0	0	0
Mu Chengyuan	Supervisor	Current	Male	45	21 May 2010	20 May 2013	2,991	0	0	2,991
Zhong Huifeng	Employee supervisor	Current	Male	42	21 May 2010	20 May 2013	0	0	0	0
Yang Anle	Employee supervisor	Current	Male	42	21 May 2010	20 May 2013	0	0	0	0
Liu Xiaodong	Executive Vice President, COO	Current	Male	48	21 May 2010	20 May 2013	0	0	0	0
Song Ying	Executive Vice President	Current	Female	55	21 May 2010	20 May 2013	29,905	0	0	29,905
Wang Yanjun	Executive Vice President	Current	Male	43	21 May 2010	20 May 2013	11,962	0	0	11,962
Sun Yun	Senior Vice President, CFO	Current	Female	43	21 May 2010	20 May 2013	5,981	0	0	5,981
Dong Youmei	Senior Vice President, CTO	Current	Female	49	21 May 2010	20 May 2013	0	0	0	0
Feng Liqiong	Senior Vice President, Chief Counsel, Secretary of the Board	Current	Female	40	21 May 2010	20 May 2013	0	0	0	0
Yue Zhanqiu	Senior Vice President	Current	Male	45	21 May 2010	20 May 2013	0	0	0	0
Li Xuezheng	Senior Vice President	Current	Male	43	21 May 2010	20 May 2013	0	0	0	0
Xie Zhongdong	Vice President, Chief Risk Control Officer, Chief Auditor	Current	Male	43	22 Apr. 2011	20 May 2013	0	0	0	0
Total	--	--	--	--	--	--	104,669	110,900	0	215,569

II. Post-holding situation

Main working experience of current directors, supervisors and senior management staffs:

Directors Particulars

Mr. Wang Dongsheng, Master of Engineering, ever took the posts of Chairman of 1st and 2nd Board of Directors as well as president, and Chairman of the 3rd Board of Directors of the Company, as well as Chairman of Executive Committee, CEO, the Chairman of the 4th Board of Directors of the Company and Chairman of Executive Committee, and the Chairman of the 5th Board of Directors of the Company and Chief of Executive Committee.

Now he takes the posts of Chairman of the 6th Board of Directors, Chief of Executive Committee of the Company, Vice Chairman of the Board of Beijing Electronics Holding Corp. and concurrently takes the posts of Chairman of the Board of Beijing BOE Investment and Development Co., Ltd., Chairman of the Board of Beijing BOE Optoelectronics Technology Co., Ltd., Director of Beijing Intelligent Kechuang Technology Development Co., Ltd., Vice President of China Electronic Chamber of Commerce, President of Beijing Electronic Chamber of Commerce, Chairman of China Optics and Optoelectronics Manufactures Association LCB and Chairman of the Board of Beijing Yingfei Hailin Venture Capital Management Co., Ltd., etc..

Mr. Yuan Hanyuan, Bachelor Degree, is a senior engineer. He once acted as vice Chief, Chief, Assistant to Factory Director and Factory Director of Beijing No. 6 Semiconductor Device Factory, Deputy Division Chief of Programming and Technical Renovation Division, Vice General Inspector of Investment Management Center and Chief of Business Department I of Beijing Electronics Holdings., Ltd.

Now he is the Vice Chairman of the 6th Board of Directors of the Company, Vice President of Beijing Electronics Holdings, Ltd. and Vice Chairman of Board of Directors of Beijing BOE Investment and Development Co., Ltd.

Mr. Liang Xinqing, Senior Engineer. He has taken the posts of Standing Director, Vice President of the 1st Board of Directors of the Company, Director of the 2nd Board of Directors of the Company, Executive Director, President and COO of the 3rd Board of the Directors of the Company, Vice Chairman of the 4th and the 5th Board of Directors of the Company, Director and Vice General Manager of Beijing-Matsushita Color CRT Co., Ltd. Secretary-general of China Optics and Optoelectronics Manufactures Association LCB and the Chairman of the Board of Directors of Beijing Asahi Glass Electronic Co., Ltd..

Now he takes the posts of Vice Chairman of the 6th Board of Directors, Chairman of the Board of Beijing Nittan Electronics Co., Ltd., Chairman of the Board of Beijing Nissin Electronics Precision Component Co., Ltd., Chairman of the Board of Beijing BOE Energy Science and Technology Co., Ltd., Director of Beijing Intelligent Kechuang Technology Development Co., Ltd, Director and President of Beijing BOE Investment & Development Co., Ltd.

Mr. Chen Yanshun, Master of Economics, senior accountant, has ever taken the posts of lecturer of Chongqing Industry & Commerce University. He had served in the Company from the year of 1993, has taken the posts of Secretary of the Board of the 1st Board of Directors of the Company, Secretary of the 2nd Board of Directors and Vice President, Executive Director of the 3rd Board of Directors and Senior Vice President, Executive Director of the 4th and the 5th Board of Directors and President, and Chairman of the Board of Beijing BOE Vision-electronic Technology Co., Ltd.

Now he takes the posts of Executive Director and the President of the 6th Board of Directors of the Company, Chairman of the Board of Beijing BOE Optoelectronics Technology Co., Ltd., Chairman of the Board of Hefei BOE Optoelectronics Technology Co., Ltd., Chairman of the Board of Beijing BOE Multimedia Science and Technology Co., Ltd., Chairman of the Board of Beijing Intelligent Kechuang Technology Development Co., Ltd., Chairman of the Board Beijing-Matsushita Color CRT Co., Ltd., Chairman the Board of Ordos Yuansheng

Optoelectronics Co., Ltd., and Chairman of the Board of BOE Technology (Hongkong) Co., Ltd., etc..

Mr. Han Guojian, Bachelor Degree, Senior Engineer, he successively took Technical Chief Officer in Division under the Company, Deputy General Manager of Beijing Asahi Glass Electronics Co., Ltd. and Chairman of the Board of Beijing BOE YAMATO Photoelectron Co., Ltd., Representative Director and Deputy Proprietor of BOE HYDIS Technology Co., Ltd, Senior Vice President of Beijing BOE Investment & Development Co., Ltd., Executive Director and Vice President of the 5th Board of Directors, Director and General Manager of Beijing BOE Optoelectronics Technology Co., Ltd..

Now he takes the posts of Executive Director of the 6th Board of Directors, Executive Vice President of the Company, Chairman of the Board of Beijing BOE Vision-electronic Technology Co., Ltd. and Chairman of the Board of Taiwan BOE Vision-electronic Co., Ltd.

Mr. Wang Jiaheng, MBA, he ever took the post of General Manager of Electronic Components Division, Chairman of the Board of BOE HYDIS (Beijing) Display Technology Co., Ltd., Chairman of the Board of BOE (Hebei) Mobile Display Technology Co., Ltd., Director of Beijing Nissin Electronics Precision Component Co., Ltd., Executive Director and Vice President of the 5th Board of Directors of the Company.

Now he takes the posts of Executive Director of the 6th Board of Directors and Executive Vice President and COO of the Company, Chairman of the Board of Chengdu BOE Optoelectronics Technology Co., Ltd., Director of Beijing BOE Optoelectronics Technology Co., Ltd., Director of Hefei BOE Optoelectronics Technology Co., Ltd., and Vice Chairman of the Board of Ordos Yuansheng Optoelectronics Co., Ltd.

Ms. Gui Jinghua, Master. She has taken the posts of Project Manager of China National Aero-Technology Import & Export Company, Assistant President of Sun Media Group Holdings Limited and Manager of Investment Department of Panasia International Media Holdings Co., Ltd., Director of the 4th and the 5th Board of Directors of the Company, and General Manager of the Business Development Department of Beijing State-owned Assets Management Co., Ltd.

Now she takes the posts of Director of the 6th Board of the Directors, as well as Chief of Investment Department of Beijing State-owned Assets Management Co., Ltd.

Particulars on Independent Directors

Mr. Dong Ansheng, Doctor of Laws, Professor of School of Law of Renmin University of China, Doctor Advisor, Vice President of China Society of Securities Law, Researcher of Financial and Securities Research Institute, Researcher of Finance and Financial Policy Research Center, Deputy Chief of Research Center for Civil and Commercial Law. He also held the posts of Chinese Counselor-at-law on A-share, B-share, H-share and Hong Kong shares' issuing and listing for more than 40 listed companies, had written many works in securities field and had rich practical experience.

Now he takes the posts of Independent Director of the 6th Board of Directors in the Company, Independent Director of Shandong Tongyu Heavy Industry Co., Ltd., Independent Director of Sichuan Western Resources Holding Co., Ltd.; concurrently Vice Chairman of China Securities Law Association, councilman or members for many law societies, and Arbitrator of Shenzhen Arbitration Commission.

Mr. Ouyang Zhongcan, Theoretical Physical Scientist. He graduated from Tsinghua University at Automation Major in 1968. He worked at Lanzhou Chemical Factory as Assistant Engineer from 1968 to 1978. In 1978, he studied to precede the Doctor at the major of Liquid Crystal Nonlinear Optics Theory in Tsinghua University and won Doctor Degree in 1984. Between 1985 and 1986, he researched the fractal growth theory as post-doctoral in Institute of Theoretical Physical, Chinese Academy of Science; during 1987 to 1988, he invited the Free University of Berlin with the position of Alexander von Humboldt Fellow to study the theory of liquid

morphology of vesicles following up the professor W. Helfrich who invented the Twisted Nematic Liquid Crystal Display. Then in the year of 1989, he returned to work in Institute of Theoretical Physical, Chinese Academy of Science as Associate Researcher and became researcher in 1992, as the Chief there from Dec. 1998 to Mar. 2007. Now he takes the posts of independent director of the 6th Board of Directors of the Company, Chief of Development Committee and Chief of Academic Committee in Institute of Theoretical Physical, Chinese Academy of Science; Standing Director of Beijing Municipal Science Association, Vice Chairman of Beijing Institute of Electronics, Standing Director of Chinese Physical Society, Chief of Liquid Crystals Physics Branch; Editor in Chief of Acta Physica Sinica and China Phys B (2008-2015), and Editorial Member in International Journal of Modern Physics B (Singapore, from 200 up to now), Journal of Computational and Theoretical Nanoscience (America, from 2004 up to now), Soft Materials (Germany, from 2004 up to now). He was elected as an academician of Chinese Academy of Sciences in 1997, as an academician of the Third World Academy of Sciences. In 2008, he was elected as member of the 11th of national committee of CPPCC.

Mr. Geng Jianxin, Doctor, Professor, and Doctoral advisor.

Hi is now an independent director of the Company's Sixth Board of Directors, Shenzhen Tatfook Technology Co., Ltd., Zhuhai Hokai Medical Instruments Co., Ltd. and Beijing Shouhang Resources Saving Co., Ltd.. At present he serves as a member of scholarship committee of School of Business of Renmin University of China, as Professor in charge of Principles of Accounts, as member of China Accounting Standards Committee, as Deputy Chief and Academic Member of Councils of China Accounting Association, as Director of China Audit Society, Deputy Chief of Academic Committee, as Independent Director of the 6th Board of Directors of the Company. He has started to enjoy government special allowance since 2002.

Mr. Ji Guoping, senior engineer, is a specialist of information industry technology and management. He once successively acted as Chief of Color Picture Tube Engineering Section of Significant Engineering of Basic Products Department in Ministry of Electronics Industry, Chief of Basic Products Section of Electronic Information Products Management Department in Ministry of Information Industry and Assistant Inspector (assisting role of departments) in Electronic Information Products Management Department in Ministry of Information Industry as well as Deputy Chief (assisting role of departments) of Wuhan East Lake High-Tech Development Zone.

Now he is the independent director of the 6th Board of Directors of the Company, Xiamen Overseas Chinese Electronic Co., Ltd. and Hengdian Group Dmegc Magnetics Co., Ltd..

Supervisors Particulars

Mr. Wu Wenxue, Master of Economics, he served as the project manager of Issuing Development of Huaxia Securities, as Deputy Factory Manager of Beijing Foster Automobile Decorations Factory, as Deputy Chief of Comprehensive Management Dept., Deputy Chief of Policies Research Office of Beijing Gongmei Group Company, Deputy General Manager of Beijing Wangfujing Gongmei Building, as General Manager of Beijing Wolafey Decoration Co., Ltd., as Deputy General Manager and a member of CPC of Beijing Gongmei Group Co., Ltd., as Deputy General Manager of China Youfa International Project Design Consulting Co., Ltd, the Convener of the 4th and the 5th Supervisory Committee of the Company.

Now he holds the positions of the Convener and Chief Supervisor of the 6th Supervisory Committee of the Company, Vice President of Beijing Electronics Holdings Co., Ltd, Deputy Chairman of the Board of Beijing Electronic Zone Investment and Development Co., Ltd., and Chairman of the Board of Beijing Peony Electronic Group Co., Ltd.

Mr. Zhang Jinsong, Master Degree, Senior Accountant. He ever took posts of Chief of Finance Department of

Beijing Jianzhong Anchinery Factory, CFO of Beijing Boda Integrated Circuit Co., Ltd. and Deputy CFO of the Company.

Now he acts as Supervisor of the 6th Supervisory Committee, Vice President of Beijing Electronics Holdings Corp., and Director of Beijing BOE Investment & Development Co., Ltd..

Mr. Mu Chengyuan, master, is an Economist. He ever took the posts of Manager of comprehensive department of International Trade Branch of the Company, Deputy General Manager of Beijing Orient Lighting Fixture Engineering Co., Ltd., Division Chief of Assets Operating and Management Division of and Deputy Factory Manager of Beijing Electronic Tube Factory, Supervisor of the 3rd Supervisory Committee of the Company, Supervisor and Secretary of the 4th and the 5th Supervisory Committee of the Company.

Now he is the Supervisor and Secretary of the 6th Supervisory Committee, Chief of Investment Securities Department of Beijing Electronics Holdings Co., Ltd., as well as Director and Vice President of Beijing BOE Investment & Development Co., Ltd..

Mr. Zhong Huifeng, Master Degree, awarded certification on Secretary of the Board of Shenzhen Stock Exchange. He ever took posts of Securities Affairs Representative and Manager of Security Department of the 2nd Board of Directors, Secretary to the Board of the 3rd, 4th and 5th Board of Directors of the Company and Supervisor of Beijing Orient Top Victory Electronics Co., Ltd..

Now he acts as Employee Supervisor of the 6th Supervisory Committee, Vice Secretary of the CPC, Secretary of Discipline Inspection Commission and Principal of Labor Union of the Company, member of the Third National Committee of China's Defense of Posts and Telecommunications Union.

Mr. Yang Anle, postgraduate. He ever took the posts of Deputy Chief of Planning & Financing Division of Beijing Electronic Tube Factory, Manager of Planning and Financing Dept. in Beijing BOE Investment & Development Co., Ltd., CFO of Beijing Dongdian Industrial Development Corporation, and Director of Hefei BOE Optoelectronics Technology Co., Ltd., as well as Supervisor of the 2nd, 3rd, 4th and 5th Supervisory Committee of the Company.

Now, he acts as Staff Supervisor of the 6th Supervisory Committee and Chief Investment Officer of the Company, as well as Director or Supervisor in many subsidiaries of the Company such as Beijing BOE Optoelectronics Technology Co., Ltd., Chengdu BOE Optoelectronics Technology Co., Ltd. etc.

Senior management staffs

For details of resume of **Mr. Wang Dongsheng**, please see "Director Particulars".

For details of resume of **Mr. Chen Yanshun**, please see "Director Particulars".

For details of resume of **Mr. Han Guojian**, please see "Director Particulars".

For details of resume of **Mr. Wang Jiaheng**, please see "Director Particulars".

Mr. Liu Xiaodong, Bachelor' degree, Engineer, he ever worked in Research Institute of Beijing Information Optics Apparatus. He successively took the posts of Director, Deputy General Manager and Secretary of CPC of Beijing Matsushita Color CRT Co., Ltd., Vice President of the Company and concurrently Director and General Manager of Beijing BOE Optoelectronics Technology Co., Ltd., Director and General Manager of Hefei BOE Optoelectronics Technology Co., Ltd. and Senior Vice President of Beijing BOE Investment & Development Co., Ltd.

Now he is Executive Vice President and COO of the Company, Vice Chairman of the Board of Hefei BOE Optoelectronics Technology Co., Ltd., Director of Beijing BOE Optoelectronics Technology Co., Ltd., Director of Hefei Xinsheng Optoelectronics Technology Co., Ltd. and Director of Beijing BOE Display Technology Ltd..

Ms. Song Ying, Senior Accountant, she ever took the posts of Chief of Planning & Financing Division in Beijing Electronic Tube Factory, Manager of Financial Department and CFO of the Company, Director and Standing Vice President of the 2nd Board of Directors of the Company, Executive Director and Senior Vice president of the 3rd Board of Directors of the Company, Vice Chairman of the Board of Zhejiang BOE Display Technology Ltd..

At present she serves as Secretary of CPC and Executive Vice President of the Company, Director of Beijing-Matsushita Color CRT Co., Ltd. and Director of Beijing Intelligent Kechuang Technology Development Co., Ltd.

Mr. Wang Yanjun, Accountant, obtained EMBA in China Europe International Business School (CEIBS). He ever took the posts of Chief in Finance Division of Beijing Electronic Tube Factory, Chief of Finance Department and CFO of the Company, Director of Beijing Asahi Glass Electronics Co., Ltd., Director of Beijing Nissin Electronics Precision Component Co., Ltd., Director of Beijing Orient Top Victory Electronics Co., Ltd., Chairman of the Board of Zhejiang BOE Display Technology Ltd., Director of Beijing Star City Real Estate Co. Ltd..

Now he is the Vice President of the Company, concurrently acts Chairman of the Board of Beijing BOE Land Co., Ltd., Chairman of the Board of Beijing Yinghe Century Science & Technology Development Co., Ltd., Chairman of the Board of Beijing Asahi Glass Electronics Co., Ltd., Chairman of the Board of BOE Optical Technology Co., Ltd., Chairman of the Board of Beijing Orient Hengtong Technology Development Co., Ltd., Director of Beijing-Matsushita Color CRT Co., Chairman of Ordos Haosheng Energy Investment Co., Ltd., etc..

Ms. Sun Yun, Master of Business, is a senior Accountant. She successively took the posts of Deputy Chief, Chief of Finance Department of the Company, as well as Deputy CFO and Chief Auditor of the Company.

Now she is Senior Vice President and CFO of the Company, Director of Beijing BOE Land Co., Ltd., Director of Beijing Yinghe Century Science & Technology Development Co., Ltd., Director of Beijing-Matsushita Color CRT Co., Ltd., Director of Ordos Yuansheng Optoelectronics Co., Ltd. as well as Supervisor of Beijing BOE Vacuum Electric Co., Ltd.

Ms. Dong Youmei, she successively took the posts of Deputy Chief of New Product Development Division of Shuguang Electronic Group Corp., Deputy Chief of Liquid Crystal Center in Tsinghua University, and Strategic Chief Technical Officer of the Company.

Now she serves as Senior Vice President and Chief Technology Officer of the Company, Chief of TFT-LCD Technology National Engineering Laboratory, Member of Advisory Committee for the State Information, Member of Electronic Science and Technology Committee of Ministry of Industry and Information Technology, Team Leader of Core Technology Team of China OLED Industry Union, Team Leader of the LC Branch of Flat Display Technology Standard Working Team of the Ministry of Industry and Information Technology, Vice Director of the Technical Committee for Standardization of Optical Functional Film Materials, and Member of Editorial Board of Modern Display.

Ms. Feng Liqiong, Bachelor Degree and Chief Counsel, she has served as Department Director of Legal Affairs Department of the Company.

Now she is Senior Vice President, Chief Counsel and Secretary to the Board of the Company as well as Director of Beijing BOE Land Co., Ltd. and Director of Beijing Yinghe Science & Century Technology Development Co., Ltd.

Mr. Yue Zhanqiu, obtained EMBA in CEIBS, Senior Accountant. He ever took post of Chief and Chief Accountant of Finance Section of Power Business Department, Financial Manger of Beijing Huamin Smart Card System Co., Ltd., CFO of Beijing Seven Star Electronics Co., Ltd., CFO and Secretary to the Board of Beijing Seven Star Science & Technology Co., Ltd., and CFO, Deputy General Manager, General Manager of Beijing

BOE Optoelectronics Technology Co., Ltd..

Now he acts as Senior Vice President of the Company, Director of Beijing BOE Optoelectronics Technology Co., Ltd., Director of Hefei BOE Optoelectronics Technology Co., Ltd., Director of Chengdu BOE Optoelectronics Technology Co., Ltd., Director of BOE Hyundai (Beijing) Display Technology Co., Ltd. as well as Director of BOE (Hebei) Mobile Display Technology Co., Ltd., Director of Beijing BOE Marketing Co., Ltd., BOE (Korea) Co., Ltd., BOE Singapore Pte. Ltd., BOE Technology (America) Co., Ltd., BOE (Japan) Co., Ltd. and BOE Technology (Hongkong) Co., Ltd., Director of Ordos BOE Energy Investment Co., Ltd. and Ordos Haosheng Energy Investment Co., Ltd..

Mr. Li Xuezheng, bachelor of University of Electronic Science and Technology, IMPM of Canada McGill University. He ever took posts of Executive Vice General Manager of Beijing Orient Wanshili Security Protection Technology Co., Ltd., Director of Public Relations of the Company and Marketing Chief and Sales Chief of Beijing BOE Optoelectronics Technology Co., Ltd..

Now he acts as Senior Vice President of the Company, Deputy General Manager of Beijing BOE Optoelectronics Technology Co., Ltd., Deputy General Manager of Hefei BOE Optoelectronics Technology Co., Ltd., Chairman of the Board of Beijing BOE Marketing Co., Ltd., Vice Chairman of the Board of Beijing BOE Multimedia Science and Technology Co., Ltd., and Chairman of the Board of Beijing Changhong Network Technology Co., Ltd., BOE Technology (America) Co., Ltd. and BOE (Korea) Co., Ltd., Chairman of the Board of BOE Japan Joint Stock Corporation, and Chairman of the Board of BOE Singapore Pte. Ltd..

Mr. Xie Zhongdong, Master, CIA. He has ever taken posts of Deputy Chief of Basic Construction Office in the Yi-Shu-Si Water Conservancy Administration of Huaihe Water Resources Commission under the Ministry of Water Resource of P.R.C, Chief and Deputy Auditor of Auditing & Supervision Division of the Company, Vice Chief and Chief of Auditing & Supervision Division of Beijing BOE Optoelectronics Technology Co., Ltd..

Now he acts as Vice President, Chief Risk Control Officer and Chief Auditor of the Company, Chief Supervisor of Hefei BOE Optoelectronics Technology Co., Ltd., Supervisor of Chengdu BOE Optoelectronics Technology Co., Ltd. and Hefei BOE Display Light Co., Ltd..

Post-holding in shareholders' units

√Applicable □Inapplicable

Name of the person holding any post in shareholder's unit	Name of shareholder's unit	Position in shareholder's unit	Beginning date of office term	Ending date of office term	Receives payment from shareholder's unit?
Yuan Hanyuan	Beijing Electronics Holdings Co., Ltd.	Vice President	17 Dec. 2008	-	Yes
	Beijing BOE Investment & Development Co., Ltd.	Vice Chairman of the Board	14 Dec. 2012	14 Dec. 2015	No
Liang Xinqing	Beijing BOE Investment & Development Co., Ltd.	Director and President	14 Dec. 2012	14 Dec. 2015	Yes
Wu Wenxue	Beijing Electronics Holdings Co., Ltd.	Vice President	6 Apr. 2006	-	Yes
Zhang Jinsong	Beijing Electronics Holdings Co., Ltd.	Vice President	29 Aug. 2011	-	Yes
	Beijing BOE Investment &	Director	14 Dec. 2012	14 Dec. 2015	No

	Development Co., Ltd.				
Mu Chengyuan	Beijing Electronics Holdings Co., Ltd.	Chief of Securities Investment Department	1 Jun. 2011	-	Yes
	Beijing BOE Investment & Development Co., Ltd.	Director and Vice President	14 Dec. 2012	14 Dec. 2015	No
Notes to post-holding in shareholder's unit	The documents for holding the posts of vice president and chief of Beijing Electronics Holdings Co., Ltd. haven't listed the expiry date.				

Post-holding in other units

√Applicable □Inapplicable

Name of the person holding any post in other unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from other unit?
Gui Jinghua	Beijing State-owned Assets Management Co., Ltd.	Chief of the investment business	1 Nov. 2012	-	Yes
Dong Ansheng	School of Law of Renmin University of China	Doctor Advisor	-	-	Yes
Ouyang Zhongcan	Institute of Theoretical Physical, Chinese Academy of Science	Chief of Academic Committee	-	-	Yes
Geng Jianxin	School of Business of Renmin University of China	Doctor Advisor	-	-	Yes
Notes to post-holding in other unit	Due to the above personnel are the external directors or independent directors, their start dates and ending dates of the office terms have not been fixed.				

III. Remuneration for directors, supervisors and senior management staffs

Decision-making procedure, determining basis and actual payment for the remuneration of directors, supervisors and senior management staffs

(1) Determining basis for the remuneration of directors, supervisors and senior management staffs

Proposal on Principle of Recognition of Remunerations for Directors, Supervisors and Senior management staffs was reviewed and approved by the Shareholders' General Meeting 2005 held on 29 May 2006. Allowance for directors and supervisors of the Company was reviewed and approved at the Annual Shareholders' General Meeting for 2007 held on 24 Apr. 2008; remuneration for senior management staffs of the Company was reviewed and approved at the Twentieth Session of the Six Board of Directors.

(2) Up to the end of the reporting period, the current directors, supervisors and senior management staffs drew

their remuneration from the Company totaling RMB 13,681,700 (before tax). Allowance for independent directors is RMB 100,000 (after tax) per year. For details please referred to the statement below:

Remuneration for directors, supervisors and senior management staffs of the Company during the reporting period

Name	Office title	Sex	Age	Tenure status	Total remuneration gained from the Company	Total remuneration gained from shareholder's unit	Actual remuneration gained at the period-end
Wang Dongsheng	Chairman of the Board ,Director of Executive Committee	Male	55	Current	1,219,170	0	1,219,170
Yuan Hanyuan	Vice Chairman of the Board	Male	57	Current	0		
Liang Xinqing	Vice Chairman of the Board	Male	60	Current	0		
Chen Yanshun	Executive director, President	Male	46	Current	1,122,963	0	1,122,963
Han Guojian	Executive director, Executive Vice President	Male	59	Current	988,825	0	988,825
Wang Jiaheng	Executive director, Executive Vice President, Joint Chief Operating Officer	Male	43	Current	988,136	0	988,136
Gui Jinghua	Director	Female	39	Current	71,428	0	71,428
Dong Ansheng	Independent director	Male	61	Current	121,052	0	121,052
Ouyang Zhongcan	Independent director	Male	66	Current	121,052	0	121,052
Geng Jianxin	Independent director	Male	58	Current	121,052	0	121,052
Ji Guoping	Independent director	Male	65	Current	121,052	0	121,052
Wu Wenxue	Convener of Supervisory Committee	Male	46	Current	0		
Zhang Jinsong	Supervisor	Male	40	Current	0		
Mu Chengyuan	Supervisor	Male	45	Current	0		
Zhong	Employee supervisor	Male	42	Current	622,149	0	622,149

Huifeng							
Yang Anle	Employee supervisor	Male	42	Current	595,952	0	595,952
Liu Xiaodong	Executive Vice President, COO	Male	48	Current	992,618	0	992,618
Song Ying	Executive Vice President	Female	55	Current	940,770	0	940,770
Wang Yanjun	Executive Vice President	Male	43	Current	889,055	0	889,055
Sun Yun	Senior Vice President, CFO	Female	43	Current	884,907	0	884,907
Dong Youmei	Senior Vice President, CTO	Female	49	Current	892,274	0	892,274
Feng Liqiong	Senior Vice President, Chief Counsel, Secretary of the Board	Female	40	Current	686,747	0	686,747
Yue Zhanqiu	Senior Vice President	Male	45	Current	826,977	0	826,977
Li Xuezheng	Senior Vice President	Male	43	Current	854,342	0	854,342
Xie Zhongdong	Vice President, Chief Risk Control Officer, Chief Auditor	Male	43	Current	621,230	0	621,230
Total	--	--	--	--	13,681,751		

Particulars about the equity incentives awarded for the directors, supervisors and senior management staffs of the Company during the reporting period

☐Applicable ☒Inapplicable

IV. Particulars about changes in core technical teams or key technicians during the reporting period (not directors, supervisors or senior management staffs)

The Company always pays special attention to the reservation and use of the core technical teams and the key technicians, and the core technical teams and the key technicians with significant influence on the operation of the Company kept stable overall without losing any personnel in 2012 by carrying out the measures on reserving talents, including flexible welfare system, project incentive, achievement incentive and provision of development opportunity & platform, etc..

V. About employees

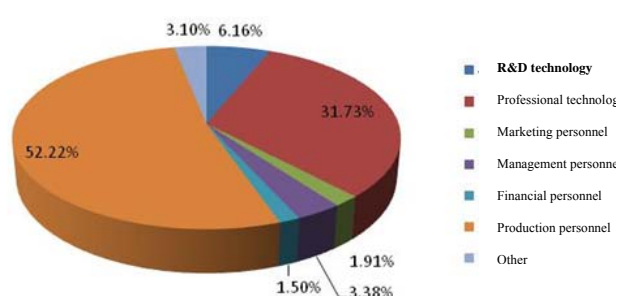
1. By the end of the reporting period, there were 22,980 employees in service in the Company. Their professional division and education levels are as follows:

Profession	R&D technology	Professional technology	Marketing personnel	Management personnel	Financial personnel	Production personnel	Other
------------	----------------	-------------------------	---------------------	----------------------	---------------------	----------------------	-------

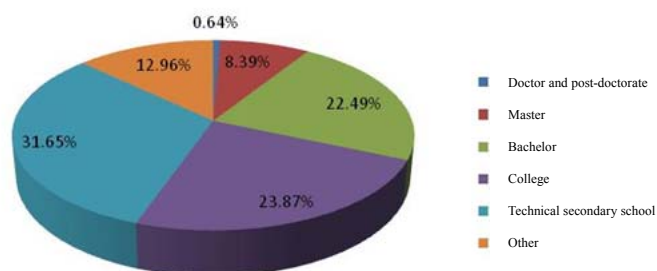
Number	1416	7292	438	776	345	12001	712
Proportion	6.16%	31.73%	1.91%	3.38%	1.50%	52.22%	3.10%

Education level	Doctor and post-doctorate	Master	Bachelor	College	Technical secondary school	Other
Number	146	1928	5169	5486	7273	2978
Proportion	0.64%	8.39%	22.49%	23.87%	31.65%	12.96%

Professional Division Chart:



Education Level Division Chart:



2. Employee's remuneration policy

The Company has established the remuneration system based on the position, ability and business performance, promulgated the Remuneration System of the Group, Administrative Measure on Ranks of Staffs of the Group, Management System on Business Performance of the Group, Management System on Cadres of the Group and other relevant remuneration & appraisal management system.

3. Employee's training plan

In accordance with the strategic planning and operation goal of the Group, and in order to promote the overall management and reinforce to build the staffs' team and their ability, the Company further perfected and enhanced the overall planning of training, basic training, professional training and leadership training system in 2012, established the data planning & analysis mechanism for training, basically formed the systematic operation mode of common, professional and leadership capacities, simultaneously carried out the training for the levels of group, company and department, and built up the internal lecturers cultivation mechanism.

In 2012, the Company overall improved the training system oriented by projects, realized the standardization on process construction for the industrial talents special training program, closely linked the implementation of lean & project management training with the business value chain, carried out the internalization for the lessons on team leaders training program and the cultivation & certification of internal lecturers, achieved the standardized and batch implementation scale for the new managers cultivation program, and initially started the training for senior managers and leaders, the Company's training overall covered the respects of industrial talents, professional talents, managers and leaders, etc..

Section VIII. Corporate Governance

I. Basic information of corporate governance

1. Standardized operation and perfection of corporate governance structure of the Company in the reporting period

The Company has stringently followed laws and rules such as Company Law, Securities Laws, Code of Corporate Governance for Listed Companies, etc., and requirements of Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board, to continuously improve the corporate governance of the Company, to perfect internal control system as well as to promote corporate governance level of the Company.

In 2012, the Company put forward special corporate governance of the Company in various aspects: the Company actively arranged for directors and supervisors to participating regular training held by Beijing CSRC in time, carried out the publicity of legal knowledge with different themes in the internal, organized the senior management staffs to visit the insider trading warning exhibition, revised the provision of cash dividends distribution in the Articles of Association for fully protecting the shareholders' interest, carried out regular checks on the deposit and use of raised capital, capital flows with related parties, the provision of guarantees to external parties, and the management over shares held by directors, supervisors and senior management staffs and changes in those shares. The company also maintained good communication with investors by maintaining and improving the interaction platform of the Shenzhen Stock Exchange.

In the reporting period, corporate governance of the Company was perfected and operated normally, which was in total compliance with various requirements on corporate governance of listed companies. No problems such as horizontal competition or illegal related-party transactions caused by partial restructuring or other reasons were found. The Company will continue to follow the concept of "honesty, standard, transparency and responsibility", regulate itself and continuously improve the level of governance.

Main governance of the Company was as follows:

(1) About shareholders and shareholders' general meetings

As per the Company's Articles of Association, shareholders enjoyed rights and assumed obligations according to the shares they held. Organizing and convening procedures of the Company's shareholders' general meetings were in compliance with laws and regulations. Meanwhile, on the basis of ensuring legitimacy and validity of shareholders' general meetings, the Company provided convenience for its shareholder by offering on-line voting to them when reviewing significant events. In this way, the Company protected legal interests of its shareholders, especially its minority shareholders.

(2) About relationship between the controlling shareholder and the Company

The Company was independent from the controlling shareholder and the actual controller in terms of personnel, assets, financing, organization and business. The controlling shareholder and actual controller of the Company was able to strictly control its behaviors, with no direct or indirect intervention in the Company's decision-making, production and operating activities by violating relevant laws, regulations and the Company's Articles of Association, no behaviors in relation to occupying significant funds of the Company, and no

behaviors in relation to asking the Company to provide guarantees for it or other parties.

(3) About directors and the Board of Directors

Composition of the Board of Directors of the Company was in line with requirements of regulations and the Company's actual situation. All directors possessed necessary knowledge, skills and quality for duty performance. They all performed their duties as stipulated in the Company's Articles of Association honestly, faithfully and diligently. They learned about and kept a constant focus on the Company's production and operation, its financial status and influence and risks of significant events. They also took the initiative to search for information needed in their decision-making so as to ensure efficient operation and scientific decision-making of the Board of Directors. Board sessions were organized and convened in strict compliance with the Company's Articles of Association and Rules of Procedure for the Board of Directors. There were three special committees under the Board of Directors, namely, the Executive Committee, the Nomination, Remuneration and Appraisal Committee and the Audit Committee. The Company also formulated rules of procedure for all the said special committees so that they could perform better.

(4) About supervisors and the Supervisory Committee

The number and structure of the Supervisory Committee was in compliance with relevant laws and regulations. By way of attending shareholders' general meetings, sitting in on board sessions, checking the Company's compliance with laws and finance periodically, issuing its opinions on relevant matters, etc., the Supervisory Committee supervised the Company's finance, duty performance of directors and senior management staffs, management and use of raised funds, and capital flows between the Company and its related parties, and safeguarded the benefits and interests of the Company and its shareholders. Sessions of the Supervisory Committee were organized and convened in strict compliance with the Company's Articles of Association and the Rules of Procedure for the Supervisory Committee so as to ensure the Supervisory Committee's activities for duty performance were rightful and valid.

(5) About information disclosure and transparency

According to the Company Law, the Stock Listing Rules of the Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board, the Company's Articles of Association and Management Methods for Information Disclosure and other requirements, the Company disclosed information in a timely and fair manner and ensured the factuality, accuracy and completeness of the information disclosed.

The Company attached importance to communication with investors through investor visits reception, investors interaction platform, online business performance explanation session, telephone and attending the investment strategy session organized by the securities brokers, etc..

2. Corporate governance system established in the reporting period

During the reporting period, the Company revised many corporate governance systems in accordance the requirements of the regulatory authorities and the needs for self-development, relevant systems had been disclosed on <http://www.cninfo.com.cn>, with the detailed revision as follows:

Disclosure date	Name of system	Newly promulgation/Revision
27 Apr. 2012	Supervisory System on Internal Audit	Revision
27 Apr. 2012	Administrative Measures on Internal Control	Revision
28 Aug. 2012	Articles of Association	Revision
27 Dec. 2012	Administrative Method on External Investment	Revision
27 Dec. 2012	Rules of Procedure for the Nomination, Remuneration and Appraisal Committees under the Board	Revision

Whether it exists any difference between the corporate governance and the Company Law and relevant rules of CSRC or not?

☐ Yes ☒ No

There is no difference between the corporate governance and the Company Law and relevant rules of CSRC.

Progress of corporate governance activities, promulgation and implementation of Registration System for Information Insiders

1. In accordance with the stipulations of Notice on Developing Self-check and Self-correction for Standard Operation of Listed Companies in Beijing Jurisdiction (JZGS Zi [2012] No. 60) from CSRC Beijing Bureau, the Company organized a working team with the chief supervisor as the principal, secretary of the Supervisory Committee as the main executor and the Secretariat of the Board, Financial Department, Capital Department, Audit & Supervision Department and other departments as the supporting departments, specially checked the minutes of meetings, system documents & their execution, qualification and training situation, etc., carefully seized well the subsequent rectification work, further improved the corporate governance mechanism, and continuously enhanced the standard operation level. Up to the end of the reporting period, the Company had completed the rectification work, and the corporate governance level had been further improved.

2. In accordance with the Rules of CSRC on Establishing the Registration System for Information Insiders in Listed Company (ZJHGG [2011] No. 30) and Notice of CSRC Beijing Bureau on Establishment and Perfection of Registration System for Information Insiders for Listed Company (JZGSF [2011] No. 209), and in order to strengthen the work on confidentiality of inside information and protect the fairness of information disclosure for the Company, the Company revised the Management System on Inside Information and Insiders (Y2009) at the 17th Session of the 6th Board of Directors, and renamed it as Registration System for Information Insiders (the revised system was disclosed on <http://www.cninfo.com.cn> dated 30 Nov. 2011). During the reporting period, the Company strictly executed the Registration System for Information Insiders, and integrated relevant stipulations of Information Disclosure Memorandum No. 34—Events on Registration Management for Information Insiders, carefully performed the registration on information insiders for significant events, timely reported the name list of information insiders, so as to further standardize the management on inside information. During the reporting period, the Company didn't find any information insiders illegally use the inside information for trading its stocks, nor receive any investigation, punishment or rectification order from the regulatory authorities for such.

II. Particulars about annual shareholders' general meeting and special shareholders' general meeting held during the reporting period

1. Particulars about annual shareholders' general meeting held during the reporting period

Session	Convening date	Name of proposal	Resolution	Disclosure date	Disclosure index
2011 Annual Shareholders' General Meeting	30 May 2012	Work Report of the Board of Director in 2011	All the proposals are approved at the session	31 May 2012	Announcement on Resolutions Made at the 2011 Annual Shareholders' General Meeting (2012-014) , published on China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao as well as http://www.cninfo.com.cn .
		Work Report of the Supervisory Committee in 2011			
		Text of the 2011 Annual Report and Its Abstract			
		2011 Annual Financial Report and 2012 Annual Business Plan			
		2011 Annual Profits Distribution Preplan			
		Proposal on Line of Credit			
		Proposal on 2012 Annual Routine Related-party Transactions			
		Proposal on Engagement of the Audit Firm for 2012			

2. Particulars about special shareholders' general meeting held during the reporting period

Session	Convening date	Name of proposal	Resolution	Disclosure date	Disclosure index
The First Special Shareholders' General Meeting for 2012	27 Aug. 2012	Proposal on Revising the Articles of Association of BOE Technology Group Co., Ltd.	The proposal was reviewed and approved at the session	28 Aug. 2012	Announcement on Resolutions Made at the First Special Shareholders' General Meeting for 2012 (2012-25) , published on China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao as well as http://www.cninfo.com.cn .

III. Performance of the Independent Directors during the Reporting Period

1. Particulars about the independent directors attending the board sessions and the shareholders' general meetings

Particulars about the independent directors attending the board sessions						
Name of independent directors	Due presence (times)	Presence in person (times)	Presence by telecommunication (times)	Entrusted presence (times)	Absence (times)	Failing to present in person for two consecutive sessions or not
Dong Ansheng	9	2	7	0	0	No
Ouyang Zhongcan	9	2	7	0	0	No
Geng Jianxin	9	2	7	0	0	No
Ji Guoping	9	2	7	0	0	No
Presence of independent directors in shareholders' general meeting (times)	7					

Explanation on failing to present in person for two consecutive sessions

Naught

2. Particulars about independent directors propose objection on relevant events

Whether independent directors propose objection on relevant events or not?

☐ Yes ☒ No

The independent directors didn't propose objection on relevant events during the reporting period.

3. Other explanation on performance of independent directors

Whether the advices of independent directors for the Company were adopted or not?

☒ Yes ☐ No

Explanation on the advices of independent directors for the Company being adopted or not adopted

The Company has four current independent directors, who are experts and scholars in the fields of finance, law and industry. During the reporting period, in accordance with Company Law, Securities Law, Stock Listing Rules, Guidance on Establishing Independent Director System for Listed Companies, Articles of Association and Independent Director System, the independent directors paid special attention to the standardized operation of the Company, performed their duties independently and diligently, issued many precious professional advice in terms of the perfection of systems and routine operating decision-making, etc., and issued their independent and fair opinion as independent directors on the related-party transactions, engagement of audit firm, decision of annual remuneration of senior management staffs, external guarantee and other events needing their opinion occurred in the reporting period, as well as played their due roles in perfecting the supervisory mechanism of the Company, protecting the legal right of the Company and the whole shareholders.

IV. Performance of the Special Committees under the Board during the reporting period

In the reporting period, in accordance with the Code of Corporate Governance for Listed Companies, the Articles of Association and the Rules of Procedure for Board of Directors, as well as the responsibilities and duties endowed by the rules of procedure for the special committees, the three special committees of the Board conscientiously performed their responsibilities:

1. Duty fulfillment of Execution Committee under Board of Directors

In the reporting period, the Execution Committee under Board of Directors conscientiously controlled the strategic guidance, significant projects, production and operation activities. During the recess of the board session, the Execution Committee was in charge of working out the operating strategies of the Company, planning its significant investment and financing projects, and monitoring its major operation activities, which played an important role in ensuring the Company's stable and smooth operation in 2012.

2. Duty fulfillment of Audit Committee under Board of Directors

In the reporting period, the Audit Committee conscientiously performed its routine duties, and actively advanced the launch of the audit work for Y2012. Before the periodic reports were submitted to the Board for review, the Audit Committee convened special sessions to discuss the reports. At the sessions, the committee members listened to relevant reports, expressed their opinions and put forward constructive advices concerning the Company's internal control, financial auditing and so on.

The 2012 annual audit work on financial report of the Audit Committee was detailed as follows:

- 1) Before the audit, the Committee discussed and decided the schedule of audit work for the 2012 annual report with KPMG Huazhen (Special General Partnership) (hereinafter referred to as "KPMG");
- 2) Before the presence of KPMG, the Committee reviewed the financial statements prepared by the Company and issued a written opinion;
- 3) Upon the presence of KPMG, the Audit Committee convened special sessions to communicate with KPMG, reviewed the Company's financial statements following the preliminary audit opinion issued by KPMG, and issued the written opinion concerned;
- 4) In the audit process, the Committee issued a written Audit Urge Letter to KPMG, asking KPMG to finish the audit in an orderly manner in strict accordance with the set schedule, so as to submit the 2012 annual audit report on time;
- 5) Before the annual report was submitted to the Board for review, the Audit Committee convened sessions to vote on the relevant matters such as the annual financial statements and the engagement of the CPA firm, and formed the relevant resolutions, which were later submitted to the Board for review.

The Audit Committee is of the opinion that the Financial Report is complete and factual with complete consolidated entities and statements, an accurate consolidation basis, a steady and consistent accounting policy, proper application of the accounting policy and reasonable accounting estimates, which is in line with the Enterprise Accounting Standards and other regulations promulgated by the Ministry of Finance.

3. Duty fulfillment of Nomination & Remuneration & Appraisal Committee under Board of Directors

In the reporting period, in accordance with relevant rules and laws, the Nomination & Remuneration & Appraisal Committee conscientiously performed its duties endowed by the Board through strictly executing the appointment procedure of senior management staffs, as well as the appraisal procedure for directors and senior management staffs.

V. Performance of the Supervisory Committee

Whether the Supervisory Committee finds the Company existing risks or not in the supervisory activities during the reporting period?

☐ Yes ☒ No

The Supervisory Committee has no objection on the supervised events during the reporting period

VI. Particulars about the Company's "five-separation" from the controlling shareholder in respect of business, personnel, assets, organization and financing

The Company was independent from the controlling shareholder and the actual controller in terms of business, personnel, assets, organization and financing, with independent & complete business and capability to operate independently.

1. In business, the Company was independent from the controlling shareholder and the actual controller, with its own production and business departments and management system, the Company had the capability to make its own decisions, assume sole responsibility for its profits and losses, and operate independently with independent and complete business.
2. In personnel, the Company was completely independent in labor, staff and remunerations. The Company had its own operating management team. President, Vice President, Chief Financial Officer, Secretary of the Board as well as other Senior management staffs of the Company all worked on full-time basis in the Company and did not hold any post in or receive any remuneration in the controlling shareholder unit.
3. In assets, the Company had independent and complete assets. With clear ownership on its assets, the Company independently owned the production system, ancillary production system as well as supporting facilities for major businesses, as well as assets like land use rights and intellectual property rights, etc.. Neither the controlling shareholder nor the actual controller appropriated any assets of the Company.
4. In organization, the Company had established its organization completely independent from the controlling shareholder and the actual controller, with independent and sound organs and corporate governance structure. The Company had not handled any official affairs jointly with the controlling shareholder or the actual controller. There were no subordinate relationships between the controlling shareholder & its functional departments and the Company & its functional departments.
5. In financing, the Company had established independent financial departments, with full-time finance personnel. The Company had also formulated a standard and independent finance accounting system as well as financial measurement system, established the corporate financial management archives and deployed relevant administrative personnel for them, opened independent account in bank, and paid tax independently.

VII. Particulars on horizontal competition

The Company had no horizontal competition with the controlling shareholder and actual controller.

VIII. Performance appraisal and incentive mechanism for senior management staffs

According to the performance appraisal method of the Company, Senior management staffs sign an Annual Target Responsibility Paper with the Company, which sets the annual operation targets, key performance indicators (KPI) as well as the evaluation, reward and punishment standards. As for the accomplishment of the

targets, quarterly analyses, semi-annual reports and annual appraisal will be conducted. The examination and evaluation results will determine the remunerations, position changes as well as the trainings to receive of senior management staffs.

Section IX. Internal Control

I. Construction of internal control of the Company

In 2012, the Company changed from pilot to overall implementing the construction of internal control standards. In accordance with the stipulations of the Basic Code of Enterprise Internal Control and its supporting guidelines as well as Company Law, Securities Law and other laws and rules, the Company integrated its industrial characteristics and actuality to promulgate the Work Plan on Implementation of the Internal Control Standards in 2012 of BOE Technology Group Co., Ltd. (hereinafter referred to as “The Plan”), which was approved. In accordance with the requirements of the Plan, the Company further perfected its internal control system, and established sound internal control system in respects of corporate governance and financial management, etc., so as to ensure the legal compliance of the operation management, safety of assets, authenticity & completeness of the financial report and relevant information, and enhance the operating efficiency and results, as well as further promote to realize the sustainable development strategy for the Company.

In accordance with the requirements of the Plan, the Company refined, optimized and simplified the core business procedures and key management & control procedures that had been included in the pilot scope in 2011, and conducted the risks assessment on the level of procedures according to the goal of internal control (including business planning and development strategy goal) and by integrating the existing control measures, completed the document on risks control for the level of procedures, and revised and perfected the internal control brochure (many sub-sections, including the systems, methods, operation rules and relevant procedures, forms, rights guidelines table and list of information and relevant transfer); as for those not included in the pilot scope in 2011, the Company combed the involved business procedures in 2012, centered on the goal of internal control to complete the risks assessment and design the control measures as well as complete the compilation of the brochure on internal control system. After the above internal control brochure being approved by the stipulated procedures, and the Brochure on Internal Control Management, the Brochure on Internal Control System and the Brochure on Appraisal of Internal Control for 2012 were published.

In accordance with the requirements of guideline on appraisal of internal control, the Company completed the PDCA circulation for the internal control operation on key business in 2012, self-appraisal and optimization of procedures as well as revision of systems, and paid attention to the internal control events in prior and post periods.

The self-appraisal work on internal control for 2012 was carried out according to the requirements of the Plan, the Company followed the Basic Code of Enterprise Internal Control and its supporting guidelines, centered on the goal of internal control (including the business planning and development strategy goal) and based on the five factors to conduct appraisal on the design and operation situation of control for the key risks points of various business, and make self-appraisal on the design and operation situation of internal control, and found no significant or important defects.

Above all, the Company’s internal control remained valid up to 31 Dec. 2012.

II. Statement of the Board of Directors on its responsibilities towards internal control

The Board of Directors believed that the Company has formulated a basically perfect internal control system

according to requirements of applicable laws, regulations and disciplinary documents. The Company had a sound internal control system without any material defect, which fits in with its existing structure and runs effectively. The Board of Directors and all directors guaranteed that the 2012 annual internal control self-evaluation report did not contain any false information, misleading statement or material omission, and would be jointly and severally liable for the factuality, accuracy and completeness of the contents of the self-evaluation report.

The Board of Directors, the Audit Committee and the Supervisory Committee examined the 2012 Annual Internal Control Evaluation Report of BOE Technology Group Co., Ltd.. KPMG Huazhen (Special General Partnership) audited the internal control of the Company for 2011 and issued the Internal Control Audit Report of BOE Technology Group Co., Ltd.. The said two reports were disclosed on <http://www.cninfo.com.cn>.

III. Basis on establishing the internal control for financial report

The Company established the internal control mechanism on financial report based on the Accounting Law, Enterprise Accounting Rules, Basic Code of Enterprise Internal Control and relevant regulatory documents of the regulatory authorities. It promulgated relevant financial management systems, standardized financial management and accounting of the Company. Through clear defining the responsibilities and authorities of relevant departments and positions in terms of preparation and submission process of financial report, the Company ensured the separation, restriction and supervision of preparation, disclosure and review and check of financial report. Meanwhile, it formulated rules for preparation of financial report, reinforced management on preparation of financial report and the whole procedure of external publish, thereof ensured the legitimacy, faculty and completeness of financial report, and achieved efficient usage of financial report. Moreover, it established analyzing mechanism on internal control, conducted comprehensive analysis to items such as index of main operation, structure of assets and liabilities, profitability and cash flow etc.. In this way, the Company can promptly and accurately be aware of production and operation information of the Company, and then provide correct and reasonable information support for operation decision of management level.

IV. Self-appraisal report on internal control

Particulars about significant defects of internal control found during the reporting period in the Self-appraisal Report on Internal Control	
No significant defects of internal control were found during the reporting period.	
Disclosure date of the Self-appraisal Report on Internal Control	23 Apr. 2013
Disclosure index of the Self-appraisal Report on Internal Control	The Company discloses the Self-appraisal Report on Internal Control on 23 Apr. 2013, for details, please refer to http://www.cninfo.com.cn .

V. Auditor's Report on internal control

☒Applicable ☐Inapplicable

Audit opinion paragraphs in the Auditor's Report on Internal Control
We believe that the Company and important subsidiaries make valid internal control on financial report in all significant aspects on

31 Dec. 2012 according to the Basic Rules on Enterprise Internal Control and other relevant stipulations.	
Disclosure date of the Auditor's Report on Internal Control	23 Apr. 2013
Disclosure index of the Auditor's Report on Internal Control	The Company discloses the Auditor's Report on Internal Control on 23 Apr. 2013, for details, please refer to http://www.cninfo.com.cn .

Whether the CPAs firm issues an Auditor's Report on Internal Control with non-standard opinion or not?

☐ Yes ☒ No

Whether the Auditor's Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

☒ Yes ☐ No

VI. Establishment and execution of rules of accountability for significant mistakes in annual report information disclosure

In accordance with stipulations of ZGZJHGG [2009] No. 34, the Company has already formulated Rules of Accountability for Significant Mistakes in Annual Report Information Disclosure after being reviewed and approved at the 38th Session of the 5th Board of Directors. Up to the disclosure date of the report, the Company hasn't found any significant mistakes in annual report information disclosure.

Section X. Financial Report

I. Auditors' Report

Type of audit opinion	Standard unqualified audit opinion
Date of audit report being signed	19 Apr. 2013
Name of auditor	KPMG
Document No. of audit report	毕马威华振审字第 1301155 号

All Shareholders of BOE Technology Group Company Limited:

We have audited the accompanying financial statements of BOE Technology Group Company Limited ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2012, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2012, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen
(Special General Partnership)

Certified Public Accountants
Registered in the People's Republic of China

Zhang Huan

China Beijing

Yuan Zhaoxin

19 April 2013

II. Financial Statements

1. Financial Statements (see schedules)
2. Notes to financial statements (see attachments)

Section XI. Documents Available for Reference

- (I). Financial statements with the signatures and seals of the company principal, the principal of accounting work and the principal of the accounting organ (financial manager);
- (II). Originals of Auditors' Report with the seals of the CPAs firm and the signatures & seals of the certified public accountants;
- (III). Texts of all the Company's documents ever disclosed on <http://www.cninfo.com.cn> in the reporting period, and the originals of the public notices.

The above documents available for reference are all placed at the Secretariat of the Board of Directors.

Chairman of the Board: Mr. Wang Dongsheng (signature)

Date of the Board of Directors approving to report:

BOE Technology Group Company Limited

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2012 TO 31 DECEMBER 2012
IF THERE IS ANY CONFLICT OF MEANING BETWEEN THE CHINESE
VERSION AND ENGLISH TRANSLATION,
THE CHINESE VERSION WILL PREVAIL

AUDITORS' REPORT

毕马威华振审字第 1301155 号

All Shareholders of BOE Technology Group Company Limited:

We have audited the accompanying financial statements of BOE Technology Group Company Limited ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2012, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITORS' REPORT (CONTINUED)

毕马威华振审字第 1301155 号

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2012, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen
(Special General Partnership)

Certified Public Accountants
Registered in the People's Republic of China

Zhang Huan

China Beijing

Yuan Zhaoxin

19 April 2013

BOE Technology Group Company Limited
Consolidated balance sheet as at 31 December 2012
(Expressed in Renminbi Yuan)

Assets	Note	2012	2011
Current assets			
Cash at bank and on hand	V.1	15,211,851,133	20,325,469,116
Bills receivable	V.2	860,883,384	340,293,997
Accounts receivable	V.3	5,196,041,164	2,560,795,545
Prepayments	V.4	118,558,011	64,799,585
Interest receivable	V.5	30,850,933	105,243,519
Other receivables	V.6	459,082,392	1,735,824,884
Inventories	V.7	2,668,906,527	2,116,218,705
Other current assets	V.8	1,284,972,353	696,796,503
Total current assets		25,831,145,897	27,945,441,854
Non-current assets			
Available-for-sale financial assets	V.9	116,600,700	74,718,931
Held-to-maturity investments	V.10	-	-
Long-term equity investments	V.11	971,409,821	958,879,205
Investment properties	V.12	1,309,561,041	1,340,984,989
Fixed assets	V.13	34,534,107,374	28,388,863,004
Construction in progress	V.14	2,294,256,409	8,412,921,608
Intangible assets	V.15	1,497,109,054	1,454,669,394
Goodwill	V.16	51,502,898	51,502,898
Long-term deferred expenses	V.17	222,578,163	22,860,526
Deferred tax assets	V.18	47,700,956	47,892,088
Other non-current assets	V.19	229,388,552	70,681,149
Total non-current assets		41,274,214,968	40,823,973,792
Total assets		67,105,360,865	68,769,415,646

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated balance sheet as at 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

Liabilities and shareholders' equity	Note	2012	2011
Current liabilities			
Short-term loans	V .22	727,267,475	6,487,193,510
Bills payable	V .23	51,621,956	27,918,268
Accounts payable	V .24	5,452,578,519	3,630,464,475
Advances from customers	V .25	647,932,719	186,069,735
Employee benefits payable	V .26	539,910,148	368,442,775
Taxes payable	V .27	48,857,070	47,338,545
Interest payable	V .28	98,478,461	110,964,115
Dividends payable	V .29	8,051,170	6,451,170
Other payables	V .30	3,201,279,824	4,285,822,157
Non-current liabilities due within one year	V .31	1,544,020,648	1,716,776,716
Other current liabilities	V .32	94,629,652	88,652,956
Total current liabilities		12,414,627,642	16,956,094,422
Non-current liabilities			
Long-term loans	V .33	17,373,155,700	14,700,018,374
Provisions	V .34	16,536,805	30,080,844
Deferred tax liabilities	V .18	388,933,221	414,561,354
Other non-current liabilities	V .35	1,647,293,045	1,623,176,746
Total non-current liabilities		19,425,918,771	16,767,837,318
Total liabilities		31,840,546,413	33,723,931,740

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated balance sheet as at 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

Liabilities and shareholders' equity (continued)	Note	2012	2011
Shareholders' equity			
Share capital	V .36	13,521,542,341	13,521,542,341
Capital reserve	V .37	15,344,798,225	15,302,948,946
Surplus reserve	V .38	499,092,613	499,092,613
Accumulated losses		(3,476,172,602)	(3,734,305,993)
Translation differences of financial statements denominated in foreign currency		<u>(2,300,927)</u>	<u>(3,385,643)</u>
Total equity attributable to shareholders of the Company		25,886,959,650	25,585,892,264
Minority interests	IV .3	<u>9,377,854,802</u>	<u>9,459,591,642</u>
Total equity		<u>35,264,814,452</u>	<u>35,045,483,906</u>
Total liabilities and shareholders' equity		<u><u>67,105,360,865</u></u>	<u><u>68,769,415,646</u></u>

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng Chairman of the Board <i>(Signature and stamp)</i>	Chen Yanshun President <i>(Signature and stamp)</i>	SunYun Chief Financial Officer <i>(Signature and stamp)</i>	(Company stamp)
---	---	---	-----------------

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Balance sheet as at 31 December 2012
(Expressed in Renminbi Yuan)

Assets	Note	2012	2011
Current assets			
Cash at bank and on hand	XI.1	2,270,122,495	3,043,542,028
Bills receivable	XI.2	8,029,371	3,863,762
Accounts receivable	XI.3	65,227,239	55,112,379
Prepayments	XI.4	7,427,483	2,982,710
Interest receivable	XI.5	11,141,532	9,141,082
Dividends receivable	XI.6	10,404,147	8,204,147
Other receivables	XI.7	315,211,684	389,156,441
Inventories	XI.8	8,644,936	1,306,051
Other current assets	XI.9	48,503,107	28,797,744
Total current assets		2,744,711,994	3,542,106,344
Non-current assets			
Available-for-sale financial assets	V.9	116,600,700	74,718,931
Held-to-maturity investments	V.10	-	-
Long-term equity investments	XI.10	29,075,216,625	27,656,535,260
Investment properties	XI.11	167,026,713	172,908,765
Fixed assets	XI.12	393,735,701	393,096,085
Construction in progress	XI.13	155,430,341	26,832,993
Intangible assets	XI.14	119,518,806	99,478,210
Long-term deferred expenses		2,451,575	3,586,980
Other non-current assets	XI.16	600,502	4,457,280
Total non-current assets		30,030,580,963	28,431,614,504
Total assets		32,775,292,957	31,973,720,848

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Balance sheet as at 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

Liabilities and shareholders' equity	Note	2012	2011
Current liabilities			
Short-term loans		-	34,663,422
Accounts payable	XI.19	37,592,580	13,236,221
Advances from customers	XI.20	11,020,738	287,038,716
Employee benefits payable	XI.21	84,881,764	61,693,468
Taxes payable	XI.22	14,285,183	21,739,121
Interest payable		-	1,088,911
Dividends payable	XI.23	6,451,170	6,451,170
Other payables	XI.24	3,914,820,896	2,893,384,484
Non-current liabilities due within one year	XI.25	50,000,000	100,000,000
Total current liabilities		4,119,052,331	3,419,295,513
Non-current liabilities			
Long-term loans	XI.26	50,000,000	100,000,000
Other non-current liabilities	XI.27	85,335,021	60,063,972
Total non-current liabilities		135,335,021	160,063,972
Total liabilities		4,254,387,352	3,579,359,485

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Balance sheet as at 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

Liabilities and shareholders' equity (continued)	Note	2012	2011
Shareholders' equity			
Share capital	V .36	13,521,542,341	13,521,542,341
Capital reserve	XI.28	15,136,475,314	15,094,593,545
Surplus reserve	V .38	499,092,613	499,092,613
Accumulated losses		(636,204,663)	(720,867,136)
Total shareholders' equity		28,520,905,605	28,394,361,363
Total liabilities and shareholders' equity		32,775,292,957	31,973,720,848

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng Chairman of the Board <i>(Signature and stamp)</i>	Chen Yanshun President <i>(Signature and stamp)</i>	SunYun Chief Financial Officer <i>(Signature and stamp)</i>	(Company stamp)
---	---	---	-----------------

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated income statement for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	2012	2011
Operating income	V .39	25,771,583,386	12,741,413,562
Less: Operating costs	V .40	22,790,332,463	13,441,228,862
Business taxes and surcharges	V .41	93,799,557	29,565,342
Selling and distribution expenses	V .42	651,287,241	439,290,894
General and administrative expenses	V .43	2,224,171,078	1,800,963,588
Financial expenses	V .44	291,893,218	29,682,149
Impairment loss	V .45	438,799,442	1,380,457,807
Add: Losses from changes in fair value		-	(67,794,013)
Investment (losses)/income	V .46	(5,475,255)	4,604,475,126
(Including: Losses from investment in associates and jointly controlled enterprise)		(5,958,382)	(5,205,134)
Operating (losses)/profit		(724,174,868)	156,906,033
Add: Non-operating income	V .47	957,650,034	698,222,373
Less: Non-operating expenses	V .48	47,423,203	9,041,110
(Including: Losses from disposal of non-current assets)		44,632,767	2,070,499
Profit before income tax		186,051,963	846,087,296

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated income statement
for the year ended 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

	Note	2012	2011
Profit before income tax		186,051,963	846,087,296
Less: Income tax expense	V .49	1,668,895	152,409,979
Net profit for the year		<u>184,383,068</u>	<u>693,677,317</u>
Attributable to:			
Shareholders of the Company		258,133,391	560,866,477
Minority shareholders	IV.3	(73,750,323)	132,810,840
Earnings per share			
Basic and Diluted earnings per share	V .50	<u>0.019</u>	<u>0.041</u>
Other comprehensive income for the year	V .51	<u>42,966,485</u>	<u>48,746,243</u>
Total comprehensive income for the year		<u>227,349,553</u>	<u>742,423,560</u>
Attributable to:			
Shareholders of the Company		301,099,876	609,612,720
Minority interests		(73,750,323)	132,810,840

These financial statements have been approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng Chairman of the Board <i>(Signature and stamp)</i>	Chen Yanshun President <i>(Signature and stamp)</i>	SunYun Chief Financial Officer <i>(Signature and stamp)</i>	(Company stamp)
---	---	---	-----------------

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Income statement for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	2012	2011
Operating income	XI.29	728,301,635	653,951,956
Less: Operating costs	XI.30	140,075,206	271,617,257
Business taxes and surcharges	XI.31	12,070,984	6,643,144
Selling and distribution expenses		10,435,215	665,476
General and administrative expenses		614,276,903	342,430,152
Financial income	XI.32	(87,159,500)	(86,338,622)
Impairment loss	XI.33	183,714	316,065,988
Add: Investment income/(losses) (Including: Losses from investment in associates)	XI.34	2,892,416	(677,055)
Operating profit/(losses)		<u>41,311,529</u>	<u>(197,808,494)</u>
Add: Non-operating income	XI.35	62,755,629	32,093,146
Less: Non-operating expenses (Including: Losses from disposal of non-current assets)	XI.36	24,631,158	248,628
Profit/(losses) before income tax		<u>576,716</u>	<u>168,532</u>
		<u>79,436,000</u>	<u>(165,963,976)</u>
Less: Income tax expenses	XI.37	<u>(5,226,473)</u>	<u>19,104,083</u>
Net profit/(losses) for the year		<u>84,662,473</u>	<u>(185,068,059)</u>
Other comprehensive income for the year	XI.38	<u>41,881,769</u>	<u>50,918,687</u>
Total comprehensive income for the year		<u>126,544,242</u>	<u>(134,149,372)</u>

These financial statements have been approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun President (Signature and stamp)	SunYun Chief Financial Officer (Signature and stamp)	(Company stamp)
--	--	--	-----------------

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated cash flow statement for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	2012	2011
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		25,966,398,631	12,713,419,705
Refund of taxes		458,747,777	300,425,721
Cash received relating to other operating activities		548,693,632	386,939,800
Sub-total of cash inflows		26,973,840,040	13,400,785,226
Cash paid for goods and services		(21,044,439,125)	(12,095,225,391)
Cash paid to and for employees		(2,254,805,378)	(1,674,409,131)
Cash paid for all types of taxes		(248,272,870)	(126,948,726)
Cash paid relating to other operating activities		(337,447,142)	(282,732,705)
Sub-total of cash outflows		(23,884,964,515)	(14,179,315,953)
Net cash inflow/(outflow) from operating activities	V .52(1)	3,088,875,525	(778,530,727)

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated cash flow statement
for the year ended 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

	Note	2012	2011
Cash flows from investing activities:			
Cash received from disposal of investments		7,164,056	-
Cash received from return on investments		1,669,314	4,408,804
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		64,767,374	45,643,801
Net cash received from disposal of subsidiaries		1,399,900,000	1,916,282,219
Cash received from acquisition of subsidiaries	V .52(2)	2,174,647	-
Cash received from government grants related to assets		251,967,456	648,139,050
Cash received relating to other investing activities		360,468,724	356,301,677
Sub-total of cash inflows		2,088,111,571	2,970,775,551
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(4,233,462,922)	(18,331,564,138)
Cash paid for acquisition of investments		(32,000,000)	(350,000)
Cash paid relating to other investing activities		-	(13,650,072)
Sub-total of cash outflows		(4,265,462,922)	(18,345,564,210)
Net cash outflow from investing activities		(2,177,351,351)	(15,374,788,659)

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated cash flow statement
for the year ended 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

	Note	2012	2011
Cash flows from financing activities:			
Cash received from investors		-	4,000,000
Cash received from borrowings		12,544,256,450	25,603,633,022
Net cash received from cash pledged for borrowings		3,937,704,473	-
Cash received relating to other financing activities		177,027,137	165,289,853
Sub-total of cash inflows		16,658,988,060	25,772,922,875
Cash repayments of borrowings		(16,200,869,653)	(15,026,115,531)
Cash paid for dividends, profit distributions or interest		(753,767,215)	(456,194,863)
Other monetary funds pledged for short-term loans		-	(309,790,125)
Cash paid relating to other financing activities		(2,227,134)	(2,087,140)
Sub-total of cash outflows		(16,956,864,002)	(15,794,187,659)
Net cash (outflow)/inflow from financing activities		(297,875,942)	9,978,735,216
Effect of foreign exchange rate changes on cash and cash equivalents		(16,695,210)	36,169,202
Net increase/(decrease) in cash and cash equivalents	V .52(1)	596,953,022	(6,138,414,968)
Add: Cash and cash equivalents at the beginning of the year		12,959,533,670	19,097,948,638
Cash and cash equivalents at the end of the year		13,556,486,692	12,959,533,670

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng Chairman of the Board <i>(Signature and stamp)</i>	Chen Yanshun President <i>(Signature and stamp)</i>	SunYun Chief Financial Officer <i>(Signature and stamp)</i>	(Company stamp)
---	---	---	-----------------

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Cash flow statement for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	2012	2011
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		279,298,636	214,339,560
Refund of taxes		-	141,215
Cash received relating to other operating activities		236,608,938	689,535,523
Sub-total of cash inflows		515,907,574	904,016,298
		-----	-----
Cash paid for goods and services		(542,784,351)	(215,696,051)
Cash paid to and for employees		(228,303,603)	(167,416,195)
Cash paid for all types of taxes		(23,279,216)	(13,590,274)
Cash paid relating to other operation activities		(29,214,048)	(130,414,647)
Sub-total of cash outflows		(823,581,218)	(527,117,167)
		=====	=====
Net cash (outflow)/inflow from operating activities	XI.39(1)	(307,673,644)	376,899,131
		-----	-----

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Cash flow statement for the year ended 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

	Note	2012	2011
Cash flows from investing activities:			
Net cash received from disposal of investment		7,164,056	-
Cash received from return on investments		9,046,995	4,408,804
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,128,390	1,203,806
Cash received relating to other investing activities		157,074,751	388,760,963
Sub-total of cash inflows		182,414,192	394,373,573
		-----	-----
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(406,872,805)	(189,711,692)
Cash paid for acquisition of investments		(1,432,000,000)	(8,984,679,985)
Cash paid for acquisition of subsidiaries		-	(2,000,000,000)
Cash paid relating to other investing activities		(28,950,000)	(115,000,000)
Sub-total of cash outflows		(1,867,822,805)	(11,289,391,677)
		-----	-----
Net cash outflow from investing activities		(1,685,408,613)	(10,895,018,104)
		-----	-----

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Cash flow statement for the year ended 31 December 2012 (continued)
(Expressed in Renminbi Yuan)

	Note	2012	2011
Cash flows from financing activities			
Cash received from borrowings		500,000,000	34,663,422
Cash received relating to other financing activities		1,441,542,000	2,082,800,000
Sub-total of cash inflows		1,941,542,000	2,117,463,422
Cash repayments of borrowings		(634,663,422)	(74,889,216)
Cash paid for interest		(1,345,935)	(2,279,470)
Cash paid relating to other financing activities		-	(49,118,924)
Sub-total of cash outflows		(636,009,357)	(126,287,610)
Net cash inflow from financing activities		1,305,532,643	1,991,175,812
Effect of foreign exchange rate changes on cash and cash equivalents		1,685	14,425
Net decrease in cash and cash equivalents	XI.39(1)	(687,547,929)	(8,526,928,736)
Add: Cash and cash equivalents at the beginning of the year		2,951,867,533	11,478,796,269
Cash and cash equivalents at the end of the year		2,264,319,604	2,951,867,533

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng Chairman of the Board (Signature and stamp)	Chen Yanshun President (Signature and stamp)	SunYun Chief Financial Officer (Signature and stamp)	(Company stamp)
--	--	--	-----------------

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated statement of changes in equity for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

		Attributable to shareholders of the Company					Minority interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	Accumulated loss	Translation differences of financial statements denominated in foreign currency	Subtotal		
Balance at 1 January 2012		13,521,542,341	15,302,948,946	499,092,613	(3,734,305,993)	(3,385,643)	25,585,892,264	9,459,591,642	35,045,483,906
Changes in equity for the year									
1. Net profit/(losses) for the year		-	-	-	258,133,391	-	258,133,391	(73,750,323)	184,383,068
2. Other comprehensive income for the year	V .51	-	41,881,769	-	-	1,084,716	42,966,485	-	42,966,485
Sub-total of 1&2		-	41,881,769	-	258,133,391	1,084,716	301,099,876	(73,750,323)	227,349,553
3. Shareholders' contributions of capital									
Minority interests acquired from subsidiaries		-	(32,490)	-	-	-	(32,490)	(3,967,510)	(4,000,000)
4. Appropriation of profits									
Distribution to minority shareholders		-	-	-	-	-	-	(4,019,007)	(4,019,007)
Balance at 31 December 2012		13,521,542,341	15,344,798,225	499,092,613	(3,476,172,602)	(2,300,927)	25,886,959,650	9,377,854,802	35,264,814,452

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng
Chairman of the Board
(Signature and stamp)

Chen Yanshun
President
(Signature and stamp)

SunYun
Chief Financial Officer
(Signature and stamp)

(Company stamp)

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Consolidated statement of changes in equity for the year ended 31 December 2011
(Expressed in Renminbi Yuan)

		Attributable to shareholders of the Company					Minority interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	Accumulated loss	Translation differences of financial statements denominated in foreign currency	Subtotal		
Balance at 1 January 2011		11,267,951,951	17,484,354,151	499,092,613	(4,295,172,470)	(1,213,199)	24,955,013,046	9,304,795,207	34,259,808,253
Changes in equity for the year									
1. Net profit for the year		-	-	-	560,866,477	-	560,866,477	132,810,840	693,677,317
2. Other comprehensive income for the year	V.51	-	50,918,687	-	-	(2,172,444)	48,746,243	-	48,746,243
Sub-total of 1&2		-	50,918,687	-	560,866,477	(2,172,444)	609,612,720	132,810,840	742,423,560
3. Effect of change in scope of consolidation		-	-	-	-	-	-	39,252,093	39,252,093
4. Shareholders' contributions of capital		-	21,266,498	-	-	-	21,266,498	(17,266,498)	4,000,000
(1) Capital input by minority shareholders		-	-	-	-	-	-	4,000,000	4,000,000
(2) Minority interests acquired from subsidiaries		-	21,266,498	-	-	-	21,266,498	(21,266,498)	-
5. Transfers within equity									
Share capital increased by capital reserve transfer		2,253,590,390	(2,253,590,390)	-	-	-	-	-	-
Balance at 31 December 2011		13,521,542,341	15,302,948,946	499,092,613	(3,734,305,993)	(3,385,643)	25,585,892,264	9,459,591,642	35,045,483,906

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng
Chairman of the Board
(Signature and stamp)

Chen Yanshun
President
(Signature and stamp)

SunYun
Chief Financial Officer
(Signature and stamp)

(Company stamp)

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Statement of changes in equity for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Accumulated loss	Total
Balance at 1 January 2012		13,521,542,341	15,094,593,545	499,092,613	(720,867,136)	28,394,361,363
Changes in equity for the year						
1. Net profit for the year		-	-	-	84,662,473	84,662,473
2. Other comprehensive income for the year	XI.38	-	41,881,769	-	-	41,881,769
Subtotal of 1&2		-	41,881,769	-	84,662,473	126,544,242
Balance at 31 December 2012		13,521,542,341	15,136,475,314	499,092,613	(636,204,663)	28,520,905,605

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng
Chairman of the Board
(Signature and stamp)

Chen Yanshun
President
(Signature and stamp)

SunYun
Chief Financial Officer
(Signature and stamp)

(Company stamp)

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Statement of changes in equity for the year ended 31 December 2011
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Accumulated loss	Total
Balance at 1 January 2011		11,267,951,951	17,297,265,248	499,092,613	(535,799,077)	28,528,510,735
Changes in equity for the year						
1. Net loss for the year		-	-	-	(185,068,059)	(185,068,059)
2. Other comprehensive income for the year	XI.38	-	50,918,687	-	-	50,918,687
Subtotal of 1&2		-	50,918,687	-	(185,068,059)	(134,149,372)
3. Transfers within equity						
-Share capital increased by surplus reserve transfer		2,253,590,390	(2,253,590,390)	-	-	-
Balance at 31 December 2011		13,521,542,341	15,094,593,545	499,092,613	(720,867,136)	28,394,361,363

These financial statements were approved by the Board of Directors of the Company on 19 April 2013.

Wang Dongsheng
Chairman of the Board
(Signature and stamp)

Chen Yanshun
President
(Signature and stamp)

SunYun
Chief Financial Officer
(Signature and stamp)

(Company stamp)

The notes on pages 20 to 162 form part of these financial statements.

BOE Technology Group Company Limited
Notes to the financial statements
(Expressed in Renminbi Yuan unless otherwise indicated)

I . Company status

BOE Technology Group Company Limited (the “Company”) is a company limited by shares established on 9 April 1993 at Beijing, with its head office located in Beijing. The parent of the Company is Beijing Electronic Tube Factory (after “debt-equity swap” restructuring converted to “Beijing Orient Investment and Development Company Limited” (“BOID”)). The Company’s ultimate holding company is Beijing Electronics Holdings Co., Ltd. (“Electronics Holdings”).

The Company was established with the approval of the Office of Economic Restructuring of Beijing Municipality JTGBZ [1992] No. 22, founded by the former Beijing Electronic Tube Factory as the main promoter by way of directional stock flotation. The former Beijing Electronic Tube Factory transferred its related assets and liabilities to the Company. Such assets and liabilities had been valued by the State-owned Assets Supervision and Administration Commission. The Company used the revaluation amount as the initial value for Company’s accounting records.

As approved by the State Council Securities Commission through document ZWF [1997] No. 32, the Company issued 115,000,000 B shares on 19 May 1997 at the Shenzhen Stock Exchange, with a face value of RMB 1.00 each, getting listed on 10 June 1997 at the Shenzhen Stock Exchange. As approved by the China Securities Regulatory Commission (“CSRC”) through document ZJGSZ [2000] No. 197, the Company issued 60,000,000 ordinary shares denominated in Renminbi on 23 November 2000 at Shenzhen Stock Exchange, with a face value of RMB 1.00 each, getting listed on 12 January 2001 at the Shenzhen Stock Exchange.

As approved by the CSRC through document ZJFXZ [2004] No. 2, “The Notice on approving BOE Technology Group Company Limited’s further share offering”, the Company additionally issued 316,400,000 B shares on 16 Jan 2004, with a face value of RMB 1.00 each and issuing value of HKD 6.32, which raised capital amounting to HKD 1,999,648,000. After accounting for all the relevant issuance fees, the B shares further offering raised capital of HKD 1,922,072,431 (RMB 2,048,160,383), with total share capital increasing to RMB 975,864,800.

Pursuant to the resolution approved by the 2003 Annual General Meeting held on 28 May 2004, the Company implemented its plan of transferring capital reserve into share capital at the rate of “5 shares for every 10 shares” to all shareholders in June 2004. Upon the completion of the transfer, the Company’s total share capital increased to RMB 1,463,797,200.

Pursuant to the resolution passed by the 2005 1st Extraordinary General Meeting held on 5 July 2005, based on the total share capital of 1,463,797,200 shares as at 31 December 2004, the Company transferred capital reserve into share capital at the rate of “5 shares for every 10 share” to all shareholders on 19 July 2005. Upon completion of the transfer, the Company’s total share capital increased to RMB 2,195,695,800.

I . Company status (continued)

In accordance with “The Approval Notice on BOE’s State-owned Share Reform Plan” issued by Stated-owned Assets Supervision and Administration Commission of Beijing Municipality (JGZCQZ [2005] No. 119), the Company implemented its state-owned share reform plan agreed by the shareholders on 24 November 2005. According to the plan, those registered tradable RMB-denominated ordinary share shareholders on 29 November 2005 would receive 4.2 shares for every 10 listed shares. This had contributed to the change in percentage of tradable and non-tradable shares of the Company.

Pursuant to the 21st session of the 4th directors meeting and the first Extraordinary General Meeting held on 18 April 2006 and 19 May 2006 respectively, and the approval from the CSRC through document ZJFXZ [2006] No. 36, the Company issued 675,872,095 non-public targeted ordinary shares (A shares) with face value of RMB 1.00. On 9 October 2006, the Company completed shares registration and escrow in China Securities Depository and Clearing Corporation Limited Shenzhen branch. Upon completion of the issuance, the Company’s total share capital increased to RMB 2,871,567,895.

Pursuant to the 3rd session of the 5th directors meeting and the 2007 4th Extraordinary General Meeting held on 29 August 2007 and 26 September 2007 respectively, and the approval from the CSRC through document ZJFXZ [2008] No. 587, the Company issued 411,334,552 non-public targeted RMB-denominated ordinary share with a face value of RMB 1.00. On 16 July 2008, the Company completed shares registration and escrow in China Securities Depository and Clearing Corporation Limited Shenzhen branch. Upon completion of the issuance, the Company’s total share capital increased to RMB 3,282,902,447.

Pursuant to the 17th session of the 5th directors meeting and the 2008 2nd Extraordinary General Meeting held on 7 November 2008 and 25 November 2008 respectively, and the approval from the CSRC through document ZJFXZ [2009] No. 369, the Company issued 5,000,000,000 non-public targeted RMB-denominated ordinary share with a face value of RMB 1.00. On 4 June 2009, the Company completed shares registration and escrow in China Securities Depository and Clearing Corporation Limited Shenzhen branch. Upon completion of the issuance, the Company’s total share capital increased to RMB 8,282,902,447. The Company revised its Articles of Association on June 2009, and obtained the renewed business license as legal person with No. 110000005012597 on 7 August 2009.

Pursuant to the 2nd session of the 6th directors meeting and 2nd Extraordinary General Meeting held on 25 June 2010 and 21 July 2010 respectively, and the approval from the CSRC through document ZJFXZ [2010] No. 1324, the Company issued 2,985,049,504 non-public targeted RMB-denominated ordinary share with a face value of RMB 1.00. On 7 December 2010, the Company completed shares registration and escrow in China Securities Depository and Clearing Corporation Limited Shenzhen branch. Upon completion of the issuance, the Company’s total share capital increased to RMB 11,267,951,951.

I . Company status (continued)

Pursuant to the 8th session of the 6th Board of Directors meeting and the 2010 Annual General Meeting held on 22 April 2011 and 30 May 2011 respectively, the Company implemented its plan of transferring capital reserve into share capital at the rate of “2 shares for every 10 shares” to all shareholders in the basis of the 11,267,951,951 shares on 31 December 2010. Upon the completion of the transfer, the Company’s total share capital increased to RMB 13,521,542,341.

The Company and its subsidiaries (“the Group”) comprise four main business segments on a worldwide basis: TFT-LCD business, Back light products business, Display system products business and other business. Other business includes Precision Electronic Components and Materials Business, Photovoltaic Business and property management & the lease of real estate, etc.

II. Significant accounting policies and accounting estimates

1. Basis of preparation

The financial statements have been prepared on the basis of going concern.

2. Statement of compliance

The financial statements have been prepared in accordance with the requirements of “Accounting Standards for Business Enterprises—Basic Standard” and 38 Specific Standards issued by the Ministry of Finance (MOF) of the People’s Republic of China (PRC) on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as “Accounting Standards for Business Enterprises” or “CAS”). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2012, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15 General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (CSRC) in 2010.

3. Accounting period

The accounting year of the Group is from 1 January to 31 December.

II. Significant accounting policies, accounting estimates (continued)

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. The Company translates the financial statements of subsidiaries from their respective functional currencies into Renminbi (see Note II.8) if the subsidiaries' functional currencies are not Renminbi.

5. Accounting treatments for a business combination involving enterprises under and not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total par value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium (or capital premium) is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination are recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II. 18) Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

II. Significant accounting policies, accounting estimates (continued)

6. Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination involving enterprises not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet. If the credit balance of capital reserve (share premium) is insufficient, any excess is adjusted to retained earnings.

II. Significant accounting policies, accounting estimates (continued)

6. Consolidated financial statements (continued)

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in shareholders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefor incurred are recognised as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item. Comprehensive income attributable to minority shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

II. Significant accounting policies, accounting estimates (continued)

8. Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China, the State Administration of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction of qualifying assets (see Note II.16), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to Renminbi using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. The equity items, excluding "Retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to Renminbi at rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of shareholders' equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

II. Significant accounting policies, accounting estimates (continued)

9. Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than long-term equity investments (see Note II .12), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative. Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method.

II. Significant accounting policies, accounting estimates (continued)

9. Financial instruments (continued)

(1) Recognition and measurement of financial assets and financial liabilities (continued)

– Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

– Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein, except for impairment losses and foreign exchange gains and losses from monetary financial assets, which are recognised directly in profit or loss, are recognised as other comprehensive income in capital reserve. When an investment is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. Dividend income from the available-for-sale equity instruments is recognised in profit or loss when the investee declares the dividends. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss. (see Note II.22(4)).

– Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingencies (see Note II.21).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

II. Significant accounting policies, accounting estimates (continued)

9. Financial instruments (continued)

(2) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

- the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(3) Determination of fair value

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models etc. The Group calibrates the valuation technique and tests it for validity periodically.

(4) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in shareholders' equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expired.

II. Significant accounting policies, accounting estimates (continued)

9. Financial instruments (continued)

(5) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidence that a financial asset is impaired includes but is not limited to:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
- (e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;
- (f) a significant decline in the fair value (i.e. a decline of 50% in the fair value) or a prolonged decline in the fair value (i.e. a decline in the fair value persisting for a period of 9 months) of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10. The impairment of other financial assets are measured as follows:

– Held-to-maturity investments

Held-to-maturity investments are assessed for impairment on an individual basis. An impairment loss in respect of a held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

If, after an impairment loss has been recognised on held-to-maturity investments, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

II. Significant accounting policies, accounting estimates (continued)

9. Financial instruments (continued)

(5) Impairment of financial assets (continued)

– Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(6) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. The Group recognised receivables individually greater than RMB 50,000,000 as significant and perform impairment test on an individual basis. Those receivables individually insignificant but with specific natures, i.e. legal issue or customer credit issue, are also reviewed and tested on an individual basis.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting present economic conditions.

II. Significant accounting policies, accounting estimates (continued)

10. Impairment of receivables (continued)

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been determined had no impairment loss been recognised in prior years.

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

(3) Basis for determining the net realisable value of inventories and provision methods for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities held by the Group are more than the quantities of inventories specified in sales contracts, the net realisable value of the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each category of inventories is recognised as a provision for diminution in the value of inventories, and is recognised in profit or loss.

II. Significant accounting policies, accounting estimates (continued)

11. Inventories (continued)

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation methods for consumables including low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are amortised in full when received for use. The amortisations are included in the cost of the related assets or recognised in profit or loss for the current period.

12. Long-term equity investments

(1) Investment cost

(a) Long-term equity investments acquired through a business combination

- The initial investment cost of a long-term equity investment obtained through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial investment cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and additional investment cost at the acquisition date

(b) Long-term equity investments acquired otherwise than through a business combination

- A long-term equity investment acquired otherwise than through a business combination is initially recognised at the actual consideration paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

II. Significant accounting policies, accounting estimates (continued)

12. Long-term equity investments (continued)

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II.6.

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see Note II.12 (3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see Note II.12 (3)).

An investment in a jointly controlled enterprise or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note II.27).

The Group makes the following accounting treatments when using the equity method:

- Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

II. Significant accounting policies, accounting estimates (continued)

12. Long-term equity investments (continued)

(2) Subsequent measurement (continued)

(b) Investment in jointly controlled enterprises and associates (continued)

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss after deducting the amortisation of the debit balance of the equity investment difference, which was recognised by the Group before the first-time adoption of CAS, as investment income or losses, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group's interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

- The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.
- The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses, and recognises the corresponding adjustment in shareholders' equity.

II. Significant accounting policies, accounting estimates (continued)

12. Long-term equity investments (continued)

(2) Subsequent measurement (continued)

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Other long-term equity investments are accounted for subsequently using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control over an investee's economic activities, and exists only when the strategic financial and operating decisions relating to the activities require the unanimous consent of the parties sharing the control. The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single investor is in a position to control the investee's operating activities unilaterally;
- Whether strategic decisions relating to the investee's main operating activities require the unanimous consent of all investors;
- If one investor is appointed, through contract or agreement by all investors, to manage the investee's daily activities, whether this investor must act within the financial and operating policies that have been agreed upon by all investors.

II. Significant accounting policies, accounting estimates (continued)

12. Long-term equity investments (continued)

- (3) Basis for determining the existence of joint control or significant influence over an investee (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies. The following one or more factors are considered usually when assessing whether the Group can exercise significant influence over an investee:

- Whether the Group has representation on the board of directors or equivalent governing body of the investee;
- Whether the Group participates in the policy-making processes of the investee;
- Whether the Group has material transactions with the investee;
- Whether the Group dispatches management personnel to the investee;
- Whether the Group provides essential technical information to the investee.

- (4) Method of impairment testing and measuring

For the method of impairment testing and measuring for investments in subsidiaries, jointly controlled enterprises and associates, refer to Note II.20.

For other long-term equity investments, the carrying amount is tested for impairment at the balance sheet date. If there is objective evidence that the investment may be impaired, impairment is assessed on an individual basis. Impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss. Such impairment loss is not reversed.

Other long-term equity investments are stated at cost less accumulated impairment losses in the balance sheet

II. Significant accounting policies, accounting estimates (continued)

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortised using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale (see Note II.27). For the method of impairment testing and measuring, refer to Note II.20.

The estimated useful lives, residual value rates and depreciation rates of each class of investment property are as follows:

	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Buildings	25 -35 years	3%-10%	2.6%-3.9%
Land use rights	32 -50 years	0%	2%-3.1%

14. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods, supply of services, rental to others or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the criteria to recognise fixed assets are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

II. Significant accounting policies, accounting estimates (continued)

14. Fixed assets (continued)

(2) Depreciation of fixed assets

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note II.27).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Classes	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Plant and buildings	20-40 years	3%-10%	2.3%-4.9%
Machinery and equipment	3-15 years	0-10%	6%-33.3%
Others	2-10 years	0-10%	9%-50%

Useful lives, estimated residual value and depreciation methods are reviewed at least at each year-end.

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) Recognition and measurement of fixed assets acquired under finance leases

For the recognition and measurement of fixed assets acquired under finance leases, refer to the accounting policy set out in Note II 26 (3).

(5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

II. Significant accounting policies, accounting estimates (continued)

15. Construction in progress (continued)

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- Where funds are borrowed generally and used for the acquisition, construction of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

II. Significant accounting policies, accounting estimates (continued)

16. Borrowing costs (continued)

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, or construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition or construction activities are interrupted abnormally and the interruption lasts for more than three months.

17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.27).

The respective amortisation periods for such intangible assets are as follows:

<u>Item</u>	<u>Amortisation periods (years)</u>
Land use rights	40-50 years
Technology rights	9-20 years
Computer software	3-10 years
Patent and others	5-10 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recognised in profit or loss when incurred. Expenditure on the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note II.20). Other development expenditure is recognised as an expense in the period in which it is incurred.

II. Significant accounting policies, accounting estimates (continued)

18. Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination not involving enterprise under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. Long-term deferred expenses

Long-term deferred expenses are amortised on a straight-line method within the benefit period. The respective amortisation periods of such expenses are as follows:

<u>Item</u>	<u>Amortisation period (years)</u>
Cost of operating lease assets improvement	3-10 years
Lease prepayment for communal facilities	10-15 years
Others	3-10 years

20. Impairment of assets other than inventories, financial assets and other long-term equity investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- investment properties measured using a cost model
- long-term equity investments in subsidiaries, associates and jointly controlled enterprises
- goodwill, etc.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

II. Significant accounting policies, accounting estimates (continued)

20. Impairment of assets other than inventories, financial assets and other long-term investments (continued)

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

If the result of the recoverable amount calculation indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

II. Significant accounting policies, accounting estimates (continued)

22. Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in increase in shareholder's equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

- The significant risks and rewards of ownership of goods have been transferred to the buyer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

(2) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

At the balance sheet date, where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the proportion of services performed to date to the total services to be performed.

Where the outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

(3) Revenue from construction contracts

At the balance sheet date, where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised using the percentage of completion method.

II. Significant accounting policies, accounting estimates (continued)

22. Revenue recognition (continued)

(3) Revenue from construction contracts (continued)

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs

When the outcome of a construction contract cannot be estimated reliably:

- If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred
- If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(5) Royalties from intangible assets

Royalty income from intangible assets is determined according to the period and method of charging as stipulated in the relevant contract or agreements.

23. Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in the cost of relevant assets or expenses in the current period.

(1) Social insurance and housing fund

Pursuant to the relevant laws and regulations of the PRC, employees of the Group participate in the social insurance system established and managed by government organisations. The Group makes social insurance contributions, including contributions to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance etc., as well as contributions to housing fund, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. The social insurance and housing fund contributions are recognised as part of the cost of assets or charged to profit or loss on an accrual basis. Except for the above contributions, the Group does not have any other obligations in this respect.

II. Significant accounting policies, accounting estimates (continued)

23. Employee benefits (continued)

(2) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided is recognised in profit or loss when both of the following conditions are satisfied:

- The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly;
- The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

24. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for any capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of “capital reserve” are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

II. Significant accounting policies, accounting estimates (continued)

25. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carrying forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax assets and current tax liabilities;
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

II. Significant accounting policies, accounting estimates (continued)

26. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note II.13), are depreciated in accordance with the Group's depreciation policies described in Note II.14 (2). Impairment losses are recognised in accordance with the accounting policy described in Note II.20. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair values and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Note II.14 (2) and Note II.20, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables or non-current liabilities due within one year, respectively in the balance sheet.

II. Significant accounting policies, accounting estimates (continued)

27. Assets held for sale

A non-current asset is accounted for as held for sale when the Group has made a decision and signed a non-cancellable agreement on the transfer of the asset with the transferee, and the transfer is expected to be completed within one year. Such non-current assets may include fixed assets, intangible assets, and investment properties subsequently measured using the cost model, long-term equity investment etc. but not include financial assets and deferred tax assets. Non-current assets held for sale are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as an impairment loss. At the balance sheet date, non-current assets held for sale continue to be presented under the same asset classification as before they were held for sale.

28. Profit distributions to shareholders

Dividends or profit distributions proposed in the profit appropriation plan which will be authorized and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

29. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

- (a) the Company's parent;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprise or individuals if a party has control or joint control over both the enterprises or individuals and the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors of the Group and close family members of such individuals
- (i) key management personnel of the Group and close family members of such individuals;
- (j) key management personnel of the Company's parent;
- (k) close family members of key management personnel of the Company's parent; and;
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

II. Significant accounting policies, accounting estimates (continued)

29 Related parties (continued)

In addition to the related parties stated above, which are determined in accordance with the requirements of CAS, the following enterprises or individuals (but not limited to) are considered as related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

- (m) enterprises, or persons that act in concert, which hold more than 5% of the Company's shares ;
- (n) individuals who directly or indirectly hold more than 5% of the Company's shares and their close family members, supervisors of the listed companies and their close family members;
- (o) enterprises that satisfied any of the aforesaid conditions in (a), (c) or (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;
- (p) individuals who satisfied any of the aforesaid conditions in (i), (j) or (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement and
- (q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system. An operating segment is identified if all the following conditions are met:

- the component engages in business activities from which it may earn revenues and incur expenses;
- financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;
- financial information regarding financial position, financial performance and cash flows is available.

II. Significant accounting policies, accounting estimates (continued)

30 Segment reporting (continued)

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and are same or similar in respect of the following conditions:

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services;
- the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

31. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes V.16 and X.2 contain information about the assumptions and their risk factors relating to impairment of goodwill and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortisation cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

II. Significant accounting policies, accounting estimates (continued)

31. Significant accounting estimates and judgments (continued)

(2) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

(3) Impairment of assets other than inventories, financial assets and other long-term equity investments

As described in Note II.20, assets other than inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

(4) Impairment of available-for-sale financial instruments

For available-for-sale equity instruments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant or prolonged. The Group takes into consideration historical market volatility and share price of the specific equity instrument as well as other factors, such as industry performance, and financial information.

II. Significant accounting policies, accounting estimates (continued)

31. Significant accounting estimates and judgments (continued)

- (5) Depreciation and amortisation of assets such as investment properties, fixed assets and intangible assets

As described in Notes II.13, 14, 17, assets such as investment properties, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively

- (6) Warranty provisions

As described in Note V.32, the Group makes provisions under the warranties it gives on sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

- (7) Pending implementation of the agreement

As described in Note V.34, in 2009, the Group ceased to produce several products and stopped fulfilling the purchase contract related to production. Due to the indemnity incurred accordingly, the Group accrued provisions according to reasonable estimation of loss. Any changes in the estimation of the provision, the profit and loss will be affected in the future.

III. Taxation

1. Main types of taxes and corresponding rates

<u>Tax Name</u>	<u>Tax basis</u>	<u>Tax rate</u>
Value added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	6%, 13% or 17%
Business tax	Based on taxable revenue	5%
City maintenance and construction tax	Based on business tax and VAT paid	5%, 7%
Education surcharge	Based on business tax and VAT paid	2%, 3%
Corporate income tax	Based on taxable profits	0-25%

III. Taxation (continued)

2. Corporate income tax

The income tax rate applicable to the Company for the year is 15% (2011: 15%).

Pursuant to the Corporate Income Tax Law of the People's Republic of China ("new tax law") treatment No.28, corporate income tax for key advanced and high-tech enterprises supported by the State is applicable to a preferential tax rate of 15%.

Pursuant to Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of corporate Income Tax (Guofa (2007) No.39) issued by State Council, certain enterprises previously entitled to a preferential rate are subject to a transition period during which their tax rate will be gradually increased to 25% over a five year period starting from 1 January 2008. The enterprises that previously entitled to "2-year exemption and 3-year 50% reduction", "5-year exemption and 5 year 50% reduction" preferential tax rate may, after the implementation of the new tax law, continue to enjoy the relevant preferential treatments under the preferential measures and the time period prescribed in the former tax law, administrative regulations and relevant documents until the expiration of the said time period. However, if such an enterprise has not entitled to the preferential tax rate yet because of its failure to make profits, its preferential time period shall be commenced from 2008.

Pursuant to the Administration and Measures on the Recognition of High-tech Enterprises and the Guidelines for the Administration of the Recognition of High-tech Enterprises, the Company was recognised as a high-tech enterprise and obtained No. GR200811000615 High-tech Enterprise Certificate on 18 December 2008 after applied to and assessed by the experts of Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation. The Company is subject to corporate income tax rate of 15% since the date of certification with the valid period of three years. On 14 September 2011, the Company renewed the High-tech Enterprise Certificate No. GF201111000469, which was entitled jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation. The Company is subject to corporate income tax rate of 15% since the date of certification with the valid period of three years.

Pursuant to the new tax law, the income tax rate applicable to other subsidiaries of the Group is 25% other than the following subsidiaries and the overseas subsidiaries which subject to the local income tax rate.

III. Taxation (continued)

2. Corporate income tax (continued)

The subsidiaries that are entitled to preferential tax treatments are as follows:

	<u>Preferential rate</u>	<u>Reason</u>
Beijing BOE Optoelectronics Technology Co., Ltd.	15%	The Company renewed the High-tech Enterprise Certificate No. GF201111000041 on 14 September 2011, which was jointly entitled by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
Chengdu BOE Optoelectronics Technology Co., Ltd.	15%	The Company obtained the High-tech Enterprise Certificate No. GR201051000051 on 28 July 2010, which was jointly entitled by Sichuan Science & Technology Commission, Finance Bureau of Sichuan, Sichuan Office of State Administration of Taxation, and Sichuan Local Taxation Bureau, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
Hefei BOE Optoelectronics Technology Co., Ltd.	15%	The Company obtained the High-tech Enterprise Certificate No. GR201034000024 on 28 May 2010, which was entitled jointly by Anhui Science & Technology Commission, Finance Bureau of Anhui, Anhui Office of State Administration of Taxation, and Anhui Local Taxation Bureau, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
Suzhou BOE Chatani Electronics Co., Ltd.	15%	The Company obtained the High-tech Enterprise Certificate No. GF201132000300 on 9 September 2011, which was jointly entitled by Jiangsu Science & Technology Commission, Finance Bureau of Jiangsu, Jiangsu Office of State Administration of Taxation, and Jiangsu Local Taxation Bureau, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
BOE (Hebei) Mobile Technology Co., Ltd.	12.5%	The foreign investment enterprise is exempted from income tax payment for its first and second year of making profits, and entitled to a 50% reduction of income tax from the third to the fifth year. The enterprise has not yet taken the benefit because of its failure to make profits, its preferential time period is commenced from 2008, 2009 is the second entitlement year for exemption of enterprise income tax, and 2012 is the third entitlement year for the 50% reduction of income tax.

III. Taxation (continued)

2. Corporate income tax (continued)

	<u>Preferential rate</u>	<u>Reason</u>
BOE Hyundai LCD (Beijing) Display Technology Co., Ltd.	15%	The Company obtained the High-tech Enterprise Certificate No. GR201211000423 on 24 May 2012, which was jointly entitled by the Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
Beijing BOE Vacuum Electronics Co., Ltd.	15%	The Company renewed the High-tech Enterprises Certificate No. GF201111000395, which was jointly entitled by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation on 14 September 2011, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
BOE Semi-conductor Co., Ltd.	15%	The Company renewed the High-tech Enterprises Certificate No. GF201111000163, which was jointly entitled by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation on 14 September 2011, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
Beijing Asahi Electron Glass Co., Ltd.	15%	The Company renewed the High-tech Enterprises Certificate No. GR201211000009, which was jointly entitled by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation on 24 May 2012, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.
Beijing BOE Vacuum Technology Co., Ltd.	15%	The Company renewed the High-tech Enterprises Certificate No. GR201211000362, which was jointly entitled by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal State Administration of Taxation and Beijing Municipal Local Administration of Taxation on 24 May 2012, subject to a preferential enterprise income tax rate of 15% within the valid period of three years.

IV. Business combinations and consolidated financial statements

1. Background of major subsidiaries

(1) Subsidiaries acquired through establishment or investment

Name	Type	Registration place	Business nature and scope	Registered capital	Closing amount of investment	Direct and indirect voting right percentage	Whether included in consolidated financial statements
Beijing BOE Vacuum Electronics Co., Ltd. (Vacuum Electronics)	Other Limited Liability Company	Beijing, China	Manufacture and sale of vacuum electronic products	RMB 35,000,000	RMB 19,250,000	55%	Y
Beijing BOE Vacuum Technology Co., Ltd. (Vacuum Technology)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Manufacture and sale of vacuum products	RMB 32,000,000	RMB 32,000,000	100%	Y
Beijing BOE Special Display Technology Co., Ltd. (Special Display)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Development of display products and sale of electronic products	RMB 60,000,000	RMB 60,000,000	100%	Y
Beijing Yinghe Century Co., Ltd. (Yinghe Century)	Other Limited Liability Company	Beijing, China	Lease and operation of offices and middle grade hotel houses; business and entertainment service; toll parking lots	RMB 233,105,200	RMB 333,037,433	100%	Y
Suzhou BOE Chatani Electronics Co., Ltd. (Suzhou Chatani)	Limited Liability Company (joint venture)	Suzhou, China	Development and manufacture of backlight and related parts and components for LCD	RMB 186,485,134	RMB 193,087,904	90.51%	Y
BOE Hyundai LCD (Beijing) Display Technology Co., Ltd. (BOE Hyundai)	Limited Liability Company (joint venture)	Beijing, China	Development, manufacture and sale of liquid display for mobile termination	USD 5,000,000	RMB 31,038,525	75%	Y
Beijing BOE Optoelectronics Technology Co., Ltd. (BOEOT)	Limited Liability Company (joint venture)	Beijing, China	Research, development, design and manufacture of TFT-LCD	USD 649,110,000	RMB 4,172,288,084	82.49%	Y
BOE (Hebei) Mobile Technology Co., Ltd. (BOE Hebei)	Limited Liability Company (joint venture)	Langfang, China	Manufacture and sale of mobile flat screen display technical products and related services	USD 20,000,000	RMB 120,307,500	75%	Y

IV. Business combinations and consolidated financial statements (continued)

1. Background of major subsidiaries (continued)

(1) Subsidiaries acquired through establishment or investment (continued)

Name	Type	Registration place	Business nature and scope	Registered capital	Closing amount of investment	Direct and indirect voting right percentage	Whether included in consolidated financial statements
Beijing BOE Display Technology Co., Ltd. (BOE Display)	Other Limited Liability Company	Beijing, China	Development of TFT-LCD, manufacture and sale of TFT-LCD	RMB 17,377,199,300	RMB 8,705,000,000	50.09%	Y
Beijing BOE multimedia technology Co., Ltd. (BOE Multimedia)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Sale of computer software and Hardware, the numeral regards the audio frequency technology	RMB 200,000,000	RMB 200,000,000	100%	Y
Beijing BOE Energy Technology Co., Ltd. (BOE Energy)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Integration and application of photovoltaic system sale of photovoltaic system and ancillary facilities	RMB 29,000,000	RMB 29,000,000	100%	Y
Beijing BOE Vision-electronic Technology Co., Ltd. (BOE Vision-electronic)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Research, development, and manufacture of LCD and terminal products of TV	RMB 500,000,000	RMB 500,000,000	100%	Y
Beijing Zhongpingxun Technology Co., Ltd. (Beijing Zhongpingxun)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Technology promotion, property management, and sale of electronic products	RMB 10,000,000	RMB 10,000,000	100%	Y
Beijing Zhongxiangying Technology Co., Ltd. (Beijing Zhongxiangying)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Technology promotion, property management, and sale of electronic products	RMB 10,000,000	RMB 10,000,000	100%	Y
Erdos Haosheng Energy Investment Co., Ltd. (Haosheng Energy)	Other Limited Liability Company	Erdos, China	Energy investment	RMB 30,000,000	RMB 10,000,000	100%	Y
Erdos Yuansheng Optoelectronics Co., Ltd. (Yuansheng Optoelectronics)	Limited Liability Company	Erdos, China	The production and operation of AM-OLED and relevant products	RMB 3,404,000,000	RMB 3,404,000,000	100%	Y

IV. Business combinations and consolidated financial statements (continued)

1. Background of major subsidiaries (continued)

(2) Subsidiaries acquired through business combinations not under common control

Name	Type	Registration place	Business nature and scope	Registered capital	Closing amount of investment	Direct and indirect voting right percentage	Whether included in consolidated financial statements
Chengdu BOE. Optoelectronics. Technology Co., Ltd. (Chengdu BOE.)	Other Limited Liability company	Chengdu, China	Development manufacture and sale of TFT-LCD and related parts	RMB 1,830,000,000	RMB 1,833,149,991	100%	Y
Beijing Asahi Electron Glass Co., Ltd. (BeiAsahi Glass)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Sale of Supports and glass bar for TV and CTV low melting sealing frit	RMB 61,576,840	RMB 30,888,470	100%	Y
Hefei BOE Optoelectronics Technology Co., Ltd.(Hefei BOE)	One-person Limited Liability Company	Hefei, China	Development manufacture and sale of TFT-LCD	RMB 9,000,000,000	RMB 9,000,000,000	100%	Y
Beijing-Matsushita Color CRT Co., Ltd. (Matsushita)	Other Limited Liability Company	Beijing, China	Colored TV, cathode-ray tube of display, projection cathode ray tube of colored RPTV and materials of electronic parts, property management service.	RMB 1,240,754,049	RMB 361,304,288	80%	Y
K-Tronics (Suzhou) technology Co., Ltd. (K-Tronics (Suzhou))	Other Limited Liability Company	Suzhou, China	Manufacture of newly-designed Display (Platform Display), compatible digital television, top-grade microcomputer with LCD, projection TV set with big screen liquid crystal and other newly-designed electronic products and its components	USD 17,700,000	USD 32,460,260	100%	Y
Beijing BOE Changhong Network Technology Co., Ltd.("BOE Changhong)	Other Limited Liability Company	Beijing, China	Technology promotion, the sales of communication apparatus, the installation and maintenance of equipment	RMB 30,000,000	RMB 15,300,000	51%	Y
Beijing Oriental Hengtong Technology Development Co., Ltd., (Oriental Hengtong)	Limited Liability Company (Solely-owned by legal person)	Beijing, China	Technology researching, investment counselling, investment property counselling, investment consultation, Corporate image planning, Corporate management counselling, sales of construction material	RMB 2,500,000	RMB 2,500,000	100%	Y

IV. Business combinations and consolidated financial statements (continued)

2. Business combinations involving enterprises not under common control during the year

Oriental Hengtong was jointly established by Beijing BOE Land Co., Ltd. (BOE Land) and Beijing Miyun economic development corporation on 28 August 2009, both of which injected RMB 2,500,000 as registered capital and took up 50% shareholdings of Oriental Hengtong. Pursuant to the resolution approved by the general meeting of Oriental Hengtong held in July 2012, Oriental Hengtong repurchased 50% shares from Miyun economic development corporation. After the repurchase, the registered capital of Orient Hengtong declined from RMB 5,000,000 to RMB 2,500,000, and shares held by BOE Land increased from 50% to 100%. Orient Hengtong thereafter was consolidated in the Group. Beijing Zhong Yihe Certificated Public Accountants issued the capital verification report ZHONGYIHEYAN (2012) No. 458. Orient Hengtong obtained the renewed business license No.110228012210695 from Beijing Administration for Industry and Commerce Miyun branch on 17 August 2012.

The identifiable net assets of Oriental Hengtong on the acquisition date included cash and cash equivalent, receivables and office equipments, etc, and there was no significant difference between fair value and book value. The fair value of the 50% shareholdings of Orient Hengtong on the acquisition date is RMB 1,160,762. The difference between the fair value of consideration in exchange for the acquirer's interest in the fair value of the identifiable net assets is recognised in profit or loss.

IV. Business combinations and consolidated financial statements (continued)

2. Business combinations involving enterprises not under common control during the year (continued)

Financial information of Orient Hengtong is shown as follows:

<u>Items</u>	<u>Acquisition date to 31/12/2012</u>
Revenues	-
Net losses	47,057
Cash outflows from operating activities	(50,621)

The identifiable assets and liabilities of Orient Hengtong (the acquiree):

<u>Items</u>	<u>Carrying amount &Fair value on acquisition date RMB</u>
Cash at bank and on hand	2,174,647
Other receivables	1,000
Fixed-assets	145,877
Net identifiable assets	<u>2,321,524</u>
Shares obtained by acquisition	<u>50%</u>
The Company's share of net assets by acquisition	<u>1,160,762</u>

3. Analysis of the minority interests of subsidiaries

<u>Name of subsidiaries</u>	<u>Minority interests Opening balance RMB</u>	<u>Minority shareholders enjoy a subsidiary profits/(losses) RMB</u>	<u>Others RMB</u>	<u>Minority interests Ending balance RMB</u>
BOEOT	524,912,456	33,686,463	-	558,598,919
BOE Display	8,558,810,030	(141,236,485)	-	8,417,573,545
Matsushita	197,848,814	13,849,798	-	211,698,612
BOE Hebei	36,821,183	4,404,142	-	41,225,325
Vacuum Electronics	52,418,371	5,405,976	(1,800,000)	56,024,347
Other subsidiaries	88,780,788	10,139,783	(6,186,517)	92,734,054
Total	<u>9,459,591,642</u>	<u>(73,750,323)</u>	<u>(7,986,517)</u>	<u>9,377,854,802</u>

V. Notes to the consolidated financial statements

1. Cash at bank and on hand

	2012			2011		
	Original currency	Exchange rate	RMB/RMB equivalents	Original currency	Exchange rate	RMB/RMB equivalents
Cash on hand						
RMB			184,999			191,532
USD	66,289	6.2855	416,658	33,796	6.3009	212,944
HKD	9,665	0.8109	7,837	9,665	0.8107	7,835
Japanese Yen	53,566	0.0730	3,911	634,501	0.0811	51,460
Korean Won	615,001	0.0058	3,567	3,591,596	0.0055	19,693
Other foreign currencies			111,476			116,009
Subtotal			728,448			599,473
Bank deposit						
RMB			11,078,853,410			12,330,720,843
USD	298,195,278	6.2855	1,874,306,422	97,535,602	6.3009	614,562,072
HKD	1,214,948	0.8109	985,201	1,214,884	0.8107	984,906
Japanese Yen	8,111,525,546	0.0730	592,141,365	121,155,539	0.0811	9,828,752
Korean Won	870,129,662	0.0058	5,046,752	253,875,188	0.0055	1,390,220
Other foreign currencies			4,425,094			1,447,404
Subtotal			13,555,758,244			12,958,934,197
Other monetary funds						
RMB			1,417,692,232			7,263,622,285
USD	36,531,824	6.2855	229,620,779	15,991,396	6.3009	100,760,186
Japanese Yen	110,293,558	0.0730	8,051,430	19,148,195	0.0811	1,552,975
Subtotal			1,655,364,441			7,365,935,446
Total			15,211,851,133			20,325,469,116

As at 31 December 2012, the other monetary funds which were pledged by the Group amounted to RMB 41,200,000 and USD 5,000,000 for short-term loan amounting to USD 6,338,500 and USD 4,804,614. The other monetary funds pledged by the Group amounted to RMB 1,067,910 for short-term loan amounting to USD 2,847,537. The rest of the other monetary funds amounting to RMB 1,581,669,031 (2011: RMB 3,354,535,563) are the deposits in commercial banks as security.

V. Notes to the consolidated financial statements (continued)

2. Bills receivable

(1) Classification of bills receivable:

	2012	2011
	RMB	RMB
Bank acceptance bills	856,359,724	304,866,896
Commercial acceptance bills	4,523,660	35,427,101
Total	<u>860,883,384</u>	<u>340,293,997</u>

All of the above bills are due within one year.

As at 31 December 2012, the Group pledged bills receivable amounting to RMB 14,615,823 for bank acceptance bills amounting to RMB 14,109,567, and the Group pledged bills receivable amounting to RMB 25,975,443 for the equal amount of bank credit to issue bills. The Group's outstanding endorsed or discounted bank acceptance bills (with recourse) amounted to RMB 255,326,197 (2011: RMB 79,997,272), all of which will be due before 30 June 2013 (2011: before 26 June 2012).

For the year ended 31 December 2012, there was no amount transferred to accounts receivable from bills receivable due to non-performance of the issuers of the Group (2011: nil).

As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

- (2) As at 31 December 2012, the five largest outstanding endorsed bills that have not matured of the Group amounted to RMB 35,000,000 (2011: RMB 69,638,799).

V. Notes to the consolidated financial statements (continued)

3. Accounts receivable

(1) The Group's accounts receivable by customer type:

	2012	2011
	RMB	RMB
Amounts due from related parties	1,618,574	1,666,120
Amounts due from other customers	5,208,271,397	2,575,576,465
Subtotal	5,209,889,971	2,577,242,585
	-----	-----
Less: provision for bad and doubtful debts	13,848,807	16,447,040
Total	5,196,041,164	2,560,795,545

(2) The Group's accounts receivable by currency type:

	2012			2011		
	Original currency	Exchange rate	RMB/RMB equivalents	Original currency	Exchange rate	RMB/RMB equivalents
RMB			1,215,867,306			823,826,264
USD	635,139,617	6.2855	3,992,170,063	278,033,560	6.3009	1,751,861,658
Other foreign currencies			1,852,602			1,554,663
Subtotal			5,209,889,971			2,577,242,585
			-----			-----
Less: provision for bad and doubtful debts			13,848,807			16,447,040
Total			5,196,041,164			2,560,795,545

As at 31 December 2012, the Group's accounts receivable due from related parties accounted for 0.03% of the total accounts receivable (2011: 0.1%).

As at 31 December 2012, the accounts receivable pledged by the Group amounted to USD 8,709,324 (2011: USD 14,305,871) for short-term loans amounting to USD 6,270,000 (2011: USD 11,116,528) respectively.

V. Notes to the consolidated financial statements (continued)

3. Accounts receivable (continued)

(3) The ageing analysis of accounts receivable is as follows:

Ageing	2012			2011		
	Carrying amounts		Provision for bad and doubtful debts RMB	Carrying amounts		Provision for bad and doubtful debts RMB
	Amount RMB	Percentage (%)		Amount RMB	Percentage (%)	
Within 1 year (inclusive)	5,187,902,201	100%	667,977	2,558,395,451	99%	4,251,525
1 to 2 years (inclusive)	11,566,731	-	2,759,791	3,647,800	-	855,865
2 to 3 years (inclusive)	1,591,400	-	1,591,400	9,028,532	1%	5,168,848
Over 3 years	8,829,639	-	8,829,639	6,170,802	-	6,170,802
Total	<u>5,209,889,971</u>	<u>100%</u>	<u>13,848,807</u>	<u>2,577,242,585</u>	<u>100%</u>	<u>16,447,040</u>

The ageing is counted starting from the date when accounts receivable are recognised.

V. Notes to the consolidated financial statements (continued)

3. Accounts receivable (continued)

(4) The group's accounts receivable by category

As at 31 December 2012, receivables are assessed for impairment both on an individual basis and on a collective group basis. All impairment losses are recognised in loss, when its present value of the estimated future cash flows is less than the carrying amount.

Category	2012				2011			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant	3,123,283,510	60%	-	-	1,485,964,531	58%	-	-
Individually insignificant	2,086,606,461	40%	13,848,807	100%	1,091,278,054	42%	16,447,040	100%
Total	5,209,889,971	100%	13,848,807	100%	2,577,242,585	100%	16,447,040	100%

- (5) As at 31 December 2012, the Group's individually insignificant accounts receivable but assessed individually for impairment amounted to RMB 17,362,864 (2011: RMB 20,579,753), and the impairment loss amounted to RMB 13,848,807 (2011: RMB 16,447,040).
- (6) As at 31 December 2012, the Group collectively assessed accounts receivable having been individually assessed but not impaired for impairment and did not recognise impairment loss against this amount of accounts receivable (2011: nil).

V. Notes to the consolidated financial statements (continued)

3. Accounts receivable (continued)

- (7) For the year ended 31 December 2012, the Group had no individually significant write-off or recovery of doubtful debts which had been fully or substantially made in prior years.
- (8) As at 31 December 2012, the total amount of accounts receivable due from the top five debtors of the Group are as follows:

	2012	2011
Amounts (RMB)	2,487,473,360	568,518,077
Percentage of total accounts receivable	48%	22%

As at 31 December 2012, all the balances of accounts receivable due from the Group's top five debtors are due within one year.

- (9) As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

4. Prepayments

- (1) The Group's prepayments by category:

	2012	2011
	RMB	RMB
Prepayment for inventory	88,110,084	40,204,942
Others	30,447,927	24,594,643
Total	118,558,011	64,799,585

- (2) The Group's prepayment by currency type:

	2012			2011		
	Original currency	Exchange rate	RMB/RMB equivalents	Original currency	Exchange rate	RMB/RMB equivalents
RMB			81,040,104			47,999,528
USD	5,500,341	6.2855	34,572,389	2,335,683	6.3009	14,716,906
JPY	17,260,319	0.0730	1,260,003	508,000	0.0811	41,200
Other foreign currencies			1,685,515			2,041,951
Total			118,558,011			64,799,585

V. Notes to the consolidated financial statements (continued)

4. Prepayments (continued)

(3) The ageing analysis of prepayments is as follows:

Ageing	2012		2011	
	Amount RMB	Percentage (%)	Amount RMB	Percentage (%)
Within 1 year (inclusive)	114,674,492	97%	62,028,366	96%
1 to 2 years (inclusive)	3,621,725	3%	2,642,685	4%
2 to 3 years (inclusive)	260,218	-	120,902	-
Over 3 years(inclusive)	1,576	-	7,632	-
Total	<u>118,558,011</u>	<u>100%</u>	<u>64,799,585</u>	<u>100%</u>

The ageing is counted starting from the date when prepayments are recognised.

As at 31 December 2012, the Group's prepayments with ageing more than one year are mainly prepayment in relation to the purchasing activities which have yet to be settled.

As at 31 December 2012, the Group's prepayments due to related parties are amounting to RMB 125,216 (2011: RMB 1,053,819).

(4) As at 31 December 2012, the total amounts of prepayment due from the top five debtors of the Group are as follows:

	2012	2011
Amounts (RMB)	53,241,175	31,686,010
Percentage of total prepayment	45%	49%

As at 31 December 2012, all the balances of prepayment due from the Group's top five debtors are due within one year.

(5) As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

5. Interests receivable

	Balance at the beginning of the year RMB	Addition during the year RMB	Reduction during the year RMB	Balance at the end of the year RMB
Interests on bank deposits	<u>105,243,519</u>	<u>286,076,138</u>	<u>360,468,724</u>	<u>30,850,933</u>

As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

As at 31 December 2012, no significant amount of interest receivable of the Group is overdue (2011: nil).

As at 31 December 2012, no significant amount of interest receivable of the Group is denominated in foreign currency (2011: nil).

V. Notes to the consolidated financial statements (continued)

6. Other receivables

(1) The Group's other receivables by customer type:

	2012	2011
	RMB	RMB
Amounts due from related parties	872,895	-
Amounts due from other customers	469,455,152	1,746,225,797
Subtotal	470,328,047	1,746,225,797
	-----	-----
Less: provision for bad and doubtful debts	11,245,655	10,400,913
Total	459,082,392	1,735,824,884

As at 31 December 2012, the balances of other receivables due from other customers include receivables due from Beijing Haohua Energy Resource Co., Ltd. (Haohua Energy) amounting to RMB 200,000,000 (2011: RMB 250,000,000) representing shares transfer of BOE Energy Investment.

As at 31 December 2011, the balances of other receivables due from other customers also included receivables due from Beijing industrial developing investment management Co., Ltd. representing shares transfer of BOE Energy Investment RMB 1,349,900,000. The amount has been settled in 2012.

(2) The Group's other receivables by currency type:

	2012			2011		
	Original currency	Exchange rate	RMB/RMB equivalents	Original currency	Exchange rate	RMB/RMB equivalents
RMB			461,609,721			1,739,772,640
USD	28,151	6.2855	176,941	21,359	6.3009	134,581
JPY	57,347,609	0.0730	4,186,376	55,044,641	0.0811	4,464,120
Korean Won	440,686,544	0.0058	2,555,982	175,458,574	0.0055	960,811
Other foreign currencies			1,799,027			893,645
Subtotal			470,328,047			1,746,225,797
			-----			-----
Less: Provision for bad and doubtful debts			11,245,655			10,400,913
Total			459,082,392			1,735,824,844

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

(3) The ageing analysis of other receivables is as follows:

	2012	2011
	RMB	RMB
Within 1 year (inclusive)	213,796,245	1,638,154,603
1 to 2 years (inclusive)	211,745,123	84,274,142
2 to 3 years (inclusive)	22,452,531	2,230,266
Over 3 years	22,334,148	21,566,786
Subtotal	<u>470,328,047</u>	<u>1,746,225,797</u>
	-----	-----
Less: provision for bad and doubtful debts	<u>11,245,655</u>	<u>10,400,913</u>
Total	<u><u>459,082,392</u></u>	<u><u>1,735,824,884</u></u>

The ageing is counted starting from the date when other receivables are recognised.

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

(4) Other receivables by category

As at 31 December 2012, receivables are assessed for impairment both on an individual basis and on a collective group basis. All impairment losses are recognized, when its present value of the estimated future cash flows is less than the carrying amount.

Category	2012				2011			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant	264,737,526	56%	-	-	1,599,900,000	92%	-	-
Individually insignificant	205,590,521	44%	11,245,655	100%	146,325,797	8%	10,400,913	100%
Total	470,328,047	100%	11,245,655	100%	1,746,225,797	100%	10,400,913	100%

- (5) As at 31 December 2012, the Group's individually insignificant other receivables but assessed individually for impairment amounted to RMB 11,270,555 (2011: RMB 10,595,601), and the impairment loss amounted to RMB 11,245,655 (2011: RMB 10,400,913).
- (6) As at 31 December 2012, the Group collectively assessed other receivables having been individually assessed but not impaired. for impairment and did not recognise impairment loss against this amount of other receivable (2011: nil).

V. Notes to the consolidated financial statements (continued)

6. Other receivables (continued)

- (7) For the year ended 31 December 2012, the Group had no individually significant write-off or recovery of doubtful debts which had been fully or substantially made in prior years.
- (8) As at 31 December 2012, the total amounts of other receivables due from the top five debtors of the Group are as follows:

	2012	2011
Amounts (RMB)	345,603,935	1,622,175,965
Percentage of total other receivables	73%	93%

As at 31 December 2012, the Group has no other receivables with ageing more than three years due from the top five debtors (2011: nil)

- (9) As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

7. Inventories

- (1) The Group's inventories by category:

	2012			2011		
	Book value RMB	Provision RMB	Carrying amounts RMB	Book value RMB	Provision RMB	Carrying amounts RMB
Raw materials	1,192,295,283	55,498,324	1,136,796,959	997,314,148	145,917,538	851,396,610
Work in progress	439,610,001	53,654,131	385,955,870	309,464,795	64,214,708	245,250,087
Finished goods	1,267,479,382	214,447,316	1,053,032,066	1,348,337,963	417,867,852	930,470,111
Reusable materials	93,121,632	-	93,121,632	89,101,897	-	89,101,897
Total	<u>2,992,506,298</u>	<u>323,599,771</u>	<u>2,668,906,527</u>	<u>2,744,218,803</u>	<u>628,000,098</u>	<u>2,116,218,705</u>

As at 31 December 2012, there was no amount of capitalised borrowing cost in the Group's closing balance of inventories (2011: nil).

As at 31 December 2012, the Group had no inventory used as collateral (2011: nil).

V. Notes to the consolidated financial statements (continued)

7. Inventories (continued)

(2) Provision for diminution in value of inventories:

	Balance at the beginning of the year	Provision made for the year	Reduction during the year		Balance at the end of the year
	RMB	RMB	Reversal RMB	Write-off RMB	RMB
Raw materials	145,917,538	66,473,661	338,625	156,554,250	55,498,324
Work in progress	64,214,708	41,876,277	-	52,436,854	53,654,131
Finished goods	417,867,852	332,305,107	23,854,154	511,871,489	214,447,316
Total	628,000,098	440,655,045	24,192,779	720,862,593	323,599,771

As at 31 December 2012, the provision for diminution in the value of inventories of the Group was primarily due to the costs of inventories excess their net realisable value.

As the factors influencing the carrying amount of certain products have disappeared, the Group reversed the impairment provision of the inventory this year.

As some of the products were sold out during the year ended 31 December 2012, the Group wrote-off the impairment provision of these inventories during the current period.

8. Other current assets

	2012 RMB	2011 RMB
VAT deductible	1,283,353,457	695,017,280
Prepayment of income tax	195,997	746,777
Other	1,422,899	1,032,446
Total	1,284,972,353	696,796,503

V. Notes to the consolidated financial statements (continued)

9. Available-for-sale financial assets

	<u>Note</u>	<u>2012</u> RMB	<u>2011</u> RMB
Available-for-sale financial assets			
- TPV Technology Limited	(1)	41,285,189	28,043,307
-Beijing Electronic Zone Investment and Development Co., Ltd.	(2)	75,315,511	46,675,624
Total		<u>116,600,700</u>	<u>74,718,931</u>

As at 31 December 2012, the available-for-sale financial asset held by the Group and the Company represented stock investment in TPV Technology Limited (“TPV Technology”) and Beijing Electronic Zone Investment and Development Co., Ltd. (“Electronic Zone”) which were measured at fair value at year end.

- (1) TPV Technology is listed on the Stock Exchange of Hong Kong (Stock code: 0903). As at 31 December 2012, the fair value of the investment in TPV Technology held by the Group and the Company was HKD 50,912,799 which is equivalent to RMB 41,285,189 (2011: HKD 34,591,471 , which was equivalent to RMB 28,043,307).
- (2) Electronic Zone is listed on Shanghai Stock Exchange (Stock code: 600658). The shares issued to the Group and the Company were tradable on 14 December 2012, and the fair value of the investment in Electronic Zone held by the Group and the Company was RMB 75,315,511 calculated by the closing price (2011: RMB 46,675,624).
- (3) Impairment of available-for-sale financial assets

As at 31 December 2012, the Group’s available-for-sale equity investments were assessed for impairment on an individual basis when a significant or prolonged decline in the fair value indicated that the cost of the Group’s investment may not be recovered. Impairment losses arising from decline in fair value that has been recognised directly in shareholders’ equity is reclassified into the profit or loss in the current period. As at 31 December 2012, the cumulative amount of provision for impairment of available-for-sale financial assets was RMB 150,099,655 (2011: RMB 150,099,655).

V. Notes to the consolidated financial statements (continued)**10. Held-to-maturity investments**

The Group and the Company's held-to-maturity investments represented the convertible bonds of Hyundai LCD Inc. ("Hyundai LCD"). Due to business operation difficulties, Hyundai LCD could not pay back the convertible bond. Thus, the Company provided full impairment losses for the convertible bond balances amounting to RMB 17,960,946 (USD 2,170,000).

As at 31 December 2012, the Company had not received the converted shares nor interest, thus the Group and the Company retained the previous provision since the recoverability of this claim is uncertain.

11. Long-term equity investments

(1) The Group's long-term equity investments by category:

	2012	2011
	RMB	RMB
Investments in associates	950,221,789	930,540,424
Investments in joint ventures	-	2,150,749
Other long-term equity investments	21,468,032	26,468,032
Subtotal	971,689,821	959,159,205
	-----	-----
Less: Provision for impairment	280,000	280,000
Total	971,409,821	958,879,205

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(2) Details of associates:

	Beijing Nissin Electronics Precision Component Co., Ltd	Beijing Nittan Electronic Co., Ltd. ("Nittan")	Julong Optoelectronics Co., Ltd. ("Julong")	Beijing Infi-Hailin Venture Investment Co., Ltd. (Infi-Haili n)	Erdos BOE Energy Investment Co.,Ltd. (BOE Energy Investment)	Infi-Hailin Limited Partnership	Hefei Xinsheng Optoelectronics Technology Co., Ltd Hefei Xinsheng	Total
Initial investment cost	18,613,234	6,650,640	8,000,000	350,000	2,000,000	20,000,000	5,000,000	60,613,874
Movement of investment costs								
Balance at the beginning of the year	9,008,337	14,364,270	6,819,271	348,546	900,000,000	-	-	930,540,424
The increase of initial investment cost of the year	-	-	-	-	8,000,000	20,000,000	5,000,000	33,000,000
Add: Adjustments under equity method	(3,199,346)	(411,902)	-	(70,010)	(271,841)	(1,015,293)	-	(4,968,392)
Disposal during the year	(1,530,972)	-	(6,819,271)	-	-	-	-	(8,350,243)
Balance at the end of the year	<u>4,278,019</u>	<u>13,952,368</u>	<u>-</u>	<u>278,536</u>	<u>907,728,159</u>	<u>18,984,707</u>	<u>5,000,000</u>	<u>950,221,789</u>

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(2) Details of associates (continued)

Name of investee	Type	Registered place	Business nature	Registered Capital	The Company's Shareholders/voting rights percentage	Total assets at the year end RMB	Total liabilities at the year end RMB	Total net assets at the year end RMB	Total revenue For current year RMB	Net profit/(losses) RMB
Beijing Nissin Electronics Precision Component Co., Ltd. ("Nissin") (a)	Limited liability company	Beijing China	Manufacture and sale of electronics connectors and spare parts	USD 13,300,000	27.04%	113,219,854	97,398,778	15,821,076	41,891,368	(29,654,459)
Beijing Nittan Electronic Co., Ltd. ("Nittan")	Limited liability company	Beijing China	Manufacture and sale of terminals connectors and stampers	USD 2,000,000	40%	61,985,295	27,104,375	34,880,920	87,281,930	(1,029,755)
Beijing Infi-Hailin Venture Investment Co., Ltd. (Infi-Hailin)	Other limited liability company	Beijing China	Investment management, asset management and property investment	RMB 1,000,000	35%	2,417,448	1,621,632	795,816	2,621,359	(204,184)
Erdos BOE Energy Investment Co.,Ltd.(BOE Energy Investment)	Limited liability company	Erdos, China	Energy investment	RMB 50,000,000	20%	48,646,588	5,793	48,640,795	-	(1,339,906)
Beijing Infi-Hailin Venture Investment (Limited Partnership) (Infi-Hailin Limited partnership)(b)	Limited partnership	Beijing China	Project investment; investment counselling; investment management	Not applicable	40%	17,461,768	-	17,461,768	-	(2,538,232)
Hefei Xinsheng Optoelectronics Technology Co., Ltd (Hefei Xinsheng)(c)	Other limited liability company	Hefei China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	RMB 2,652,000,000	0.19%	2,952,597,904	332,222,337	2,620,375,567	-	(13,187,904)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(2) Details of associates (continued)

- (a) Pursuant to the directors' meeting in 2011, Nissin Kogyo Co., Ltd., Okaya & Co., Ltd., Tokai stamping industries Co., Ltd. jointly injected the registered capital USD 3,200,000 for Nissin during the year 2012. The registered capital of Nissin increased from USD 10,100,000 to USD 13,300,000. Beijing Anhuaxin Certificated Public Accountants issued capital verification report ANHUAXINYAN (2012) No. 006 regarding capital injection, and the Company's share in Nissin declined from 35.6% to 27.04%. The Company recognised investment loss RMB 3,199,346 in accordance with the share proportion. The Company recognised deemed disposal loss of RMB 1,530,972.
- (b) Pursuant to the 13rd session of the 6th directors meeting, the Company entered into Partnership Agreement with Infi-Hailin, Beijing Heng Fengyuan investment management corporation (Beijing Heng Fengyuan) to embark on the establishment of Beijing Infi-Hailin Venture Investment (Limited Partnership) (Infi-Hailin Limited Partnership) to engage in projects investment, investment management and investment counseling etc. The Company and Beijing Heng Fengyuan (both as limited partners) committed to contribute capital amounted to RMB 200,000,000 respectively by stage as the initial registered capital of Infi-Hailin Limited Partnership. Both the initial limited partners agreed to take Infi-Hailin as general partner into partnership with professional services as capital contribution fairly valued RMB 10,000. The Company has subscribed the first payment RMB 20,000,000 on 16th July 2012. According to the partnership agreement, the Company shared 40% of Infi- Hailin Limited Partnership's operating result during the year 2012.

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(2) Details of associates (continued)

(c) Hefei BOE invested in Hefei Xinsheng with RMB 5,000,000 for its 10% shares. On 14th August 2012, the Company signed the 8.5th Generation TFT-LCD production line investment agreement with Hefei municipal government and Chaohu City construction and investment Co., Ltd. to nominate Hefei Xinsheng as the platform to invest, construct and operate the production line. Chaohu City construction and investment Co., Ltd., and Hefei Xin City invested amounted RMB 2.495 billion and 0.107 billion as the registered capital of Hefei Xinsheng and take up 94.27% and 5.54% of the shareholdings respectively. In accordance with the revised Article of Association, the board of directors constitutes of five directors, three of which are nominated by Chaohu City construction and investment Co., Ltd., whereas Hefei Xin City and Hefei BOE nominates one respectively. Hefei BOE is able to exercise significant influence over Hefei Xinsheng in participating in making the financial and operating policies. Therefore, Hefei BOE accounted for its long-term investment in Hefei Xinsheng using equity method as associates.

(3) Details of joint venture:

As at 31 December 2011, the Company held 50% shares of Orient Hengtong via its subsidiary BOE Land (70% shares held by the Company). In July 2012, Orient Hengtong repurchased the 50% shares held by Beijing Miyun economic development corporation. After the repurchase, the registered capital of Oriental Hengtong declined from RMB 5,000,000 to RMB 2,500,000. Share of BOE Land increased from 50% to 100%. Oriental Hengtong was included in the scope of consolidation. (see Note IV.2)

V. Notes to the consolidated financial statements (continued)

11. Long-term equity investments (continued)

(4) Details of other long-term investments

Name of investee	Shareholding ratio	Initial investment cost	Balance at the beginning of the year RMB	Addition for the current year RMB	Reduction for the current year RMB	Balance at the end of the year RMB	Provision for impairment at the beginning/ending of the year RMB
Beijing Municipal Administration & Communication Card Co., Ltd.	2.5%	2,500,000	2,500,000	-	-	2,500,000	-
Teralane Semiconductor Inc.	7.29%	11,868,000	11,868,000	-	-	11,868,000	-
National Engineering Laboratory for Digital Television (Beijing) Co., Ltd.	12.5%	6,250,000	6,250,000	-	-	6,250,000	-
Hefei Xinsheng Optoelectronics Technology Co., Ltd.	0.19%	5,000,000	5,000,000	-	5,000,000	-	-
Zhejiang BOE Display Technology Co., Ltd.	7.03%	570,032	570,032	-	-	570,032	-
Others		280,000	280,000	-	-	280,000	280,000
Total		<u>26,468,032</u>	<u>26,468,032</u>	<u>-</u>	<u>5,000,000</u>	<u>21,468,032</u>	<u>280,000</u>

As at 31 December 2012, The Group's long-term equity investments above are accounted under cost method.

During the year 2012, the above investees did not distribute cash dividends.

V. Notes to the consolidated financial statements (continued)

12. Investment properties

	Land use rights RMB	Buildings RMB	Total RMB
Cost:			
Balance at the beginning of the year	659,779,217	805,747,622	1,465,526,839
Additions during the year	-	148,914	148,914
Transfer from construction in progress	-	7,696,483	7,696,483
Balance at the end of the year	659,779,217	813,593,019	1,473,372,236
	-----	-----	-
Less: Accumulated Depreciation or amortization			
Balance at the beginning of the year	28,205,288	96,336,562	124,541,850
Additions during the year	15,662,047	23,607,298	39,269,345
Balance at the end of the year	43,867,335	119,943,860	163,811,195
	=====	=====	=
Carrying amounts			
At the end of the year	615,911,882	693,649,159	1,309,561,041
At the beginning of the year	631,573,929	709,411,060	1,340,984,989

As at 31 December 2012, the Group collateralized the buildings in investment property with a carrying amount of RMB 185,743,934 (2011: RMB 191,863,821) and land use rights with a carrying amount of RMB 3,263,613 (2011: RMB 3,371,142) for long-term loans and non-current liabilities due within one year.

V. Notes to the consolidated financial statements (continued)

13. Fixed assets

(1) The Group's fixed assets are as follows:

	Plant & buildings RMB	Equipment RMB	Others RMB	Total RMB
Cost:				
Balance at the beginning of the year	9,269,133,267	29,073,410,901	114,130,848	38,456,675,016
Additions during the year	2,337,987	183,199,240	61,968,524	247,505,751
Transfer from construction in progress	107,551,443	9,638,579,355	2,820,818	9,748,951,616
Disposals during the year	(13,623,535)	(384,260,359)	(3,938,915)	(401,822,809)
Balance at the end of the year	9,365,399,162	38,510,929,137	174,981,275	48,051,309,574
Less: Accumulated depreciation				
Balance at the beginning of the year	477,101,930	8,824,538,707	30,374,257	9,332,014,894
Charge for the year	309,561,837	3,388,162,168	28,254,780	3,725,978,785
Disposals during the year	(3,760,559)	(265,248,458)	(1,993,866)	(271,002,883)
Balance at the end of the year	782,903,208	11,947,452,417	56,635,171	12,786,990,796
Less: Provision for impairment				
Balance at the beginning of the year	1,038,901	734,758,217	-	735,797,118
Charge for the year	-	18,751,417	-	18,751,417
Written off on disposals	-	(24,337,131)	-	(24,337,131)
Balance at the end of the year	1,038,901	729,172,503	-	730,211,404
Carrying amounts:				
At the end of the year	8,581,457,053	25,834,304,217	118,346,104	34,534,107,374
At the beginning of the year	8,790,992,436	19,514,113,977	83,756,591	28,388,863,004

V. Notes to the consolidated financial statements (continued)

13. Fixed assets (continued)

- (1) The Group's fixed assets are as follows: (continued)

As at 31 December 2012, the Group collateralized plants and buildings with carrying amount of RMB 8,014,292,720 (2011: RMB 8,100,285,321) and equipment with carrying amounts of RMB 25,081,487,617 (2011: RMB 18,782,486,279) for short-term loans, long-term loans due within one year and long-term loans.

The provision impairment of fixed assets written off during 2012 was related to the disposal of impaired equipments in previous years.

In 2012, the Group recognised impairment provision amounted to RMB 18,751,417 for the idle machinery.

- (2) As at 31 December 2012, the Group's fixed assets under finance leases were set out as follows:

	<u>Cost</u> RMB	<u>Accumulated depreciation</u> RMB	<u>Carrying amounts</u> RMB
Plants and buildings			
At the end of the year	<u>11,291,665</u>	<u>2,834,872</u>	<u>8,456,793</u>
At the beginning of the year	<u>11,291,665</u>	<u>2,581,183</u>	<u>8,710,482</u>

V. Notes to the consolidated financial statements (continued)

14. Construction in progress

(1) The Group's Construction in progress is as follows:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Cost:		
Balance at the beginning of the year	8,413,039,918	8,098,564,419
Additions during the year	3,678,646,574	17,309,335,945
Transfer to fixed assets	(9,748,951,616)	(16,561,546,520)
Transfer to investment properties	(7,696,483)	(2,991,146)
Transfer to intangible assets	(39,352,218)	(430,322,780)
Balance at the end of the year	<u>2,295,686,175</u>	<u>8,413,039,918</u>
	-----	-----
Less: Provision for impairment		
Balance at the beginning of the year	118,310	118,310
Additions during the year	<u>1,311,456</u>	<u>-</u>
Balance at the end of the year	<u>1,429,766</u>	<u>118,310</u>
	-----	-----
Carrying amounts		
At the end of the year	<u>2,294,256,409</u>	<u>8,412,921,608</u>
At the beginning of the year	<u>8,412,921,608</u>	<u>8,098,446,109</u>

The capitalised borrowing cost of the Group in 2012 was amounting to RMB 309,543,067, of which RMB 639,906,599 transferred to fixed assets (2011: RMB 97,201,936). The interest rate per annum, at which the borrowing costs were capitalised for the current year by the Group, was 0.20% to 7.05%. (2011: 2.64% to 4.76%). As at 31 December 2012, the balance of the capitalised borrowing cost in closing balance of construction in progress was RMB 2,585,381 (2011: RMB 332,948,913).

As at 31 December 2012, the Group collateralized construction in process with carrying amount of RMB 339,457,548 (2011: 8,176,274,227) for long-term loans.

V. Notes to the consolidated financial statements (continued)

14. Construction in progress (continued)

(2) Movements of major construction in process during the year:

Project	Budget	Balance at the beginning of the year	Additions during the year	Transfer to Fixed assets	Transfer to Investment Property	Transfer to Intangible assets	Balance at the end of the year	Percentage of actual cost to budget (%)	Sources of Funds
The 8.5 th generation TFT-LCD production line of BOE Display	25,001,000,000	8,160,563,599	908,280,797	(8,920,200,546)	-	(28,701,263)	119,942,587	84%	Self-financing and Capital-raising
The 6 th generation TFT-LCD production line of Hefei BOE	16,000,000,000	44,136,975	493,056,439	(531,178,875)	-	(4,130,485)	1,884,054	80%	Self-financing and Capital-raising
The 4.5 th generation TFT-LCD production line of Chengdu BOE	3,675,170,000	7,088,898	285,913,733	(94,730,330)	-	(1,409,648)	196,862,653	89%	Self-financing and Capital-raising
AM-OLED project of Yuansheng Optoelectronics	20,500,000,000	60,547,475	1,663,949,803	-	-	-	1,724,497,278	8%	Self-financing
TFT-LCD Technology National Engineering Laboratory	259,020,000	2,513,905	-	(2,513,905)	-	-	-	93%	Self-financing
Operating and researching centre	409,000,000	1,830,680	80,546,651	-	-	-	82,377,331	20%	Self-financing
Technology renewing and upgrading project	110,011,961	14,017,845	70,995,089	(35,788,070)	-	-	49,224,864	77%	Self-financing
Others		122,340,541	175,904,062	(164,539,890)	(7,696,483)	(5,110,822)	120,897,408		
Total		8,413,039,918	3,678,646,574	(9,748,951,616)	(7,696,483)	(39,352,218)	2,295,686,175		

V. Notes to the consolidated financial statements (continued)

15. Intangible assets

	Land use rights RMB	Technology rights RMB	Software RMB	Patent and others RMB	Total RMB
Cost:					
Balance at the beginning of the year	472,366,679	961,139,328	382,174,647	40,297,560	1,855,978,214
Additions during the year	60,320,091	32,518,552	36,169,050	-	129,007,693
Transfer from construction in progress	-	-	39,352,218	-	39,352,218
Balance at the end of the year	532,686,770	993,657,880	457,695,915	40,297,560	2,024,338,125
Less: Accumulated Amortisation					
Balance at the beginning of the year	33,552,568	243,217,910	116,557,184	7,556,850	400,884,512
Charge for the year	9,751,836	68,408,861	43,858,990	3,853,419	125,873,106
Balance at the end of the year	43,304,404	311,626,771	160,416,174	11,410,269	526,757,618
Less: Provision for impairment	-	-	424,308	-	424,308
Charge for the year	-	-	47,145	-	47,145
Balance at the end of the year	-	-	471,453	-	471,453
Carrying amounts					
At the end of the year	489,382,366	682,031,109	296,808,288	28,887,291	1,497,109,054
At the beginning of the year	438,814,111	717,921,418	265,193,155	32,740,710	1,454,669,394

As at 31 December 2012, the carrying amounts of the Group's intangible assets did not include capitalised borrowing cost (2011: nil).

As at 31 December 2012, the Group collateralized land use rights in intangible assets with carrying amounts of RMB 293,819,866 (2011: RMB 294,839,628) for short-term loans, long-term loans and non-current liabilities due within one year.

V. Notes to the consolidated financial statements (continued)**16. Goodwill**

	2012	2011
	RMB	RMB
Yinghe Century	42,940,434	42,940,434
K-Tronics (Suzhou)	8,562,464	8,562,464
BOE OT	4,423,876	4,423,876
Subtotal	<u>55,926,774</u>	<u>55,926,774</u>
	-----	-----
Less: Provision for impairment	<u>4,423,876</u>	<u>4,423,876</u>
Total	<u><u>51,502,898</u></u>	<u><u>51,502,898</u></u>

The Group acquired 95% equity interest of Yinghe Century in 2001 at a consideration of RMB 63,271,833. The excess of acquisition cost over the Group's interest in the book value of Yinghe Century's identifiable assets and liabilities, amounting to RMB 53,340,273, was recognised as goodwill. During the prior periods, the goodwill was amortised on a straight line basis and recognised as profit or loss for the periods. The Group retrospectively adjusted the amount of the goodwill to RMB 42,940,434 on 1 January 2007. The Group performed an impairment test on 31 December 2012 and determined that no provision for impairment loss needs to be made.

In 2010, the Group acquired 100% of K-Tronics (Suzhou) equity at a consideration of USD 32,460,260 (RMB 221,070,601). The acquisition cost in the excess of the fair value of identifiable net assets of K-Tronics (Suzhou) with the amount of RMB 8,562,464 is recognised as goodwill. The Group performed an impairment test on 31 December 2012 and determined that no provision for impairment loss needs to be made.

The recoverable amount of goodwill relating to Yinghe Century and K-Tronics (Suzhou) are determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent five-year financial budgets approved by management and a pre-tax discount rate of 8.6% ~ 10%. The cash flows beyond the five-year budget period were assumed stable. Based on the estimated recoverable amount, no impairment loss was recognised. However, as key assumptions on which management has made in respect of future cash projections are subject to change, management believes that any adverse change in the assumptions would cause the carrying amount to exceed its recoverable amount.

V. Notes to the consolidated financial statements (continued)

16. Goodwill (continued)

In previous year, due to the price fluctuation of TFT-LCD products, BOE OT recognised impairment provision for TFT-LCD's relevant equipments. The Group deducted the carrying amount of allocated goodwill in the assets group from the total impairment provision of the relevant assets group. Impairment provision of goodwill amounted RMB 4,423,876 was recognised for the relevant goodwill.

17. Long-term deferred expenses

	Balance at the beginning of the year	Additions of the year	Amortization of the year	Balance at the end of the year
	RMB	RMB	RMB	RMB
Cost of operating lease assets improvement	3,000,028	20,584,846	3,889,668	19,695,206
Lease prepayment for communal facilities	-	200,540,949	10,246,816	190,294,133
Others	19,860,498	3,980,334	11,252,008	12,588,824
Total	<u>22,860,526</u>	<u>225,106,129</u>	<u>25,388,492</u>	<u>222,578,163</u>

18. Deferred tax assets/deferred tax liabilities

(1) Recognised deferred tax assets and liabilities

	2012		2011	
	Deductable/ (taxable) temporary differences	Deferred tax assets/(liabilities)	Deductable/ (taxable) Temporary differences	Deferred tax assets/(liabilities)
	RMB	RMB	RMB	RMB
Deferred tax assets:				
Provision for impairment	22,137,408	3,444,664	15,673,429	2,355,101
Difference of depreciation/ amortization	33,924	5,089	91,411	13,712
Unrealised profit and loss within the Group	175,433,934	43,858,482	180,987,788	45,246,946
Employee benefits payable	2,781,540	392,721	1,842,194	276,329
Subtotal	<u>200,386,806</u>	<u>47,700,956</u>	<u>198,594,822</u>	<u>47,892,088</u>
Deferred tax liabilities:				
Revaluation of Matsushita	(921,438,420)	(230,359,605)	(967,744,328)	(241,936,082)
Revaluation of assets of K-Tronics	(95,494,464)	(23,873,616)	(102,831,652)	(25,707,913)
Long-term equity investments	(898,000,000)	(134,700,000)	(898,000,000)	(134,700,000)
Others	-	-	(46,879,472)	(12,217,359)
Subtotal	<u>(1,914,932,884)</u>	<u>(388,933,221)</u>	<u>(2,015,455,452)</u>	<u>(414,561,354)</u>
Total	<u>(1,714,546,078)</u>	<u>(341,232,265)</u>	<u>(1,816,860,630)</u>	<u>(366,669,266)</u>

V. Notes to the consolidated financial statements (continued)

18. Deferred tax assets/deferred tax liabilities (continued)

(2) Details of unrecognised deferred tax assets

	2012	2011
	RMB	RMB
Deductible temporary differences	1,549,514,386	2,121,942,625
Deductible tax losses	4,582,358,062	3,942,760,960
Total	6,131,872,448	6,064,703,585

As at 31 December 2012, the deductible temporary differences are mainly the differences between the carrying amount and tax base of the subsidiaries' impairment of assets. Due to the uncertainty that there will be sufficient taxable income to cover these deductible differences in future periods, the deferred income tax assets were not recognised.

- (3) As at 31 December 2012, deductible tax losses for unrecognised deferred tax assets are mainly the accumulated losses from the subsidiaries of the Group. As there was uncertainty that whether the Group can have adequate taxable profits in future to utilise the deductible temporary differences, the Group did not recognise the deferred tax assets. Expiration of deductible tax losses for unrecognised deferred tax assets are as follows:

Year	2012	2011
	RMB	RMB
2012	-	93,226,328
2013	366,933,527	407,075,600
2014	739,721,535	782,228,480
2015	1,042,370,632	1,153,378,219
2016	1,462,645,215	1,506,852,333
2017	970,687,153	-
Total	4,582,358,062	3,942,760,960

V. Notes to the consolidated financial statements (continued)

19. Other non-current assets

(1) The Group's other non-current assets by category are as follows:

	2012	2011
	RMB	RMB
Prepayment for projects	11,602,640	10,019,201
Prepayment for fixed assets	209,514,292	25,439,024
Prepayment for technology license contract	580,000	40,000
Others	7,691,620	35,182,924
Total	<u>229,388,552</u>	<u>70,681,149</u>

(2) As at 31 December 2012, the Group's other non-current assets are mainly prepayment in relation to non-current assets.

20. Details of provisions for impairment

		Balance at the beginning of the year	Additions of the year	Decreasing during the year		Balance at the end of the year
	Note	RMB	RMB	Reversal RMB	Write off RMB	RMB
Receivables	V.3,6	26,847,953	6,412,394	4,185,236	3,980,649	25,094,462
Inventories	V.7	628,000,098	440,655,045	24,192,779	720,862,593	323,599,771
Available-for-sale financial assets	V.9	150,099,655	-	-	-	150,099,655
Held-to-maturity investments	V.10	17,960,946	-	-	-	17,960,946
Long-term equity investments	V.11	280,000	-	-	-	280,000
Fixed assets	V.13	735,797,118	18,751,417	-	24,337,131	730,211,404
Construction in progress	V.14	118,310	1,311,456	-	-	1,429,766
Intangible assets	V.15	424,308	47,145	-	-	471,453
Goodwill	V.16	4,423,876	-	-	-	4,423,876
Total		<u>1,563,952,264</u>	<u>467,177,457</u>	<u>28,378,015</u>	<u>749,180,373</u>	<u>1,253,571,333</u>

Please refer to the respective notes of the assets for reasons of provisions.

V. Notes to the consolidated financial statements (continued)

21. Restricted assets

Assets with restrictions placed on their ownership were as follows:

	Note	Balance at the beginning of the year RMB	Charge for the year RMB	Decrease during the year RMB	Balance at the end of the year RMB	Expiration date
Cash at bank and on hand	V.1	7,365,935,446	1,655,364,441	7,365,935,446	1,655,364,441	31/03/2014
Bills receivables	V.2	124,587,272	295,917,463	124,587,272	295,917,463	30/06/2013
Accounts receivables	V.3	90,139,862	54,742,456	90,139,862	54,742,456	07/03/2013
Investment properties	V.12	195,234,963	-	6,227,416	189,007,547	04/01/2018
Fixed assets	V.13	26,882,771,600	9,794,510,357	3,581,501,620	33,095,780,337	26/01/2020
Construction in progress	V.14	8,176,274,227	1,208,225,108	9,045,041,787	339,457,548	26/01/2020
Intangible assets	V.15	294,839,628	5,212,029	6,231,791	293,819,866	26/01/2020
Total		<u>43,129,782,998</u>	<u>13,013,971,854</u>	<u>20,219,665,194</u>	<u>35,924,089,658</u>	

Please refer to the respective notes of the assets for reasons of restrictions on the assets.

22. Short-term loans

	Principal	Exchange rate	2012 RMB/ RMB equivalent	Annual interest rate	Credited/Collateralized/ Guaranteed/Pledged
Bank loans					
- RMB			<u>10,000,000</u>	7.50%	Collateralized
Sub-total			<u>10,000,000</u>		
Foreign currency bank loans					
- USD	20,260,651	6.2855	127,348,322	2.31%-3.67%	Pledged
- USD	75,373,202	6.2855	473,758,259	2.11%-6.00%	Credited
- USD	5,243,791	6.2855	32,959,848	2.46%	Collateralized
- JPY	1,139,740,356	0.0730	<u>83,201,046</u>	3.48%-4.53%	Credited
Sub-total			<u>717,267,475</u>		
Total			<u><u>727,267,475</u></u>		

V. Notes to the consolidated financial statements (continued)

22. Short-term loans (continued)

			2011		
	Principal	Exchange rate	RMB/ RMB equivalent	Annual interest rate	Credited/Collateralized/ Guaranteed/Pledged
Bank loans					
- RMB			10,000,000	6.66%	Collateralized Credited
- RMB			13,647,713	4.50%-7.86%	
Sub-total			23,647,713		
Foreign currency bank loans					
- USD	53,712,089	6.3009	338,434,504	3.60%-4.92%	Credited
- USD	27,003,297	6.3009	170,145,071	3.06%-4.25%	Pledged
- JPY	35,730,052,112	0.0811	2,897,707,226	2.99%-5.30%	Credited
- JPY	37,697,310,649	0.0811	3,057,258,996	0.20%-5.01%	Pledged
Sub-total			6,463,545,797		
Total			6,487,193,510		

As at 31 December 2012, no short-term loan was past due (2011: nil).

- (1) As at 31 December 2012, the Group's short-term loans amounting to USD 5,243,791 were collateralized by land use rights and plants and buildings with carrying amounts RMB 861,111 and RMB 31,074,045.
- (2) As at 31 December 2012, the Group's short-term loans amounting to RMB 10,000,000 were collateralized by land use rights with a carrying amount of RMB 8,752,755.
- (3) As at 31 December 2012, the Group's short-term loans amounting to USD 4,804,614 were pledged by cash and cash equivalents with the carrying amount of USD 5,000,000.
- (4) As at 31 December 2012, the Group's short-term loans amounting to USD 6,270,000 and USD 6,338,500 were pledged by accounts receivables and cash and cash equivalents with carrying amounts of USD 8,709,324 and RMB 41,200,000.
- (5) As at 31 December 2012, the Group's short-term loans amounting to USD 2,847,537 were pledged by other monetary funds with a carrying amount of RMB 1,067,910.
- (6) As at 31 December 2012, there was no amount due to shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

V. Notes to the consolidated financial statements (continued)

23. Bills payable

	2012	2011
	RMB	RMB
Bank acceptance bills	50,821,956	27,918,268
Commercial acceptance bills	800,000	-
Total	<u>51,621,956</u>	<u>27,918,268</u>

The above bills are all due within one year.

As at 31 December 2012, there was no amount due to shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

24. Accounts payable

(1) Details of accounts payable are as follows:

	2012	2011
	RMB	RMB
Payables to related parties	21,299,836	7,022,553
Payables to the third parties	5,431,278,683	3,623,441,922
Total	<u>5,452,578,519</u>	<u>3,630,464,475</u>

(2) Accounts payable by currency are as follows:

	2012			2011		
	Original currency	Exchange rate	RMB /RMB equivalents	Original currency	Exchange rate	RMB /RMB equivalents
- RMB			3,377,650,970			2,167,109,762
- USD	268,400,909	6.2855	1,687,033,915	177,232,608	6.3009	1,116,724,574
- JPY	5,249,627,141	0.0730	383,222,781	4,268,578,216	0.0811	346,182,620
-Other foreign currency			4,670,853			447,519
Total			<u>5,452,578,519</u>			<u>3,630,464,475</u>

As at 31 December 2012, the Group had no individually significant accounts payable ageing more than one year.

As at 31 December 2012, there was no amount due to shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

V. Notes to the consolidated financial statements (continued)

25. Advances from customers

(1) Advances from customers by currency are as follows:

	2012			2011		
	Original currency	Exchange rate	RMB /RMB equivalents	Original currency	Exchange rate	RMB /RMB equivalents
- RMB			643,424,268			155,861,601
- USD	691,630	6.2855	4,347,239	4,794,257	6.3009	30,208,134
- Other foreign currency			161,212			-
Total			<u>647,932,719</u>			<u>186,069,735</u>

As at 31 December 2012, the balance represents the advances from customers when the Group sells products.

As at 31 December 2012, the Group had no individually significant advances from customers ageing more than one year.

No amount due to shareholders who hold 5% or more of the voting rights of the Company was included in the above balance of advances from customers.

26. Employee benefits payable

	Balance at the beginning of the year	Addition during the year	Reduction during the year	Balance at the end of the year
	RMB	RMB	RMB	RMB
Salaries, bonuses, allowances	233,465,878	1,814,541,151	1,675,190,548	372,816,481
Staff welfare fees	-	247,981,767	247,981,767	-
Social insurances				
Including:				
Medical insurance premium	24,073,339	68,031,992	65,568,967	26,536,364
Pension insurance premium	2,174,791	143,524,917	137,442,839	8,256,869
Unemployment insurance premium	408,786	9,444,098	9,318,018	534,866
Work injury insurance premium	185,488	5,854,829	5,664,754	375,563
Maternity insurance premium	138,303	5,766,021	5,422,110	482,214
Housing fund	3,193,965	73,331,872	73,678,237	2,847,600
Labour union fee, staff and workers' education fee	71,969,458	47,223,338	27,046,818	92,145,978
Termination benefits	15,479,100	1,027,093	966,112	15,540,081
Staff bonus and welfare fund	15,443,238	5,148,659	1,875,431	18,716,466
Others	1,910,429	4,397,014	4,649,777	1,657,666
Total	<u>368,442,775</u>	<u>2,426,272,751</u>	<u>2,254,805,378</u>	<u>539,910,148</u>

As at 31 December 2012, no arrear is included in the above balance of employee benefits payable.

V. Notes to the consolidated financial statements (continued)**27. Taxes payable**

	2012	2011
	RMB	RMB
Value added tax	6,814,061	1,206,885
Business tax	5,702,380	5,934,499
Corporate income tax	22,682,520	26,743,768
Individual income tax	8,345,518	9,383,749
Education surcharge	540,112	294,038
Others	4,772,479	3,775,606
Total	48,857,070	47,338,545

28. Interests payable

As at 31 December 2012, the interests payable for the long term loans that pay interests in installments and pay off principal at maturity date and the interests payable for short-term loans were RMB 98,478,461 (2011: RMB: 110,964,115). The ending balance of interests payable is mainly denominated in RMB.

29. Dividends payable

	2012	2011
	RMB	RMB
Beijing Picture Tubes Factory	1,504,649	1,504,649
Beijing Huayin Industrial Development Company	1,436,963	1,436,963
Minority shareholders of Vacuum Electronics	1,600,000	-
Internal employee's shares	2,603,025	2,603,025
Others	906,533	906,533
Total	8,051,170	6,451,170

As at 31 December 2012, Dividends payable mainly represented the dividends for non-public shareholders and dividend payable to minority shareholders of Vacuum Electronics.

As at 31 December 2012, the Group had no individually significant dividends payable denominated in foreign currency.

V. Notes to the consolidated financial statements (continued)

30. Other payables

(1) Details of other payables are as follows:

	2012	2011
	RMB	RMB
Projects and Equipment	2,568,903,574	3,818,142,334
Deposits	135,627,976	133,941,335
Agency fee payable	37,796,862	23,605,000
Accrued freight charges for export	10,336,173	27,215,727
Technology royalties	44,201,228	42,800,317
Freight agency charge	45,268,878	23,133,401
Accrued water and electricity charges	31,326,137	25,093,673
Others	327,818,996	191,890,370
Total	<u>3,201,279,824</u>	<u>4,285,822,157</u>

(2) The Group's other payables by currency are as follows:

	2012			2011		
	Original currency	Exchange rate	RMB /RMB equivalents	Original currency	Exchange rate	RMB /RMB equivalents
RMB			2,301,208,423			2,335,259,076
USD	80,942,018	6.2855	508,761,053	134,083,761	6.3009	844,848,373
JPY	5,309,064,762	0.0730	387,561,728	13,616,098,593	0.0811	1,104,265,596
Others			3,748,620			1,449,112
Total			<u>3,201,279,824</u>			<u>4,285,822,157</u>

As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company.

The Group's individually significant other payables ageing more than one year mainly represented housing rental deposits.

V. Notes to the consolidated financial statements (continued)

31. Non-current liabilities due within one year

		2012		Credited/Collateralized/ Guaranteed/ Pledged
Original currency	Exchange rate	RMB /RMB equivalents	Interest rate	
Bank loans				
- RMB		390,397,151	6.55%	Collateralized & Guaranteed
- RMB		42,223,727	6.55%	Collateralized
- RMB		15,000,000	6.40%	Collateralized
- USD	131,005,331	6.2855	823,434,009	LIBOR+1.8% Guaranteed
- USD	27,000,000	6.2855	169,708,500	LIBOR+3.5% Guaranteed
- USD	8,473,035	6.2855	53,257,261	LIBOR+3.2% Collateralized
Other loans				
-RMB entrust loans		50,000,000	Interest-free	Credited
Total		<u>1,544,020,648</u>		
		2011		Credited/Collateralized/ Guaranteed/ Pledged
Original currency	Exchange rate	RMB /RMB equivalents	Interest rate	
Bank loans				
- RMB		654,736,608	7.05%	Collateralized & Guaranteed
- RMB		15,000,000	6.40%	Collateralized
- USD	61,520,705	6.3009	387,635,808	LIBOR+1.8% Guaranteed
- USD	27,000,000	6.3009	170,124,300	LIBOR+3.5% Guaranteed
- JPY	4,800,000,000	0.0811	389,280,000	2.75%-2.97% Pledged
Other loans				
-RMB entrust loans		100,000,000	Interest-free	Credited
Total		<u>1,716,776,716</u>		

As at 31 December 2012, the information of the collateralized and guaranteed non-current liabilities due within one year refers to Note V.33.

32. Other current liabilities

As at 31 December 2012 and 2011, the other current liabilities were provision for warranties. The provision for warranties mainly relates to the after-sales repair warranty to the customers. The provision is estimated by the Management, based on historical claim experience and current actual sales outcomes.

V. Notes to the consolidated financial statements (continued)

33. Long-term loans

(1) Long-term loans by currency:

2012				
Original currency	Exchange rate	RMB /RMB equivalents	Interest rate	Credited/ Collateralized/ Guaranteed/ Pledged
Bank loans				
- RMB		380,335,087	6.55%	Collateralized& Guaranteed
- RMB		5,000,000	7.38%	Collateralized& Guaranteed
- RMB		7,973,096,273	6.55%	Collateralized
- RMB		61,250,000	6.40%	Collateralized
- USD	73,533,518	6.2855	462,194,930	LIBOR+1.8% Collateralized& Guaranteed
- USD	90,000,000	6.2855	565,695,000	LIBOR+3.5% Guaranteed
- USD	627,066,965	6.2855	3,941,429,410	LIBOR+3.2% Collateralized
- USD	610,000,000	6.2855	3,834,155,000	LIBOR+3.18% Collateralized
Other loans				
- Entrust loans		150,000,000	Interest-free	Credited
Total		<u>17,373,155,700</u>		
2011				
Original currency	Exchange rate	RMB /RMB equivalents	Interest rate	Credited/ Collateralized/ Guaranteed/ Pledged
Bank loans				
- RMB		710,466,683	7.05%	Collateralized& Guaranteed
- RMB		6,885,220,000	7.05%	Collateralized
- RMB		76,250,000	6.40%	Collateralized
- USD	203,260,602	6.3009	1,280,724,725	LIBOR+1.8% Collateralized& Guaranteed
- USD	117,000,000	6.3009	737,205,300	LIBOR+3.5% Guaranteed
- USD	635,540,000	6.3009	4,004,473,986	LIBOR+3.2% Collateralized
- USD	127,867,079	6.3009	805,677,680	IBOR+3.18% Collateralized
Other loans				
- Entrust loans		200,000,000	Interest-free	Credited
Total		<u>14,700,018,374</u>		

V. Notes to the financial statements (continued)

33. Long-term Loans (continued)

- (2) As at 31 December 2012, the Group's long-term loans, amounting to RMB 34,335,087 and USD 73,533,518, and long-term loans due within one year amounting to RMB 288,397,151 and USD 131,005,331 were collateralized by plant and buildings, equipments and land use right with the respective carrying amounts of RMB 648,509,660, RMB 1,449,195,762, and RMB 9,039,898, and partially guaranteed by Electronics Holdings.

As at 31 December 2012, the Group's long-term loans, amounting to RMB 5,000,000 were collateralized by land use right and plant and buildings with the respective carrying amounts of RMB 4,350,918 and RMB 4,439,299, and guaranteed by Beijing agriculture guarantee Co., Ltd.

As at 31 December 2012, the Group's long-term loans, amounting to RMB 346,000,000 and USD 90,000,000, and long-term loans due within one year amounting to RMB 102,000,000 and USD 27,000,000 were collateralized by plants and buildings, equipments, construction in progress and land use right with the respective carrying amounts of RMB 141,856,016, RMB 1,864,369,369, RMB 204,131,765 and RMB 13,968,917. Thereinto, Renminbi loans was guaranteed by Chengdu High-Tech Investment Group Co., Ltd, while the USD loans were jointly guaranteed by Chengdu High-Tech Investment Group Co., Ltd and Chengdu Industry Investment Group Co., Ltd.

As at 31 December 2012, the Group's long-term loans, amounting to RMB 2,898,376,273 and USD 627,066,965, and long-term loans due within one year amounting to RMB 42,223,727 and USD 8,473,035 were collateralized by plants and buildings, equipments and land use right with the respective carrying amounts of RMB 2,220,806,697, RMB 7,828,148,100, and RMB 89,699,405.

As at 31 December 2012, the Group's long-term loans, amounting to RMB 5,074,720,000 and USD 610,000,000, were collateralized by plants and buildings, equipments, construction in progress and land use rights with the respective carrying amounts of RMB 4,967,607,003, RMB 13,939,774,386, RMB 135,325,783 and RMB 167,146,862.

As at 31 December 2012, the Group's long-term loans, amounting to RMB 61,250,000, and long-term loans due within one year, amounting to RMB 15,000,000 were collateralized by investment properties with the carrying amounts of RMB 189,007,547 (plant and buildings: RMB 185,743,934; land use rights: RMB 3,263,613).

V. Notes to the financial statements (continued)

34. Provisions

	Balance at the beginning of the year RMB	Addition during the year RMB	Reduction during the year RMB	Balance at the end of the year RMB
Pending implementation of the agreement	30,080,844	-	13,544,039	16,536,805

In 2009, the Group ceased producing several products and stopped fulfilling the purchase contract related to production. Due to the indemnity incurred accordingly, the Group accrued provisions according to reasonable estimation of loss. As the amount of provision has uncertainty, the profit and loss might be affected if the estimation of the provision changes.

35. Other non-current liabilities

As at 31 December 2011 and 2012, the balance of non-current liabilities represents government grants received but not meet revenue recognition criteria.

	2012 RMB	2011 RMB
Other non-current liabilities related to assets		
The 8.5 th generation TFT-LCD production line	601,910,375	670,241,304
The 6 th generation TFT-LCD production line	352,380,952	363,809,524
Research platform for generic technology of flat panel display	10,357,143	12,500,000
Construction of generation plant in Hebei industrial park	11,680,000	12,400,000
Construction of National Engineering Laboratory for TFT-LCD technology	20,714,286	25,000,000
Other subsidies of scientific research and development	609,585,895	494,743,679
Subtotal	1,606,628,651	1,578,694,507
Other non-current liabilities related to profit and loss		
Technological Technology development of TFT-LCD platform for large dimension HDTV	900,000	2,686,500
Technological development of array base plate integration	850,000	595,000
Other subsidies of scientific research and development	38,914,394	41,200,739
Subtotal	40,664,394	44,482,239
Total	1,647,293,045	1,623,176,746

V. Notes to the financial statements (continued)

36. Share capital

The structure of share capital as at 31 December is as follows:

	2012 RMB	2011 RMB
Shares subject to selling restrictions:		
Shares held by state-owned legal persons	594,059,405	2,094,059,405
Shares held by domestic natural persons	161,676	78,501
subtotal	594,221,081	2,094,137,906
Shares not subject to tradable restrictions:		
RMB-denominated ordinary shares	11,588,661,260	10,088,744,435
Domestically listed foreign shares	1,338,660,000	1,338,660,000
Subtotal	12,927,321,260	11,427,404,435
Total	13,521,542,341	13,521,542,341

The movement of share capital is due to the circulation of restricted shares.

The Company issued 2,985,049,504 shares at RMB 1.00 per share non-publicly in December 2010. Except that the 495,049,504 RMB common shares (A shares), the shares held by state-owned legal persons, subscribed by Being E-TOWN International Investment & Development Co., Ltd. may not be tradable within 36 months from the issuing date, the other non-public offering of restricted shares subscribed by other investors was tradable on 26 December 2011.

V. Notes to the financial statements (continued)

37. Capital reserve

	Note	Balance at the beginning of the year RMB	Additions during the year RMB	Reduction during the year RMB	Balance at the end of the year RMB
Share premiums		15,065,055,460	-	-	15,065,055,460
Other capital reserves					
- Available-for-sale financial assets	(1)	-	41,881,769	-	41,881,769
- Equity investment provision		259,913,487	-	-	259,913,487
- Acquisition of minority interests	(2)	(22,020,001)	-	(32,490)	(22,052,491)
Total		<u>15,302,948,946</u>	<u>41,881,769</u>	<u>(32,490)</u>	<u>15,344,798,225</u>

- (1) The additions of other capital reserves resulted from the fair value change of available-for-sale financial assets in TPV Technology and Electronic City in 2012.
- (2) The other capital reserves arose from the difference between consideration of acquisition and the net assets acquired in the acquisition of Yuansheng Optoelectronics from the minorities' shareholders

38. Surplus reserve

	Balance at the beginning of the year RMB	Balance at the end of the year RMB
Statutory surplus reserve	209,421,304	209,421,304
Discretionary surplus reserve	<u>289,671,309</u>	<u>289,671,309</u>
Total	<u>499,092,613</u>	<u>499,092,613</u>

As at 31 December 2012, the Company was still at accumulated loss, and it was not required to appropriate the statutory surplus reserve and discretionary surplus reserve.

V. Notes to the financial statements (continued)

39. Operating income

(1) Operating income

	2012 RMB	2011 RMB
Operating income from principal activities	24,918,055,387	12,235,776,519
- Sale of goods	24,918,055,387	12,235,776,519
Other operating income	853,527,999	505,637,043
- Sale of other goods	145,581,724	99,102,609
- Sale of raw materials	182,317,776	75,371,047
-Rental income of investment properties	438,658,517	251,509,277
- Others	86,969,982	79,654,110
Operating income	<u>25,771,583,386</u>	<u>12,741,413,562</u>

For the year end 2012, the operating income from the top five customers amounted to RMB 10,162,353,829 (2011: RMB 3,511,460,179), which accounted for 39% (2011: 28%) of the total sales.

(1) Operating income from principal activities by locations

	2012	2012	2011	2011
	Operating income RMB	Operating cost RMB	Operating income RMB	Operating cost RMB
PRC	14,152,680,845	12,521,602,063	7,480,284,676	7,990,729,703
Other Asian regions	7,713,996,432	6,708,579,437	3,912,887,144	4,256,988,906
Europe	2,107,054,865	2,010,604,861	372,343,559	388,689,274
America	913,463,168	863,228,211	399,969,171	363,577,658
Other regions	30,860,077	30,242,023	70,291,969	68,886,130
Total	<u>24,918,055,387</u>	<u>22,134,256,595</u>	<u>12,235,776,519</u>	<u>13,068,871,671</u>

V. Notes to the financial statements (continued)**40. Operating cost**

	2012 RMB	2011 RMB
Operating cost from principal activities	22,134,256,595	13,068,871,671
- Sale of goods	22,134,256,595	13,068,871,671
Other operating cost	656,075,868	372,357,191
- Sale of other goods	269,803,579	128,343,958
- Sale of raw materials	170,080,216	67,969,865
- Rental cost of investment properties	142,216,281	104,491,996
- Others	73,975,792	71,551,372
Operating cost	<u>22,790,332,463</u>	<u>13,441,228,862</u>

41. Business taxes and surcharges

	2012 RMB	2011 RMB	Taxation basis and rates
Business tax	73,942,931	22,176,147	5% of operating income
City maintenance and construction tax	6,438,959	4,665,620	5%, 7% of VAT and business tax paid
Education surcharge	6,114,324	2,703,230	2%, 3% of VAT and business tax paid
Others	7,303,343	20,345	
Total	<u>93,799,557</u>	<u>29,565,342</u>	

42. Selling and distribution expenses

Selling and distribution expenses mainly include the staff cost and other expenses in the selling activities.

43. General and administrative expenses

General and administrative expenses mainly include the staff cost, research and other expenses.

V. Notes to the financial statements (continued)

44. Financial Expenses

	2012	2011
	RMB	RMB
Interest expenses from loans	1,048,405,621	915,332,455
Less: Capitalised borrowing costs	309,543,067	404,038,588
Interest income from deposits	(286,076,138)	(344,569,323)
Net exchange gains	(178,032,656)	(148,107,305)
Other financial expenses	17,139,458	11,064,910
Total	291,893,218	29,682,149

45. Impairment losses

	2012	2011
	RMB	RMB
Accounts receivable	2,227,158	12,974,846
Inventories	416,462,266	604,228,415
Available-for-sale financial Assets	-	150,099,655
Fixed assets	18,751,417	608,306,707
Construction in progress	1,311,456	-
Intangible assets	47,145	424,308
Goodwill	-	4,423,876
Total	438,799,442	1,380,457,807

46. Investment (losses)/income

(1) Investment (losses)/income by item

	Note	2012	2011
		RMB	RMB
Long-term equity investments losses under equity method	(2)	(5,958,382)	(5,205,134)
(Losses)/Income from disposal of investments	(3)	(1,186,187)	3,648,147,580
Investment income from available-for-sale financial assets	(4)	1,669,314	4,408,804
Investment income from disposal of financial assets held for trading		-	59,123,876
Investment income from other long-term equity		-	898,000,000
Total		(5,475,255)	4,604,475,126

V. Notes to the financial statements (continued)**46. Investment (losses)/income (continued)**

(2) Losses of long-term equity investments under equity method are as follows:

	2012	2011
	RMB	RMB
Nissin	(3,199,346)	(6,469,072)
Nittan	(411,902)	1,402,648
Julong	-	(17,981)
Infi-Hailin	(70,010)	(1,454)
BOE Energy	(271,841)	-
Infi-Hailin Limited Partnership	(1,015,293)	-
Orient Hengtong	(989,990)	(119,275)
Total	(5,958,382)	(5,205,134)

(3) Julong was liquidated in 2012. In accordance with the liquidation report on 23 March 2012, after accounting for the liquidation charge, taxes and liabilities of Julong, the Group and the Company will be allocated RMB 7,164,056, and the investment income RMB 344,785 is recognised after deducting the book value of long-term investment RMB 6,819,271 (see Note V. 11(2)).

In 2012 other shareholders of Nissin increased capital contribution, and the shareholding of the Company declined thereafter. The Group recognised deemed disposal loss of RMB 1,530,972 (see Note V. 11(2)).

(4) The Group's income received from available-for-sale financial assets in 2012 was dividends from Electronic Zone.

47. Non-operating income

(1) Non-operating income by item is as follows:

	Note	2012	2011
		RMB	RMB
Total gains on disposal of non-current assets		2,917,346	13,181,161
Government grants	(2)	925,766,702	666,446,749
Penalty income		1,671,117	2,383,375
Gains from acquisition of subsidiaries	(3)	1,160,762	2,295,471
Others		26,134,107	13,915,617
Total		957,650,034	698,222,373

V. Notes to the financial statements (continued)

47. Non-operating income (continued)

(2) Details of government grants

	2012	2011
	RMB	RMB
Interests subsidies	177,027,137	165,289,853
Other subsidies of scientific research and development	748,739,565	501,156,896
Total	<u>925,766,702</u>	<u>666,446,749</u>

(3) The gain in 2012 was realized from the acquisition of Orient Hengtong (see Note IV.2).

48. Non-operating expenses

	2012	2011
	RMB	RMB
Loss on disposal of non-current assets	44,632,767	2,070,499
Donations	1,008,478	-
Penalty expense	665,870	435,021
Others	1,116,088	6,535,590
Total	<u>47,423,203</u>	<u>9,041,110</u>

49. Income tax

	Note	2012	2011
		RMB	RMB
Current tax expenses for the period based on tax law and corresponding regulations		27,105,896	29,591,760
Deferred taxation adjustments	(1)	<u>(25,437,001)</u>	<u>122,818,219</u>
Total		<u>1,668,895</u>	<u>152,409,979</u>

(1) The analysis of deferred tax adjustments is set out below:

	2012	2011
	RMB	RMB
Origination and reversal of temporary differences	<u>(25,437,001)</u>	<u>122,818,219</u>

V. Notes to the financial statements (continued)

49. Income tax (continued)

- (2) Reconciliation between income tax expenses and accounting profit is as follows:

	2012 RMB	2011 RMB
Profit before taxation	186,051,963	846,087,296
Expected income tax expenses at a tax rate of 15%	27,907,794	126,913,094
Add: Difference in effective tax rate of subsidiaries	(15,889,357)	(43,852,341)
Tax effect of non- deductible expenses	35,413,163	39,494,936
Tax effect of non-taxable income	(76,348,826)	(50,594,681)
Utilisation of prior year tax losses	(42,246,761)	(426,827,355)
Deductible losses of deferred tax assets not recognised	203,666,643	260,125,881
Changes of deductible temporary differences not recognised	(130,833,761)	247,150,445
Income tax expenses	<u>1,668,895</u>	<u>152,409,979</u>

50. Calculation of basic earnings per share and diluted earnings per share

- (1) Basic earnings per share and diluted earnings per share

Basic earnings per share is calculated by dividing consolidated net profit or loss of the Company attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding; diluted earnings per share is calculated by dividing adjusted consolidated net profit of the Company attributable to ordinary shareholders by the adjusted weighted average number of ordinary shares outstanding:

	2012 RMB	2011 RMB
Consolidated net profit attributable to ordinary shareholders of the Company	258,133,391	560,866,477
Weighted average number of ordinary shares outstanding	13,521,542,341	13,521,542,341
Basic/Dilution earnings per share (RMB/share)	0.019	0.041

The Group does not have any potential dilutive ordinary shares among the shares stated above.

V. Notes to the financial statements (continued)

50. Calculation of basic earnings per share and diluted earnings per share (continued)

(2) Calculation of weighted average number of the Company's ordinary shares:

	<u>2012</u> RMB	<u>2011</u> RMB
Issued ordinary shares on 1 January 2012	13,521,542,341	11,267,951,951
Add: Share numbers increased from capital reserve transferring to share capital	<u>-</u>	<u>2,253,590,390</u>
Issued ordinary shares on 31 December after adjustment	<u><u>13,521,542,341</u></u>	<u><u>13,521,542,341</u></u>

51. Other comprehensive income

	<u>2012</u> RMB	<u>2011</u> RMB
1. Gains arising from available-for-sale financial assets	41,881,769	50,918,687
2. Translation differences of financial statements denominated in foreign currency	1,084,716	(2,172,444)
Total	<u><u>42,966,485</u></u>	<u><u>48,746,243</u></u>

V. Notes to the financial statements (continued)

52. Notes to cash flow statement

(1) Supplement to cash flow statement

	2012 RMB	2011 RMB
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	184,383,068	693,677,317
Add: Impairment provisions for assets	438,799,442	1,380,457,807
Depreciation of fixed assets and investment property	3,765,248,130	2,801,104,086
Amortisation of intangible assets	125,873,106	96,126,570
Amortisation of long-term deferred expenses	25,388,492	12,337,685
Gains on disposal of fixed assets, intangible assets, and other long-term assets	(2,917,346)	(13,181,161)
Losses on scrapping of fixed assets	44,632,767	2,070,499
Losses/(gains) from changes in fair value	-	67,794,013
Financial expenses	868,777,186	3,298,833
Losses/(Income) arising from investments	5,475,255	(4,604,475,126)
Gains from share acquisition	(1,160,762)	(2,295,471)
Gains from Government grants	(401,060,450)	(266,399,024)
Decrease in deferred tax assets	191,132	3,161,078
(Decrease)/increase in deferred tax liabilities	(25,628,133)	119,657,141
Increase in gross inventories	(969,150,088)	(1,444,448,016)
Increase in operating receivables	(3,967,550,225)	(3,601,818,616)
Increase in operating payables	2,997,573,951	3,974,401,658
Net cash inflow/(outflow) from operating activities	<u>3,088,875,525</u>	<u>(778,530,727)</u>
2. Change in cash and cash equivalents:		
Cash at the end of the year	13,556,486,692	12,959,533,670
Less: Cash at the beginning of the year	<u>12,959,533,670</u>	<u>19,097,948,638</u>
Net increase/(decrease) in cash and cash equivalents	<u>596,953,022</u>	<u>(6,138,414,968)</u>

V. Notes to the financial statements (continued)

52. Notes to cash flow statement (continued)

(2) Information on acquisition of subsidiaries during the current year:

	2012 RMB	2011 RMB
1. Consideration of acquisition	-	15,300,000
2. Cash and cash equivalents paid for acquiring subsidiaries	-	15,300,000
Less: cash and cash Equivalents held by subsidiaries	2,174,647	1,649,928
3. Net cash (received)/paid for the acquisition	(2,174,647)	13,650,072
4. Non-cash assets and liabilities held by the acquired subsidiaries		
Current assets	2,175,647	142,742,214
Non-current assets	145,876	7,758
Current liabilities	-	108,249,048

(3) Details of cash and cash equivalents

	2012 RMB	2011 RMB
Cash on hand	728,448	599,473
Bank deposits available on demand	13,555,758,244	12,958,934,197
Closing balance of cash and cash equivalents	13,556,486,692	12,959,533,670

Note: Cash and cash equivalents disclosed above exclude other monetary fund with restricted usage.

VI. Related party relationships and transactions

1. Parent of the Company

Company_ name	Related party relationship	Type	Registered place	Legal representative	Business nature	Registered capital	Shareholdin g percentage (%)	Proportion of voting rights (%)	Organisation code
Electronics Holding	Ultimate holding company	Limited liability company(solely state-owned)	No. 12, Jiuxianqiao Road Chaoyang District, Beijing	Wang Yan	Operation and management of state-owned assets within authorization	RMB 1,307,370,000	2.04%	2.04%	63364799-8
BOID	Direct holding company	Other limited liability corporations	No. 10, Jiuxianqiao Road Chaoyang District, Beijing	Wang Dongsheng	Manufacture and sale electronic product	RMB 680,982,000	6.37%	17.72%	10110124-9

2. For information on the Company's subsidiaries, refer to Note IV.1.

3. For information on the Company's associates, refer to Note V.11(2).

VI. Related party relationships and transactions (continued)

4. Other related parties other than key management personnel

Name of other related parties	Related party relationship
Beijing E-TOWN International Investment & Development Co., Ltd.	Enterprise that holds over 5% equity of the Company
Beijing economic-technological investment and development Co., Ltd.,	Enterprise that holds over 5% equity of the Company
Hefei Rongke Project Investment Co., Ltd.	Enterprise that holds over 5% equity of the Company
Hefei Xin City State Asset Management Co., Ltd.	Enterprise that holds over 5% equity of the Company
Hefei Lanke Investment Co., Ltd.	Enterprise that holds over 5% equity of the Company
Electronic City	Enterprises that are controlled by the Company's ultimate holding company
Beijing Sevenstar Huasheng Electronics&Machinery Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Sevenstar Front Electronics Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Sevenstar-hitech Electronics Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Sevenstar Electronics Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Sevenstar Flight Electronics Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Jile Electronics Group Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing BBEF Science Technology Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Zhengdong Electronic Power Group Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Orient Electronics Material Corp.	Enterprises that are controlled by the Company's ultimate holding company
Beijing Dongdian Industrial Development Co., Ltd.	Enterprises that are controlled by the Company's ultimate holding company
Beijing PCB Square Corporation	Enterprises that are controlled by the Company's ultimate holding company
Beijing Yandong Microelectronic Co., Ltd.,	Enterprises that are controlled by the Company's ultimate holding company
Nissin	Associates
Nittan	Associates
Julong Optoelectronics	Associates
Infi-Hailin	Associates
BOE Energy	Associates
Infi-Hailin limited partnership	Associates
Hefei Xinsheng	Associates

VI. Related party relationships and transactions (continued)

5. Transaction amounts with related parties:

- (1) The transactions with related parties were conducted under normal commercial terms or relevant agreements, as follows:

The Group

	Note	2012		2011	
		Amount	Percentage on similar deals	Amount	Percentage on similar deals
		RMB	(%)	RMB	(%)
Sales of goods	(i)	1,297,130	-	562,947	-
Purchase of goods	(ii)	104,164,056	-	33,285,675	-
Rendering of services	(iii)	1,189,511	1%	2,410,513	3%
Receiving services	(iv)	10,467,916	2%	4,308,782	16%
Related-party loans and advanced disbursement payable	(v)	-	-	824,021	100%
Collection and payment for other companies	(vi)	-	-	34,000,000	100%
Lease income	(vii)	1,387,951	-	2,945,653	1%
Guarantees expense	(viii)	2,087,140	100%	2,087,140	100%

The company

	Note	2012		2011	
		Amount	Percentage on similar deals	Amount	Percentage on similar deals
		RMB	(%)	RMB	(%)
Sales of goods		675,684	9%	-	-
Purchase of goods	(ii)	14,074,876	16%	14,725,673	22%
Rendering of services	(iii)	663,784,793	93%	488,236,885	80%
Receiving services	(iv)	27,958,276	100%	73,535,914	100%
Related-party loans and advanced disbursement payable	(v)	541,318,556	100%	132,442,652	100%
Collection and payment for other companies	(vi)	1,399,900,000	100%	2,034,100,000	100%
Lease income	(vii)	49,575,008	53%	28,194,594	48%
Guarantees income	(ix)	66,720,000	100%	66,720,000	100%

- (i) Sales of goods primarily represented the sale of precision electronic metal parts and semiconductor devices.
- (ii) Purchase of goods mainly represented the purchase of materials and public service directly related to the Group's and the Company's business.
- (iii) Rendering of services represented property management business, water, electricity and gas supply, equipment repair and other services provided.
- (iv) Receiving services mainly represented property management services accepted and the income related to technology development.
- (v) Related-party loans and advanced disbursement payable represented the advanced disbursement for liquid use between the Company and its subsidiaries.

VI. Related party relationships and transactions (continued)

5. Transaction amounts with the related parties: (continued)

- (vi) Collection and payment represented the share transfer collection RMB 1,399,900,000 received by the Group on behalf of BOE OT regarding its disposed shares of BOE Energy Investment.
- (vii) Lease income represented the rental fee for related parties taking the property on lease from the Group and the Company.
- (viii) Guarantees expense represented the guarantee fee for the syndicated loan of BOE OT guaranteed by Electronics Holding.
- (ix) Guarantees income represented the income for providing syndicated loan guarantee to BOE OT.
- (2) Transactions with its key management personnel:

	<u>2012</u>	<u>2011</u>
	RMB in thousand	RMB in thousand
Remuneration of key management personnel	<u>13,126</u>	<u>11,508</u>

VI. Related party relationships and transactions (continued)

6. The balances of transactions with related parties as at 31 December 2012 are set out as follows:

(1) The Group:

	2012	2011
	RMB	RMB
Accounts receivable	1,618,574	1,666,120
Prepayments	125,216	1,053,819
Other receivables	872,895	-
Subtotal	<u>2,616,685</u>	<u>2,719,939</u>
Accounts payable	21,299,836	7,022,553
Other payables	6,404,624	6,678,644
Provisions	-	2,770,804
Subtotal	<u>27,704,460</u>	<u>16,472,001</u>

(2) The Company:

	2012	2011
	RMB	RMB
Accounts receivable	46,914,397	49,462,856
Prepayments	480,573	1,054,931
Other receivables	292,544,490	364,670,701
Subtotal	<u>339,939,460</u>	<u>415,188,488</u>
Accounts payable	376,000	47,338
Other payables	3,803,796,241	2,761,931,707
Receivable in advance	-	285,600,000
Subtotal	<u>3,804,172,241</u>	<u>3,047,579,045</u>

VII. Contingencies

1. Outstanding litigations and arbitration

The Group is a defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse impact on the financial position or operating results of the Group.

2. Guarantees provided for other enterprises

(1) Guarantees provided for external enterprises

As at 31 December 2012, in accordance with the guarantee agreement, Beijing agriculture guarantee Co., Ltd., provided guarantee for BeiAsahi Glass amounted to RMB 15,000,000. BeiAsahi Glass in return provided counter guarantees collateralised by land use right and plant and buildings with carrying amount of RMB 4,350,918 and RMB 4,439,299 respectively. These counter guarantees will expire by 13 September 2015.

(2) Guarantees provided for internal enterprises

As at 31 December 2012, the Company and Electronics Holdings provided maximum co-guarantees amounting to USD 740,000,000 (2011: USD 740,000,000) for the long-term loans which were borrowed by BOE OT. As at 31 December 2012, the guarantee amount actually provided by the Company was RMB 1,608,361,178 (2011: RMB 2,483,563,824). The Company charged a guarantee fee to BOEOT; the latest expiration month of aforesaid guarantee is in April 2014.

VIII. Commitments

1. Capital commitments

(1) The Group:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Investment contracts entered into but not performed or performed partially	9,529,148,146	2,817,048,043
Investment contracts authorized but not entered into	<u>9,662,843,946</u>	<u>21,964,845</u>
Total	<u>19,191,992,092</u>	<u>2,839,012,888</u>

The group's investment contracts entered into but not performed or performed partially mainly included the fixed assets and intangible assets that Yuansheng Optoelectronics planned to purchase in 2013.

(2) The Company:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Investment contracts entered into but not performed or partially performed	442,256,121	26,401,235
Investment contracts authorized but not entered into	<u>18,667,208,680</u>	<u>21,964,845</u>
Total	<u>19,109,464,801</u>	<u>48,366,080</u>

The Company's investment contracts entered into but not performed or partially performed mainly included the promised investment in Yuansheng Optoelectronics and Infi-Hailin.

VIII. Commitments (continued)

2. Operating lease commitments

(1) The Group

As at 31 December, the total future minimum lease payments under irrevocable operating leases of the Group's properties were payable as follows:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Within 1 year (inclusive)	9,541,905	11,408,873
After 1 year but within 2 years (inclusive)	7,029,486	7,870,972
After 2 years but within 3 years (inclusive)	2,090,060	6,252,318
After 3 years (inclusive)	-	3,025,814
Total	<u>18,661,451</u>	<u>28,557,977</u>

(2) The Company

As at 31 December, the total future minimum lease payments of the Company were payable as follows:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Within 1 year (inclusive)	-	1,249,600
After 1 year but within 2 years (inclusive)	-	510,650
Total	<u>-</u>	<u>1,760,250</u>

IX. Post balance sheet events

Pursuant to the 28th session of the 6th Board of Directors meeting held on 25 March 2013, the Company planned to increase capital investment of RMB 6 billion to Hefei Xinsheng. After the capital injection, the share of the Group in Hefei Xinsheng will increase from 0.19% to 60.02%.

Pursuant to the resolution approved by the 28th session of the 6th Board of Directors meeting of the Company, Yuansheng Optoelectronics will apply for bank loans up to RMB 4.5 billion. The loans will be pledged by the Group's equity investments. Yuansheng Optoelectronics will collateralize its plants and buildings, machinery and land use rights for the borrowings after receiving relevant assets certificates, and the Group's equity investments will gradually cease to pledge.

X. Other significant events

1. Segment reporting

(1) Segment reporting considerations

The Group management reviews the operation performance and allocates resources according to the business segments below.

- (a) TFT-LCD business - The products are mainly used for display, laptop, LCD TV and mobile electronic products.
- (b) Back light products business - The products are mainly used for LCD.
- (c) Display system products business – The products mainly consist of LCD and LCD TV.
- (d) Others- Except the aforesaid business, the other business mainly includes precision electronic components and materials business, photovoltaic business and property management & lease of real estates, etc.

The main reason to separate the segments is that the Group independently manages the TFT-LCD business, the back light products business, display system products business and other businesses. Because the business segments manufacture and distribute different products, apply different manufacturing processes and specifies in gross profit, the business segments are managed independently. The management evaluates the performance and allocates resources according to the profit of each business segment and does not take financing cost and investment income into account.

(2) Accounting policy for the measurements of segment profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the assets, liabilities, revenue, cost and results of operations, attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible, other non-current and current assets, such as accounts receivable, with the exception of deferred tax assets and other unallocated corporate assets. Segment liabilities include payables, bank borrowings and other non-current liabilities attributable to the individual segments, but exclude deferred tax liabilities and other unallocated corporate liabilities.

Financial performance is operating income (including operating income from external customers and inter-segment operating income) after deducting expenses, depreciation, amortization, impairment losses, gains or losses from changes in fair value, investment gain, non-operating income and expenses and income tax expenses attributable to the individual segments. Inter-segment sales are determined with reference to prices charged to external parties for similar orders.

X. Other significant events (continued)

1. Segment reporting (continued)

(3) Primary segment reporting (business segments)

	2012						
	TFT-LCD s	Back light products Business	Display System	Others	Elimination	Remaining items	Total
Operating income	33,167,600,495	1,920,843,210	2,380,584,148	1,661,988,062	(13,359,432,529)	-	25,771,583,386
Including:		652,134,490	2,229,516,656	955,560,098	-	-	25,771,583,386
-external transaction	21,934,372,142						
-segment transaction	11,233,228,353	1,268,708,720	151,067,492	706,427,964	(13,359,432,529)	-	-
Operating expenses	33,625,525,062	1,911,982,666	2,562,547,547	1,555,473,712	(13,016,681,056)	(143,089,677)	26,495,758,254
Operating (losses)/profits	(457,924,567)	8,860,544	(181,963,399)	106,514,350	(342,751,473)	143,089,677	(724,174,868)
Profits/(losses)	381,314,449	16,665,665	(178,702,412)	193,755,280	(370,070,696)	143,089,677	186,051,963
Income tax	4,446,467	2,099,460	(1,463,440)	(5,658,622)	(10,828,895)	13,073,925	1,668,895
Net profits/(Net losses)	376,867,982	14,566,205	(177,238,972)	199,413,902	(359,241,801)	130,015,752	184,383,068
Total assets	66,004,168,923	914,773,689	1,943,514,269	35,741,563,515	(37,546,360,487)	47,700,956	67,105,360,865
Total liabilities	32,074,459,742	707,323,403	1,651,711,503	5,027,595,196	(8,109,476,652)	488,933,221	31,840,546,413
Supplementary information:							
Impairment loss for current period	410,540,902	6,348,904	31,696,931	1,795,403	(11,582,698)	-	438,799,442
Depreciation and amortization expense	3,846,369,182	24,858,476	51,608,915	111,467,673	(117,794,518)	-	3,916,509,728
Capital expenditure	4,205,493,731	43,507,034	46,451,083	293,893,707	(308,930,494)	-	4,280,415,061
Investment in associates and joint ventures	-	-	-	52,221,789	898,000,000	-	950,221,789
Investment losses from investment in associates and joint ventures	-	-	-	(5,958,382)	-	-	(5,958,382)
Net interest expenses	803,694,720	2,269,598	13,561,168	8,640,320		(72,163,794)	756,002,012

X. Other significant events (continued)

1. Segment reporting (continued)

(3) Primary segment reporting (business segments) (continued)

	2011						
	TFT-LCD s	Back light products Business	Display System	Others	Elimination	Remaining items	Total
Operating income	13,978,321,401	1,617,357,113	1,804,804,597	1,571,361,134	(6,230,430,683)	-	12,741,413,562
Including:							
-external transaction	9,893,361,460	686,945,337	1,750,183,492	410,923,273	-	-	12,741,413,562
-segment transaction	4,084,959,941	930,411,776	54,621,105	1,160,437,861	(6,230,430,683)	-	-
Operating expenses	14,200,616,348	1,633,032,245	1,999,102,492	892,676,722	(5,988,806,698)	(152,113,580)	12,584,507,529
Operating profits/losses	(222,294,947)	(15,675,132)	(194,297,895)	678,684,412	(241,623,985)	152,113,580	156,906,033
Profits/(losses)	402,501,876	(6,532,501)	(190,071,047)	729,699,373	(241,623,985)	152,113,580	846,087,296
Income tax	(16,583,493)	1,162,643	(2,328,888)	8,621,139	148,587,785	12,950,793	152,409,979
Net profits/(Net losses)	419,085,369	(7,695,144)	(187,742,159)	721,078,234	(390,211,770)	139,162,787	693,677,317
Total assets	65,417,243,529	886,222,969	1,410,825,346	34,653,262,097	(33,646,030,383)	47,892,088	68,769,415,646
Total liabilities	33,262,539,791	692,901,476	942,007,938	4,098,266,101	(5,921,008,342)	649,224,776	33,723,931,740
Supplementary information:							
Impairment loss for current period	1,208,711,099	4,029,369	29,354,440	335,651,052	(197,288,153)	-	1,380,457,807
Depreciation and amortization expense	2,727,494,164	23,913,049	64,543,479	134,194,699	(40,577,050)	-	2,909,568,341
Capital expenditure	17,838,559,501	20,248,362	43,017,545	182,175,352	(459,096,579)	-	17,624,904,181
Investment in associates and joint ventures	-	-	-	34,691,173	898,000,000	-	932,691,173
Investment losses from investment in associates and joint ventures	-	-	-	(5,205,134)	-	-	(5,205,134)
Net interest expenses	546,744,286	5,025,146	13,286,026	32,744,498	-	(75,441,179)	522,358,777

X. Other significant events (continued)

1. Segment reporting (continued)

(4) Secondary segment reporting (geographical segments)

- (i) Divided based on the location at which the services were provided or the goods delivered.

The information of the Group's external transactions based on the location is as follows:

	Revenue from external customers	
	2012	2011
	RMB	RMB
PRC	14,809,452,875	7,732,219,518
Other Asian regions	7,908,079,649	4,166,283,160
Europe	2,109,477,348	372,612,469
America	913,713,437	400,006,446
Other regions	30,860,077	70,291,969
Total	<u>25,771,583,386</u>	<u>12,741,413,562</u>

- (ii) Divided based on assets location

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and jointly controlled enterprises. Most of the non-current assets in the Group are located in the PRC.

(5) Main clients

Operating income of TFT-LCD Business from one customer of the Group amounting to RMB 6,433,728,455 (2011: RMB 2,409,847,615), represents approximately 25% (2011: 19%) of the Group's total operating income.

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks, etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group's Board of Directors of has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and the record of previous transactions. Receivables are due within 15 to 120 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date, etc.

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(1) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company's accounts receivable and other receivables due from the top five customers account for 37% and 6% of the total receivables respectively (2011: 13% and 10%). In addition, the accounts receivable not overdue or impaired is mainly related to many clients who don't have payment in arrears records recently.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As mentioned in Notes VII, as at 31 December 2012, the Group does not provide any external guarantees which would expose the Group or the Company to credit risk.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands (subject to approval by the Company's board when the borrowings exceed certain predetermined levels). The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(2) Liquidity risk (continued)

At the balance sheet date, rest of contractual term and the earliest payment date required of the contractual cash flows belonging to the Group's financial assets and liabilities which have not been discounted, including interests calculated on contractual interest rate (if the interest rate is floating, the actual interest rate as at 31 December is adopted) are as follows:

	Contract cash flow not discounted in the year of 2012					Balance of Balance Sheet RMB
	Within 1 year or payable immediately	1 to 2 years	2 to 5 years	Over 5 years	Total	
	RMB	RMB	RMB	RMB	RMB	
Financial assets						
Cash at bank and on hand	15,211,851,133	-	-	-	15,211,851,133	15,211,851,133
Bills receivable	860,883,384	-	-	-	860,883,384	860,883,384
Accounts receivable	5,196,041,164	-	-	-	5,196,041,164	5,196,041,164
Interests receivable	30,850,933	-	-	-	30,850,933	30,850,933
Other receivables	459,082,392	-	-	-	459,082,392	459,082,392
Available-for-sale financial assets	116,600,700	-	-	-	116,600,700	116,600,700
Subtotal	21,875,309,706	-	-	-	21,875,309,706	21,875,309,706
Financial liabilities						
Short-term loans	(731,924,334)	-	-	-	(731,924,334)	(727,267,475)
Bills payable	(51,621,956)	-	-	-	(51,621,956)	(51,621,956)
Accounts payable	(5,452,578,519)	-	-	-	(5,452,578,519)	(5,452,578,519)
Interests payable	(98,478,461)	-	-	-	(98,478,461)	(98,478,461)
Dividends payable	(8,051,170)	-	-	-	(8,051,170)	(8,051,170)
Other payables	(3,201,279,824)	-	-	-	(3,201,279,824)	(3,201,279,824)
Non-current liabilities due within one year	(1,586,907,610)	-	-	-	(1,586,907,610)	(1,544,020,648)
Long-term loans	(878,565,537)	(2,712,591,772)	(12,555,621,066)	(4,704,617,450)	(20,851,395,825)	(17,373,155,700)
Subtotal	(12,009,407,411)	(2,712,591,772)	(12,555,621,066)	(4,704,617,450)	(31,982,237,699)	(28,456,453,753)
Total	9,865,902,295	(2,712,591,772)	(12,555,621,066)	(4,704,617,450)	(10,106,927,993)	(6,581,144,047)

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(2) Liquidity risk (continued)

	Contract cash flow not discounted in the year of 2011					Balance of Balance Sheet RMB
	Within 1 year or payable immediately	1 to 2 years	2 to 5 years	Over 5 years	Total	
	RMB	RMB	RMB	RMB	RMB	
Financial assets						
Cash at bank and on hand	20,325,469,116	-	-	-	20,325,469,116	20,325,469,116
Bills receivable	340,293,997	-	-	-	340,293,997	340,293,997
Accounts receivable	2,560,795,545	-	-	-	2,560,795,545	2,560,795,545
Interests receivable	105,243,519	-	-	-	105,243,519	105,243,519
Other receivables	1,735,824,884	-	-	-	1,735,824,884	1,735,824,884
Available-for-sale financial assets	74,718,931	-	-	-	74,718,931	74,718,931
Subtotal	25,142,345,992	-	-	-	25,142,345,992	25,142,345,992
Financial liabilities						
Short-term loans	(6,577,404,760)	-	-	-	(6,577,404,760)	(6,487,193,510)
Bills payable	(27,918,268)	-	-	-	(27,918,268)	(27,918,268)
Accounts payable	(3,630,464,475)	-	-	-	(3,630,464,475)	(3,630,464,475)
Interests payable	(110,964,115)	-	-	-	(110,964,115)	(110,964,115)
Dividends payable	(6,451,170)	-	-	-	(6,451,170)	(6,451,170)
Other payables	(4,285,822,157)	-	-	-	(4,285,822,157)	(4,285,822,157)
Non-current liabilities due within one year	(1,761,967,837)	-	-	-	(1,761,967,837)	(1,716,776,716)
Long-term loans	(820,273,307)	(2,241,691,048)	(8,937,228,591)	(6,321,165,611)	(18,320,358,557)	(14,700,018,374)
Subtotal	(17,221,266,089)	(2,241,691,048)	(8,937,228,591)	(6,321,165,611)	(34,721,351,339)	(30,965,608,785)
Total	7,921,079,903	(2,241,691,048)	(8,937,228,591)	(6,321,165,611)	(9,579,005,347)	(5,823,262,793)

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(2) Liquidity risk (continued)

At the balance sheet date, rest of contractual term and the earliest payment date required of the contractual cash flows belonging to the Company's financial assets and liabilities which have not been discounted, including interests calculated on contractual interest rate (if the interest rate is float, the actual interest rate as at 31 December is adopted) are as follows:

	Contract cash flow not discounted in the year of 2012				Balance of Balance Sheet
	Within 1 year or payable immediately	1 to 2 years	2 to 5 years	Total	
	RMB	RMB	RMB	RMB	RMB
Financial assets					
Cash at bank and on hand	2,270,122,495	-	-	2,270,122,495	2,270,122,495
Bills receivables	8,029,371	-	-	8,029,371	8,029,371
Accounts receivable	65,227,239	-	-	65,227,239	65,227,239
Interests receivable	11,141,532	-	-	11,141,532	11,141,532
Dividend receivable	10,404,147	-	-	10,404,147	10,404,147
Other receivables	315,211,684	-	-	315,211,684	315,211,684
Available-for-sale financial assets	116,600,700	-	-	116,600,700	116,600,700
Subtotal	2,796,737,168	-	-	2,796,737,168	2,796,737,168
Financial liabilities					
Accounts payable	(37,592,580)	-	-	(37,592,580)	(37,592,580)
Dividends payable	(6,451,170)	-	-	(6,451,170)	(6,451,170)
Other payables	(3,914,820,896)	-	-	(3,914,820,896)	(3,914,820,896)
Non-current liabilities due within one year	(50,000,000)	-	-	(50,000,000)	(50,000,000)
Long-term loans	-	(50,000,000)	-	(50,000,000)	(50,000,000)
Subtotal	(4,008,864,646)	(50,000,000)	-	(4,058,864,646)	(4,058,864,646)
Total	(1,212,127,478)	(50,000,000)	-	(1,262,127,478)	(1,262,127,478)

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(2) Liquidity risk (continued)

	Contract cash flow not discounted in the year of 2011				Balance of Balance Sheet RMB
	Within 1 year or payable immediately RMB	1 to 2 years RMB	2 to 5 years RMB	Total RMB	
Financial assets					
Cash at bank and on hand	3,043,542,028	-	-	3,043,542,028	3,043,542,028
Bills receivables	3,863,762	-	-	3,863,762	3,863,762
Accounts receivable	55,112,379	-	-	55,112,379	55,112,379
Interests receivable	9,141,082	-	-	9,141,082	9,141,082
Dividend receivable	8,204,147	-	-	8,204,147	8,204,147
Other receivables	389,156,441	-	-	389,156,441	389,156,441
Available-for-sale financial assets	74,718,931	-	-	74,718,931	74,718,931
Subtotal	3,583,738,770	-	-	3,583,738,770	3,583,738,770
Financial liabilities					
Short-term loans	(35,187,966)	-	-	(35,187,966)	(34,663,422)
Accounts payable	(13,236,221)	-	-	(13,236,221)	(13,236,221)
Interests payable	(1,088,911)	-	-	(1,088,911)	(1,088,911)
Dividends payable	(6,451,170)	-	-	(6,451,170)	(6,451,170)
Other payables	(2,893,384,484)	-	-	(2,893,384,484)	(2,893,384,484)
Non-current liabilities due within one year	(100,000,000)	-	-	(100,000,000)	(100,000,000)
Long-term loans	-	(50,000,000)	(50,000,000)	(100,000,000)	(100,000,000)
Subtotal	(3,049,348,752)	(50,000,000)	(50,000,000)	(3,149,348,752)	(3,148,824,208)
Total	534,390,018	(50,000,000)	(50,000,000)	434,390,018	434,914,562

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

- (a) As at 31 December, the Group held the following interest-bearing financial instruments stated in Note V. 22, 31, and 33:

	2012 RMB	2011 RMB
Fixed rate financial liabilities		
Financial liabilities		
-Short-term loan	702,573,243	6,397,805,655
-Non-current liabilities due within one year	50,000,000	489,280,000
- Long-term loans	150,000,000	200,000,000
Total	902,573,243	7,087,085,655

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(3) Interest rate risk (continued)

- (a) As at 31 December, the Group held the following interest-bearing financial instruments stated in Note V. 22, 31, and 33: (continued)

	2012	2011
	RMB	RMB
Variable rate financial liabilities		
Financial liabilities		
- Short-term loan	24,694,232	89,387,855
- Non-current liabilities due within one year	1,494,020,648	1,227,496,716
- Long-term loans	17,223,155,700	14,500,018,374
Total	<u>18,741,870,580</u>	<u>15,816,902,945</u>

- (b) As at 31 December, the Company held the following interest-bearing financial instruments stated in Note XI.25, 26:

	2012	2011
	RMB	RMB
Fixed rate financial liabilities		
- Short-term loans	-	34,663,422
- Non-current liabilities due within one year	50,000,000	100,000,000
- Long-term loans	50,000,000	100,000,000
Total	<u>100,000,000</u>	<u>234,663,422</u>

- (c) Sensitivity analysis

As at 31 December 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group and the Company's net profit and equity by RMB 185,450,000 and RMB 0 (2011: RMB 158,170,000 and RMB 0 respectively).

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(3) Interest rate risk (continued)

(c) Sensitivity analysis (continued)

In respect of the exposure to fair value interest rate risk arising from financial instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as the financial instrument stated above revaluated by the new interest rate estimated to change at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group or the Company at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

(4) Foreign currency risk

In respect of accounts receivable and payables denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) The Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is given in the table below. For presentation purposes, the amounts of the exposure are shown in renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	2012			2011		
	USD	JPY	HKD	USD	JPY	HKD
Cash at bank and on hand	2,104,343,859	600,196,706	993,038	715,535,202	11,433,187	992,741
Accounts receivable	3,992,170,063	-	-	1,751,861,658	-	-
Prepayment	34,572,389	1,260,003	-	14,716,906	41,200	-
Other receivable	176,941	4,186,376	-	134,581	4,464,120	-
Available-for-sale financial assets	-	-	41,285,189	-	-	28,043,307
Subtotal	6,131,263,252	605,643,085	42,278,227	2,482,248,347	15,938,507	29,036,048
Short-term loans	(634,066,429)	(83,201,046)	-	(508,579,575)	(5,954,966,222)	-
Accounts payable	(1,687,033,915)	(383,222,781)	-	(1,116,724,574)	(346,182,620)	-
Advances from customers	(4,347,239)	-	-	(30,208,134)	-	-
Other payables	(508,761,053)	(387,561,728)	-	(844,848,373)	(1,104,265,596)	-
Non-current liabilities due within one year	(1,046,399,770)	-	-	(557,760,108)	(389,280,000)	-
Long-term loans	(8,803,474,340)	-	-	(6,828,081,691)	-	-
Subtotal	(12,684,082,746)	(853,985,555)	-	(9,886,202,455)	(7,794,694,438)	-
Gross balance sheet exposure	(6,552,819,494)	(248,342,470)	42,278,227	(7,403,954,108)	(7,778,755,931)	29,036,048

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(4) Foreign currency risk (continued)

- (b) The Company's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is as follows.

	2012			2011		
	USD	JPY	HKD	USD	JPY	HKD
Cash at bank and on hand	6,710,890	3,748	993,038	9,663,685	4,162	992,741
Available-for-sale financial assets	-	-	41,285,189	-	-	28,043,307
Prepayment	165,610	305,516	-	151,222	41,200	-
Subtotal	6,876,500	309,264	42,278,227	9,814,907	45,362	29,036,048
Short-term loan	-	-	-	-	(34,663,422)	-
Accounts payable	(850,812)	(48,355)	-	(999,405)	(1,916,011)	-
Other payable	(1,217,252)	(343,100)	-	(10,512,094)	(35,684,000)	-
Subtotal	(2,068,064)	(391,455)	-	(11,511,499)	(72,263,433)	-
Gross balance sheet exposure	4,808,436	(82,191)	42,278,227	(1,696,592)	(72,218,071)	29,036,048

- (c) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date mid-spot rate	
	2012	2011	2012	2011
USD	6.3108	6.4445	6.2855	6.3009
JPY	0.0789	0.0812	0.0730	0.0811
HKD	0.8136	0.8279	0.8109	0.8107

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(4) Foreign currency risk (continued)

(d) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar, JPY and HKD at 31 December would have increased/(decreased) the Group's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the year-end date:

The Group:

	<u>Equity</u> RMB	<u>Net profit</u> RMB
As at 31 December 2012		
USD	340,115,594	340,115,594
JPY	12,421,370	12,421,370
HKD	(2,106,463)	(57,100)
Total	<u>350,430,501</u>	<u>352,479,864</u>
As at 31 December 2011		
USD	370,197,705	370,197,705
JPY	388,937,797	388,937,797
HKD	(1,451,802)	(49,637)
Total	<u>757,683,700</u>	<u>759,085,865</u>

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(4) Foreign currency risk (continued)

(d) Sensitivity analysis (continued)

The company:

	Equity	Net Profit
	RMB	RMB
As at 31 December 2012		
USD	(204,359)	(204,359)
JPY	4,110	4,110
HKD	(2,106,463)	(57,100)
Total	<u>(2,306,712)</u>	<u>(257,349)</u>
As at 31 December 2011		
USD	84,830	84,830
JPY	3,610,904	3,610,904
HKD	(1,451,802)	(49,637)
Total	<u>2,243,932</u>	<u>3,646,097</u>

A 5% weakening of the Renminbi against the US dollar, JPY and HKD at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates have been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

(5) Other price risks

Other price risks mainly include stock price risk and commodity price risk etc.

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(6) Fair value

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 31 December across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2012

Assets	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Available-for-sale financial assets	<u>116,600,700</u>	<u>-</u>	<u>116,600,700</u>

31 December 2011

Assets	<u>Level 1</u>	<u>Level 1</u>	<u>Total</u>
Available-for-sale financial assets	<u>28,043,307</u>	<u>46,675,624</u>	<u>74,718,931</u>

During the year ended 31 December 2012, the restricted shares of Electronic Zone held by the Group amounting to 9,819,493 shares became circulated. These circulated shares were transferred to Level 1 from Level 2 by the Group.

During the year ended 31 December 2012, there were no changes in valuation technique of fair value.

X. Other significant events (continued)

2. Risk analysis, sensitivity analysis, and determination of fair values for financial instruments (continued)

(7) Estimation of fair values

The following summaries the major methods and assumptions used in estimating the fair value of financial assets, financial liabilities and items set out in Note X. 2(6) above that measured at fair value on the balance sheet date.

(a) Debts and equity investments

Fair value is based on quoted market prices at the balance sheet date for available-for-sale financial assets and held-to-maturity investments if there is an active market. If an active market does not exist for available-for-sale financial assets and held-to-maturity investments, the fair value is determined using valuation techniques.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) Loans

The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(e) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on the market interest rates for the financial instruments of comparable credit status at the balance sheet date.

XI. Notes of financial statements of the Company

1. Cash at bank and on hand

	2012			2011		
	Original currency	Exchange rate	RMB/RMB equivalents	Original currency	Exchange rate	RMB/RMB equivalents
Cash on hand:						
- RMB			52,661			38,126
- USD	7,525	6.2855	47,298	20,025	6.3009	126,174
- HKD	9,665	0.8109	7,837	9,665	0.8107	7,835
- JPY	51,325	0.0730	3,747	51,325	0.0811	4,162
- Korean Won	521,170	0.0058	3,023	521,170	0.0055	2,856
- Other foreign currencies			95,968			93,839
Subtotal			210,534			272,992
			-----			-----
Current deposit:						
- RMB			2,256,460,276			2,941,072,124
- USD	1,060,153	6.2855	6,663,592	1,513,674	6.3009	9,537,511
- HKD	1,214,948	0.8109	985,201	1,214,884	0.8107	984,906
- JPY	14	0.0730	1			
Subtotal			2,264,109,070			2,951,594,541
			-----			-----
Other monetary funds						
- RMB			5,802,891			91,674,495
			-----			-----
Total			2,270,122,495			3,043,542,028
			-----			-----

The other monetary funds amounting to RMB 5,802,981 were the deposits in commercial banks as security.

XI. Notes of financial statements of the Company (continued)

2. Bills receivable

Classification of bills receivable

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Bank acceptance bills	<u>8,029,371</u>	<u>3,863,762</u>

All the balances of bills receivable aforesaid are due within a year.

As at 31 December 2012, no bank acceptance bills were pledged by the Company (2011: nil).

As at 31 December 2012, the Company's outstanding endorsed bank acceptance bills amounted to RMB 1,000,000 (2011: RMB 3,038,561), all of which will be due before 30 April 2013 (2011: before 26 June 2012).

For year ended 31 December 2012, there was no amount transferred to accounts receivable from acceptance bills due to non-performance of the issuers by the Company (2011: nil).

There was no amount due from shareholders who hold 5% or more of the voting rights of the Company.

XI. Notes of financial statements of the Company (continued)

3. Accounts receivable

(1) The Company's accounts receivable by customer type:

	2012	2011
	RMB	RMB
Amounts due from subsidiaries	46,108,941	48,270,854
Amounts due from other related parties	805,456	1,192,002
Amounts due from other customers	21,569,830	8,687,231
Subtotal	68,484,227	58,150,087
	-----	-----
Less: provision for bad and doubtful debts	3,256,988	3,037,708
Total	65,227,239	55,112,379

As at 31 December 2012, the Company had no accounts receivable denominated in foreign currencies (2011: nil).

As at 31 December 2012, the total amount of accounts receivables due from related parties accounted for 69% of the total amounts receivable (2011: 85%).

XI. Notes of financial statements of the Company (continued)

3. Accounts receivable (continued)

(2) The ageing analysis of accounts receivable is as follows:

Ageing	2012			2011		
	Carrying amount		Provision	Carrying amount		Provision
	Amount	Percentage		Amount	Percentage	
	RMB	(%)	RMB	RMB	(%)	RMB
Within 1 year						
(inclusive)	29,910,292	44%	131,659	12,528,375	22%	212,022
1 to 2 years						
(inclusive)	4,903,709	7%	565,684	21,247,620	36%	9,949
2 to 3 years						
(inclusive)	16,492,294	24%	323,991	15,474,020	27%	504,219
Over 3 years	17,177,932	25%	2,235,654	8,900,072	15%	2,311,518
Total	<u>68,484,227</u>	<u>100%</u>	<u>3,256,988</u>	<u>58,150,087</u>	<u>100%</u>	<u>3,037,708</u>

The ageing is counted starting from the date when accounts receivable is recognised.

- (3) As at 31 December 2012, there was no amount of individually significant accounts receivable as for the Company (2011: nil).
- (4) For the year ended 31 December 2012, the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.
- (5) As at 31 December 2012, the total amount of accounts receivable due from the top five debtors of the Company are as follows:

	2012	2011
	RMB	RMB
Amounts (RMB)	50,457,240	46,900,600
Percentage of total accounts receivable	74%	81%

As at 31 December 2012, the Company's accounts receivable aged more than one year due from the top five debtors is RMB 34,123,859 (2011: RMB 41,954,103).

- (6) As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

XI. Notes of financial statements of the Company (continued)

4. Prepayments

(1) The Company's prepayments by category:

	2012	2011
	RMB	RMB
Prepayment for inventory	223,143	1,748,005
Others	7,204,340	1,234,705
Total	<u>7,427,483</u>	<u>2,982,710</u>

(2) The ageing analysis of prepayments is as follows:

Ageing	2012		2011	
	Amount	Percentage (%)	Amount	Percentage (%)
	RMB		RMB	
Within 1 year (inclusive)	6,565,122	88%	2,977,710	100%
1 to 2 years (inclusive)	857,361	12%	5,000	-
2 to 3 years (inclusive)	5,000	-		
Total	<u>7,427,483</u>	<u>100%</u>	<u>2,982,710</u>	<u>100%</u>

The ageing is counted starting from the date when prepayments is recognised.

As at 31 December 2012, the Company's prepayments due from related parties amounted to RMB 480,573 (2011: RMB 1,054,931).

As at 31 December 2012, the balance mainly represented the unsettled prepayment regarding purchasing activities.

(3) As at 31 December 2012, the total amount of prepayments due from the top five Company debtors are as follows:

	2012	2011
Amounts (RMB)	4,010,474	1,804,671
Percentage of total prepayments	54%	61%

(4) As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

XI. Notes of financial statements of the Company (continued)**5. Interests receivable**

	Opening balance	Addition during the year	Reduction during the year	Closing balance
	RMB	RMB	RMB	RMB
Amounts from time deposits	<u>9,141,082</u>	<u>86,796,447</u>	<u>84,795,997</u>	<u>11,141,532</u>

As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

As at 31 December 2012, no significant amount of interests receivable of the Company is denominated in foreign currency (2011: nil).

6. Dividends receivable

	2012	2011
	RMB	RMB
Yinghe Century	8,204,147	8,204,147
Vacuum Electronics	<u>2,200,000</u>	<u>-</u>
Total	<u>10,404,147</u>	<u>8,204,147</u>

7. Other receivables

(1) The Company's other receivables by customer type:

	2012	2011
	RMB	RMB
Amounts due from subsidiaries	292,544,490	364,670,701
Amounts due from other customers	<u>22,667,194</u>	<u>24,645,896</u>
Subtotal	<u>315,211,684</u>	<u>389,316,597</u>
Less: provision for bad and doubtful debts	<u>-</u>	<u>160,156</u>
Total	<u>315,211,684</u>	<u>389,156,441</u>

As at 31 December 2012, no other receivable of the Company is denominated in foreign currency (2011: nil).

As at 31 December 2012, the Company's other receivables due from related parties accounts for 93% of the total other receivables (2011: 94%).

XI. Notes of financial statements of the Company (continued)

7. Other receivables (continued)

(2) The ageing analysis of other receivables is as follows:

	2012	2011
	RMB	RMB
Within 1 year (inclusive)	124,344,947	322,472,866
1 to 2 years (inclusive)	146,022,135	17,543,596
2 to 3 years (inclusive)	622,541	488,330
Over 3 years	44,222,061	48,811,805
Subtotal	<u>315,211,684</u>	<u>389,316,597</u>
	-----	-----
Less: provision for bad and doubtful debts	-	160,156
Total	<u>315,211,684</u>	<u>389,156,441</u>

The ageing is counted starting from the date other receivables is recognised.

As at 31 December 2012, receivables are assessed for impairment both on an individual basis and on a collective group basis. All impairment losses are recognized in loss, when its present value of the estimated future cash flows is less than the carrying amount.

- (3) For the year ended on 31 December 2012, the Company does not have any individually significant other receivables with full bad-debts provision or with a significant bad-debts provision made in prior years which have been fully or partly written off during the year.
- (4) As at 31 December 2012, the total other receivables due from the Company's top five debtors are as follows:

	2012	2011
	RMB	RMB
Amounts (RMB)	235,640,548	327,918,960
Percentage of total other receivables	75%	84%

As at 31 December 2012, no amount of the Company's other receivables ageing more than three years were due from the top five debtors (2011: RMB 3,375,950).

- (5) As at 31 December 2012, there was no amount due from shareholders who hold 5% or more of the voting rights of the Company (2011: nil).

XI. Notes of financial statements of the Company (continued)

8. Inventories

(1) The Company's inventories by category:

	2012			2011		
	Book value RMB	Provision RMB	Carrying amount RMB	Book value RMB	Provision RMB	Carrying amount RMB
Raw materials	2,501,601	-	2,501,601	1,306,051	-	1,306,051
Work in progress	9,511,819	9,511,819	-	9,511,819	9,511,819	-
Finished goods	10,761,862	4,618,527	6,143,335	4,618,527	4,618,527	-
Total	<u>22,775,282</u>	<u>14,130,346</u>	<u>8,644,936</u>	<u>15,436,397</u>	<u>14,130,346</u>	<u>1,306,051</u>

As at 31 December 2012, the Company's closing balance of inventories did not include capitalised borrowing cost (2011: nil).

As at 31 December 2012, the Company had no inventory used for guarantee purposes (2011: nil).

(2) Provision for diminution in value of inventories:

	Opening balance	Addition during the year	Reduction during the year	Closing balance
	RMB	RMB	RMB	RMB
Work in progress	9,511,819	-	-	9,511,819
Finished goods	4,618,527	-	-	4,618,527
Total	<u>14,130,346</u>	<u>-</u>	<u>-</u>	<u>14,130,346</u>

As at 31 December 2012, the provision for diminution in value of Company's inventories was primarily due to the obsolete inventories.

9. Other current assets

	2012	2011
	RMB	RMB
VAT deductible	48,436,002	28,593,586
Others	67,105	204,158
Total	<u>48,503,107</u>	<u>28,797,744</u>

XI. Notes of financial statements of the Company (continued)

10. Long-term equity investments

(1) The Company's long-term equity investments by category:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Investments in subsidiaries	29,079,223,354	27,675,223,354
Investments in associates	47,221,789	32,540,424
Other long-term equity investments	127,289,635	127,289,635
Subtotal	<u>29,253,734,778</u>	<u>27,835,053,413</u>
	-----	-----
Less: Provision for impairment	<u>178,518,153</u>	<u>178,518,153</u>
Total	<u>29,075,216,625</u>	<u>27,656,535,260</u>

As at 31 December 2012, the Company proposed full provision for impairment amounted to RMB 72,416,550 to its subsidiaries Beijing BOE Special Display Technology Co., Ltd. and Beijing BOE Digital Technology Co., Ltd., and the provision for other long-term equity investments including ZJBOE amounted to RMB 106,101,603.

(2) The Company's investments in associates are listed in V. 11(2).

XI. Notes of financial statements of the Company (continued)

11. Investment properties

	<u>Buildings</u> RMB
Cost:	
Balance at the beginning of the year	190,518,087
Additions during the year	-
Disposals during the year	<u>(2,863,541)</u>
Balance at the end of the year	<u>187,654,546</u> -----
Less: Accumulated depreciation	
Balance at the beginning of the year	17,609,322
Additions during the year	4,610,693
Disposals during the year	<u>(1,592,182)</u>
Balance at the end of the year	<u>20,627,833</u> =====
Carrying amounts:	
At the end of the year	<u>167,026,713</u>
At the beginning of the year	<u>172,908,765</u>

As at 31 December 2012, there is no restriction placed on the ownership of the Company's investment properties (2011: nil).

XI. Notes of financial statements of the Company (continued)

12. Fixed assets

The Company's fixed-assets status as at 31 December is as follows:

	Plant & buildings RMB	Equipment RMB	Others RMB	Total RMB
Cost:				
Balance at the beginning of the year	347,216,598	231,176,760	6,224,597	584,617,955
Additions during the year	-	4,321,855	770,014	5,091,869
Transfer from construction in progress	3,003,905	38,101,891	-	41,105,796
Disposals during the year	(7,883,849)	(5,332,069)	-	(13,215,918)
Balance at the end of the year	342,336,654	268,268,437	6,994,611	617,599,702
Less: Accumulated depreciation				
Balance at the beginning of the year	102,217,787	81,305,672	2,842,061	186,365,520
Charge for the year	11,894,240	25,443,753	778,390	38,116,383
Disposals during the year	(1,676,802)	(3,992,059)	(105,391)	(5,774,252)
Balance at the end of the year	112,435,225	102,757,366	3,515,060	218,707,651
Less: Provision for impairment				
Balance at the beginning of the year	-	5,156,350	-	5,156,350
Balance at the end of the year	-	5,156,350	-	5,156,350
Carrying amounts:				
As at the end of the year	229,901,429	160,354,721	3,479,551	393,735,701
As at the beginning of the year	244,998,811	144,714,738	3,382,536	393,096,085

As at 31 December 2012, there is no restriction placed on the ownership of the Company's fixed assets (2011: nil).

The Company had no individually significant asset impairment losses during the year (2011: nil).

As at 31 December 2012, the condition of the Company's fixed assets acquired under finance lease, see Notes V. 13 (2).

XI. Notes of financial statements of the Company (continued)

13. Construction in progress

(1) The analysis of the Company's construction in progress is as follows:

	2012	2011
	RMB	RMB
Cost		
Balance at the beginning of the year	26,832,993	15,050,501
Additions during the year	170,718,099	27,811,215
Transfer to fixed assets	(41,105,796)	(15,007,837)
Transfer to intangible assets	(1,014,955)	(1,020,886)
Balance at the end of the year	<u>155,430,341</u>	<u>26,832,993</u>

The carrying amounts of the Company's construction in progress did not include capitalised borrowing cost at the end of the year (2011: nil).

As at 31 December 2012, there is no restriction placed on the ownership of the Company's construction in progress (2011: nil).

XI. Notes of financial statements of the Company (continued)

13. Construction in progress (continued)

(2) The condition of changes in major construction in progress during the year

	Budget RMB	Balance at the beginning of the year RMB	Additions during the year RMB	Transfer to fixed assets RMB	Transfer to intangible assets RMB	Balance at the end of the year RMB	Percentage of actual cost to budget (%)	Source of fund
National Engineering laboratory of TFT-LCD	259,020,000	2,513,905	-	(2,513,905)	-	-	93%	Self-financing
Operating and researching centre	409,000,000	1,830,680	80,546,651	-	-	82,377,331	20%	Self-financing
Technology renewing and upgrading project	110,011,961	14,017,845	70,995,089	(35,788,070)	-	49,224,864	77%	Self-financing
Others		8,470,563	19,176,359	(2,803,821)	(1,014,955)	23,808,146		
Total		<u>26,832,993</u>	<u>170,718,099</u>	<u>(41,105,796)</u>	<u>(1,014,955)</u>	<u>155,430,341</u>		

XI. Notes of financial statements of the Company (continued)

14. Intangible assets

	Land use right RMB	Software RMB	Patent RMB	Total RMB
Cost:				
Balance at the beginning of the year	95,016,082	23,915,891	547,560	119,479,533
Addition for the year	-	25,664,444	-	25,664,444
Transfer from construction in progress	-	1,014,955	-	1,014,955
Balance at the end of the year	95,016,082	50,595,290	547,560	146,158,932
Less: Accumulated Amortisation				
Balance at the beginning of the year	12,927,877	6,966,596	106,850	20,001,323
Addition for the year	1,978,915	4,606,469	53,419	6,638,803
Balance at the end of the year	14,906,792	11,573,065	160,269	26,640,126
Carrying amounts:				
At the end of the year	80,109,290	39,022,225	387,291	119,518,806
At the beginning of the year	82,088,205	16,949,295	440,710	99,478,210

As at 31 December 2012, the carrying amounts of the Company's intangible assets did not include capitalised borrowing cost (2011: nil).

As at 31 December 2012, there is no restriction placed on the ownership of the Company's intangible assets (2011: nil).

XI. Notes of financial statements of the Company (continued)

15. Deferred tax assets

In accordance with the accounting policy set out in Note II.25, as at 31 December 2012, as there is much uncertainty that whether the Company can have adequate taxable profits in future to utilise the deductible temporary difference, the Company did not recognise the deferred tax assets in respect of tax credits (deductible temporary differences) of RMB 263,221,161.

16. Other non-current assets

(1) The Company's non-current assets by category:

	2012	2011
	RMB	RMB
Prepayment for fixed assets	600,502	622,500
Prepayment for intangible assets	-	3,834,780
Total	<u>600,502</u>	<u>4,457,280</u>

(2) As at 31 December 2012, the Company's non-current assets are mainly prepayments and other related assets that are classified as non-current assets.

17. Details of provisions for impairment

	Note	Balance at the beginning of the year	Additions during the year	Deduction during the year		Balance at the end of the year
		RMB	RMB	Reversal	Write off	RMB
				RMB	RMB	
Provision for receivables	XI.3,7	3,197,864	487,542	303,828	124,590	3,256,988
Inventories	XI.8	14,130,346	-	-	-	14,130,346
Available-for-sale financial assets	V.9	150,099,655	-	-	-	150,099,655
Held-to-maturity investments	V.10	17,960,946	-	-	-	17,960,946
Long-term equity investments	XI.10	178,518,153	-	-	-	178,518,153
Fixed assets	XI.12	5,156,350	-	-	-	5,156,350
Total		<u>369,063,314</u>	<u>487,542</u>	<u>303,828</u>	<u>124,590</u>	<u>369,122,438</u>

Please refer to the relevant asset notes for reasons of the provisions above.

XI. Notes of financial statements of the Company (continued)

18. Restricted assets

As at 31 December 2012, the other restricted deposit as security in commercial banks was RMB 5,802,891 (see Notes XI.1). The expiration date is 31 May 2013.

As at 31 December 2012, the Company's outstanding endorsed bank acceptance bills amounted to RMB 1,000,000 (see Notes XI.2), all of which will be due before 30 April 2013.

There is no other restriction placed on the Company's ownership of assets.

19. Accounts payable

(1) The Company's accounts payable by category:

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Accounts payable to subsidiaries	376,000	47,338
Accounts payable to the third parties	<u>37,216,580</u>	<u>13,188,883</u>
Total	<u>37,592,580</u>	<u>13,236,221</u>

(2) The company's accounts payable are as follows:

	<u>2012</u>			<u>2011</u>		
	<u>Original</u>	<u>Exchange</u>	<u>RMB</u>	<u>Original</u>	<u>Exchange</u>	<u>RMB</u>
	<u>currency</u>	<u>rate</u>	<u>/RMB</u>	<u>currency</u>	<u>rate</u>	<u>/RMB</u>
			<u>equivalents</u>			<u>equivalents</u>
- RMB			36,693,413			10,320,805
- USD	135,361	6.2855	850,812	158,613	6.3009	999,405
- JPY	662,400	0.0730	48,355	23,625,295	0.0811	1,916,011
Total			<u>37,592,580</u>			<u>13,236,221</u>

As at 31 December 2012, there was no amount due to shareholders who hold 5% or more of the Company's voting rights (2011: nil).

XI. Notes of financial statements of the Company (continued)

20. Advances from customers

As at 31 December 2012, the balance represents the advances from customers when the Company sells products.

As at 31 December 2012, the Company had no individually significant advances from customers ageing more than one year (2011: nil).

As at 31 December 2012, there was no amount due to shareholders who hold 5% or more of the Company's voting rights.

21. Employee benefits payable

	Balance at the beginning of the year RMB	Additions during the year RMB	Reductions during the year RMB	Balance at the end of the year RMB
Salaries, bonuses, allowances	43,524,990	193,844,575	175,287,582	62,081,983
Staff welfare fees	-	17,360,995	17,360,995	-
Social insurances				
Including: Medical insurance premium	14,299,620	7,780,095	7,290,221	14,789,494
Pension insurance premium	-	15,454,519	12,578,756	2,875,763
Unemployment insurance premium	-	775,571	658,306	117,265
Work injury insurance premium	27,173	208,536	106,410	129,299
Maternity insurance premium	50,617	625,228	589,860	85,985
Housing fund	-	8,328,961	8,328,961	-
Labor union fee, staff and workers' education fee	3,607,153	6,323,219	5,128,397	4,801,975
Termination benefits	-	790,200	790,200	-
Others	183,915	-	183,915	-
Total	<u>61,693,468</u>	<u>251,491,899</u>	<u>228,303,603</u>	<u>84,881,764</u>

As at 31 December 2012, no arrears are included in the above balance of employee benefits payable.

22. Taxes payable

	2012 RMB	2011 RMB
Business tax	3,619,018	1,098,583
Individual income tax	2,035,098	1,426,596
Corporate income tax	8,196,785	19,104,083
Education surcharge	180,950	32,958
Others	253,332	76,901
Total	<u>14,285,183</u>	<u>21,739,121</u>

XI. Notes of financial statements of the Company (continued)**23. Dividends payable**

	2012	2011
	RMB	RMB
Beijing Picture Tubes Factory	1,504,649	1,504,649
Beijing Huayin Industrial Development Company	1,436,963	1,436,963
Internal employee's share	2,603,025	2,603,025
Others	906,533	906,533
Total	6,451,170	6,451,170

As at 31 December 2012, dividend payables mainly represented the unclaimed dividends for non-tradable shareholders.

As at 31 December 2012, the Company had no individually significant dividend payable denominated in foreign currency (2011: nil).

24. Other payables

The Company's other payables are as follows:

	2012	2011
	RMB	RMB
Projects and equipment	267,915,627	213,869,476
Agency fee payable	37,297,717	14,946,358
Advanced disbursement	3,415,472,348	2,604,270,653
Technological development cost	150,000,000	35,684,000
Technology royalties	12,217,252	10,512,094
Others	31,917,952	14,101,903
Total	3,914,820,896	2,893,384,484

As at 31 December 2012, the Company owned other payable towards BOE OT regarding the share transfer payment with the amount of RMB 2,900,000,000. The Company owned other payables towards Sumitomo Chemical amounting to USD 1,943,720, in equivalent to RMB 12,217,252.

As at 31 December 2012, there was no amount due to the shareholders who hold 5% or more of the Company's or related parties' voting (2011: nil).

As at 31 December 2012, the Company's individually significant other payables more than one year mainly consisted of construction on consignment funds and lease deposit.

XI. Notes of financial statements of the Company (continued)

25. Non-current liabilities due within one year

The Company's non-current liabilities due within one year are as follows:

	2012		
	<u>RMB /RMB equivalents</u>	<u>Interest rate</u>	<u>Credited/ Collateralized /Guaranteed/ Pledged</u>
Bank loans - RMB	<u>50,000,000</u>	interest free	Credited
	2011		
	<u>RMB /RMB equivalents</u>	<u>Interest rate</u>	<u>Credited/ Collateralized /Guaranteed/ Pledged</u>
Bank loans - RMB	<u>100,000,000</u>	interest free	Credited

26. Long-term loans

As at 31 December 2012, the Company's long-term loans are as follows:

	<u>2012 RMB</u>	<u>2011 RMB</u>
Bank loans	<u>50,000,000</u>	<u>100,000,000</u>

As at 31 December 2012, the Company had no renewed long-term loans because of overdue loans (2011: nil).

XI. Notes of financial statements of the Company (continued)

27. Other non-current liabilities

As at 31 December 2011 and 2012, the balance of non-current liabilities represents the government grant received but not meet revenue recognition criteria.

	2012 RMB	2011 RMB
Other non-current liabilities related to assets		
Research platform for generic technology of flat panel display	10,357,143	12,500,000
Construction of National Engineering Laboratory for TFT-LCD technology	20,714,286	25,000,000
Other subsidies of scientific research and development	24,446,258	-
Subtotal	55,517,687	37,500,000
Other non-current liabilities related to income		
Technological development of TFT-LCD platform for large dimension HDTV	900,000	2,686,500
Technological development of array base plate integration	850,000	595,000
Other subsidies of scientific research and development	28,067,334	19,282,472
subtotal	29,817,334	22,563,972
Total	85,335,021	60,063,972

28. Capital reserve

	Notes	Balance at the beginning of the year RMB	Additions during the year RMB	Settlements during the year RMB	Balance at the end of the year RMB
Share premiums		15,065,055,460	-	-	15,065,055,460
Other capital reserves					
-Available-for-sale financial assets	V.37(1)	-	41,881,769	-	41,881,769
-Transfer from items under previous standards		29,538,085	-	-	29,538,085
Total		15,094,593,545	41,881,769	-	15,136,475,314

XI. Notes of financial statements of the Company (continued)

29. Operating income

	<u>2012</u>	<u>2011</u>
	<u>RMB</u>	<u>RMB</u>
Operating income from principal activities	7,318,351	-
- Sale of goods	7,318,351	-
Other operating income	720,983,284	653,951,956
-Rental income of investment properties	94,302,385	58,684,462
-Technological development income	490,266,923	462,810,208
-Others	136,413,976	132,457,286
Operating income	<u>728,301,635</u>	<u>653,951,956</u>

As at 31 December 2012, the Company's sales to the top five customers for the year amounted to RMB 639,930,959 (2011: RMB 567,930,298), which accounted for 88% of the total sales (2011: 87%).

30. Operating cost

	<u>2012</u>	<u>2011</u>
	<u>RMB</u>	<u>RMB</u>
Operating cost from principal activities	6,304,554	-
- Sale of goods	6,304,554	-
Other operating cost	133,770,652	271,617,257
-Rental cost of investment properties	23,639,199	19,639,775
-Technological development cost	44,735,804	189,148,244
-Others	65,395,649	62,829,238
Operating cost	<u>140,075,206</u>	<u>271,617,257</u>

31. Business taxes and surcharges

	<u>2012</u>	<u>2011</u>	<u>Taxation basis and rates</u>
Business tax	10,563,688	5,894,803	5% of operating income
City maintenance and construction tax	877,671	523,839	7% of VAT and business tax paid
Education surcharge	629,625	224,502	2%, 3% of VAT and business tax paid
Total	<u>12,070,984</u>	<u>6,643,144</u>	

XI. Notes of financial statements of the Company (continued)

32. Financial income

	2012	2011
	RMB	RMB
Interest expenses from loans	257,024	2,041,937
Interest income from deposits and receivables	(86,796,447)	(84,002,541)
Net exchange (gains)	(731,741)	(4,260,646)
Other financial expense/(income)	111,664	(117,372)
Total	<u>(87,159,500)</u>	<u>(86,338,622)</u>

33. Impairment losses

	2012	2011
	RMB	RMB
Receivables	183,714	144,730
Available-for-sale financial assets	-	150,099,655
Long-term equity investment	-	165,821,603
Total	<u>183,714</u>	<u>316,065,988</u>

34. Investment income/(losses)

(1) Investment income/(losses) by item

	Note	2012	2011
		RMB	RMB
Dividends from subsidiaries		7,377,681	-
Long-term equity investments loss under equity method	(2)	(4,968,392)	(5,085,859)
Losses from disposal of investments		(1,186,187)	-
Investment income from available-for-sale financial assets		<u>1,669,314</u>	<u>4,408,804</u>
Total		<u>2,892,416</u>	<u>(677,055)</u>

XI. Notes of financial statements of the Company (continued)

34. Investment income/(losses) (continued)

- (2) Details of long-term equity investments losses under equity method are as follows:

	2012	2011
	RMB	RMB
Nissin	(3,199,346)	(6,469,072)
Nittan	(411,902)	1,402,648
Julong	-	(17,981)
Infi-Hailin	(70,010)	(1,454)
BOE Energy	(271,841)	-
Infi-Hailin Limited Partnership	(1,015,293)	-
Total	<u>(4,968,392)</u>	<u>(5,085,859)</u>

35. Non-operating income

- (1) Non-operating income by item is as follows:

	Note	2012	2011
		RMB	RMB
Total gains on disposal of non-current assets	(2)	651,022	190,886
Government grants	(3)	61,535,943	31,368,818
Penalty income		450,300	359,534
Others		118,364	173,908
Total		<u>62,755,629</u>	<u>32,093,146</u>

- (2) Gains on disposal of non-current assets

Gains on disposal of non-current assets mainly included the non-operating income arose from the disposal of equipments amounting to RMB 651,022.

- (3) Details of government grants

	2012	2011
	RMB	RMB
Research project subsidy	54,093,423	25,198,926
Patent subsidy	3,702,800	994,180
Interest subsidies of import and export products	2,128,510	2,047,800
Others	1,611,210	3,127,912
Total	<u>61,535,943</u>	<u>31,368,818</u>

XI. Notes of financial statements of the Company (continued)**36. Non-operating expenses**

	2012	2011
	RMB	RMB
Losses on disposal of fixed assets	576,716	168,532
Penalty	-	39,350
Others	24,054,442	40,746
Total	<u>24,631,158</u>	<u>248,628</u>

37. Income tax

Reconciliation between income tax expenses and accounting profits/(losses) is as follows:

	2012	2011
	RMB	RMB
Profits/(Losses) before taxation	79,436,000	(165,963,976)
Expected income tax expenses at a tax rate of 15%	11,915,400	(24,894,596)
Add: Tax effect of non-deductible expenses	5,482,231	1,361,896
Tax effect of non-taxable income	(18,020,968)	(1,437,680)
Recognition of previously unrecognised tax losses	(13,423,258)	-
Utilisation of prior year tax losses	-	(7,757,749)
Deductible temporary difference not recognised	<u>8,820,122</u>	<u>51,832,212</u>
Income tax expenses	<u>(5,226,473)</u>	<u>19,104,083</u>

38. Other comprehensive income

	2012	2011
	RMB	RMB
Gains arising from available-for-sale financial assets	<u>41,881,769</u>	<u>50,918,687</u>

XI. Notes of financial statements of the Company (continued)

39. Notes to cash flow statement

(1) Supplement to cash flow statement

	<u>2012</u> RMB	<u>2011</u> RMB
1. Reconciliation of net profit/(losses) to cash flows from operating activities:		
Net profit/(losses)	84,662,473	(185,068,059)
Add: Impairment provisions for assets	183,714	316,065,988
Depreciation of fixed assets and investment property	42,727,076	39,898,389
Amortisation of intangible assets	6,638,803	4,244,381
Amortisation of long-term deferred expenses	1,135,405	1,112,299
Gains on disposal of fixed assets, intangible assets, and other long-term assets	(651,022)	(190,886)
Losses on scrapping of fixed assets	576,716	168,532
Financial income	(86,541,108)	(81,975,029)
(Income)/Losses arising from investments	(2,892,416)	677,055
(Increase)/Decrease in gross inventories	(7,338,885)	260,762
Increase in operating receivables	(15,877,146)	(12,445,823)
(Decrease)/Increase in operating payables	(330,297,254)	294,151,522
Net cash (outflow)/ inflow from operating activities	<u>(307,673,644)</u>	<u>376,899,131</u>
2. Change in cash and cash equivalents:		
Cash at the end of the year	2,264,319,604	2,951,867,533
Less: Cash at the beginning of the year	<u>2,951,867,533</u>	<u>11,478,796,269</u>
Net decrease in cash and cash equivalents	<u>(687,547,929)</u>	<u>(8,526,928,736)</u>

XI. Notes of financial statements of the Company (continued)

39. Notes to cash flow statement (continued)

(2) Details of cash and cash equivalents

	<u>2012</u>	<u>2011</u>
	RMB	RMB
Cash on hand	210,534	272,992
Bank deposits available on hand	<u>2,264,109,070</u>	<u>2,951,594,541</u>
Closing balance of cash and cash equivalents	<u>2,264,319,604</u>	<u>2,951,867,533</u>

Note: Cash and cash equivalents disclosed above exclude cash with restricted usage.

Supplementary information

1. Details of extraordinary gain and loss in 2012

	2012 RMB	2011 RMB
Disposal of non-current assets	(41,715,421)	11,110,662
Government grants recognised through profit or loss	925,766,702	666,446,749
Excess of interest in the fair value of investee's identifiable net assets over investment costs of subsidiaries acquired	1,160,762	2,295,471
Reversal of provisions for bad and doubtful debts assessed on an individual basis	4,185,236	144,850
Losses from changes in fair value of financial assets	-	(67,794,013)
The investment income from the disposal of trading financial assets	-	59,123,876
The investment (losses)/income from the long-term equity investments	(1,186,187)	3,648,147,580
The investment income from other long-term equity investments	-	898,000,000
Other non-operating net income	25,014,788	9,328,381
Less: Effect on taxation	10,610,168	123,905,218
Total	<u>902,615,712</u>	<u>5,102,898,338</u>
Attributable to: Equity shareholders of the Company	802,304,029	4,432,094,320
Minority interests	100,311,683	670,804,018

Notes: The extraordinary gains and losses above are before-tax values.

Supplementary information (continued)

2. Earnings per share and return on net assets

In accordance with “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 - Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC, the Group’s return on net assets and earnings per share are calculated as follows:

Profit during reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic RMB	Diluted RMB
-Net profit attributable to the Company’s ordinary equity shareholders	1.00%	0.019	0.019
-Net losses exclusive of extraordinary gains and losses attributable to the Company’s ordinary equity shareholders	(2.11%)	(0.040)	(0.040)
	<u>2012</u>	<u>2011</u>	
	RMB	RMB	
Return on net assets inclusive of extraordinary gain and loss	1.00%	2.22%	
-Net profit attributable to the Company’s ordinary equity shareholders inclusive of extraordinary gain	258,133,391	560,866,477	
-Weighted average of equity attributable to the Company’s ordinary equity shareholders	25,736,425,957	25,282,121,445	
Return on assets exclusive of extraordinary gain	(2.11%)	(15.31%)	
-Net losses attributable to the Company’s ordinary equity shareholders exclusive of extraordinary loss	(544,170,638)	(3,871,227,843)	
-Weighted average of equity attributable to the Company’s ordinary equity shareholders	25,736,425,957	25,282,121,445	