Stock code: 200725 Stock abbreviation: BOE B Announcement No.: 2015-024

BOE Technology Group Co., Ltd.

Abstract of the 2014 Annual Report

1. Important reminders

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

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

Company profile:

Stock abbreviation	BOE A, BOE B	Stock code	000725, 200725
Stock exchange listed with	Shenzhen Stock Exchange		
For contact	Company Secretary	Securities Affairs Representative	
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2. Financial highlights and change of shareholders

（1）Financial highlights

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

Item	2014	2013		Increase or decrease of this year over last year (%)	2012	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Operating revenues (RMB Yuan)	36,816,316,676.00	33,774,285,620.00	33,774,285,620.00	9.01%	25,771,583,386.00	25,771,583,386.00
Net profit attributable to shareholders of the Company (RMB Yuan)	2,562,128,829.00	2,353,365,694.00	2,353,365,694.00	8.87%	258,133,391.00	258,133,391.00
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	1,827,866,642.00	1,713,985,503.00	1,713,985,503.00	6.64%	-544,170,638.00	-544,170,638.00
Net cash flows from operating activities (RMB Yuan)	8,095,825,923.00	8,956,439,250.00	8,956,439,250.00	-9.61%	3,088,875,525.00	3,088,875,525.00

Basic EPS (RMB Yuan/share)	0.087	0.174	0.174	-50.00%	0.019	0.019
Diluted EPS (RMB Yuan/share)	0.087	0.174	0.174	-50.00%	0.019	0.019
Weighted average ROE (%)	4.29%	8.70%	8.70%	-4.41%	1.00%	1.00%
Item	As at 31 Dec. 2014	As at 31 Dec. 2013		Increase or decrease of this year-end than last year-end (%)	As at 31 Dec. 2012	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB Yuan)	136,240,283,477.00	92,538,451,492.00	92,538,451,492.00	47.23%	67,105,360,865.00	67,105,360,865.00
Net assets attributable to shareholders of the Company (RMB Yuan)	76,155,071,579.00	28,251,815,361.00	28,251,815,361.00	169.56%	25,886,959,650.00	25,886,959,650.00

（2） Shareholdings of the top 10 common shareholders

Total number of common shareholders at the end of the reporting period			388,615 (of which A-share holders: 353,185; B-share holders: 35,430)		Total number of common shareholders at the end of the fifth trading day before the disclosure date of the annual report	689,561 (of which A-share holders: 652,304; B-share holders: 37,257	
Shareholdings of the top 10 common shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total number of shares held	Number of restricted shares held	Pledged or frozen shares		
					Status of shares	Number of shares	
Beijing State-owned Capital Operation and Management Center	State-owned Corporation	11.51%	4,063,333,333	4,063,333,333			
Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd.	State-owned Corporation	8.50%	3,000,000,000	3,000,000,000	Pledge	1,414,150,000	
Hefei Jianxiang Investment Co., Ltd.	State-owned Corporation	8.10%	2,857,142,857	2,857,142,857			
Minsheng Royal Fund-CMBC-Ping’an Trust-Ping’an Finance-Assembled Funds Trust Plan of Huitai No. 66	Other	6.75%	2,380,952,380	2,380,952,380			
Hua An Fund-HXB-Ping’an Trust-Ping’an Finance * Assembled Funds Trust Plan of Huitai No. 72	Other	6.75%	2,380,952,380	2,380,952,380			
Hua An Fund-ICBC-Zhongrong International Trust-Zhongrong-Assembled Funds Trust Plan of Rongjing No. 1	Other	5.40%	1,904,761,904	1,904,761,904			
Ping’an Dahua Fund-Ping’an Bank-Asset Management Plan of Ping’an Dahua Ping’an Jincheng Wealth No. 31	Other	4.05%	1,428,571,428	1,428,571,428			
Ping'an Dahua Fund- Ping’an Bank-Asset Management Plan of Ping’an Dahua Ping’an Jincheng Wealth No. 34	Other	4.05%	1,428,571,428	1,428,571,428			
Being E-TOWN International Investment & Development Co.,	State-owned Corporation	4.01%	1,414,002,356	0	Pledge	500,000,000	

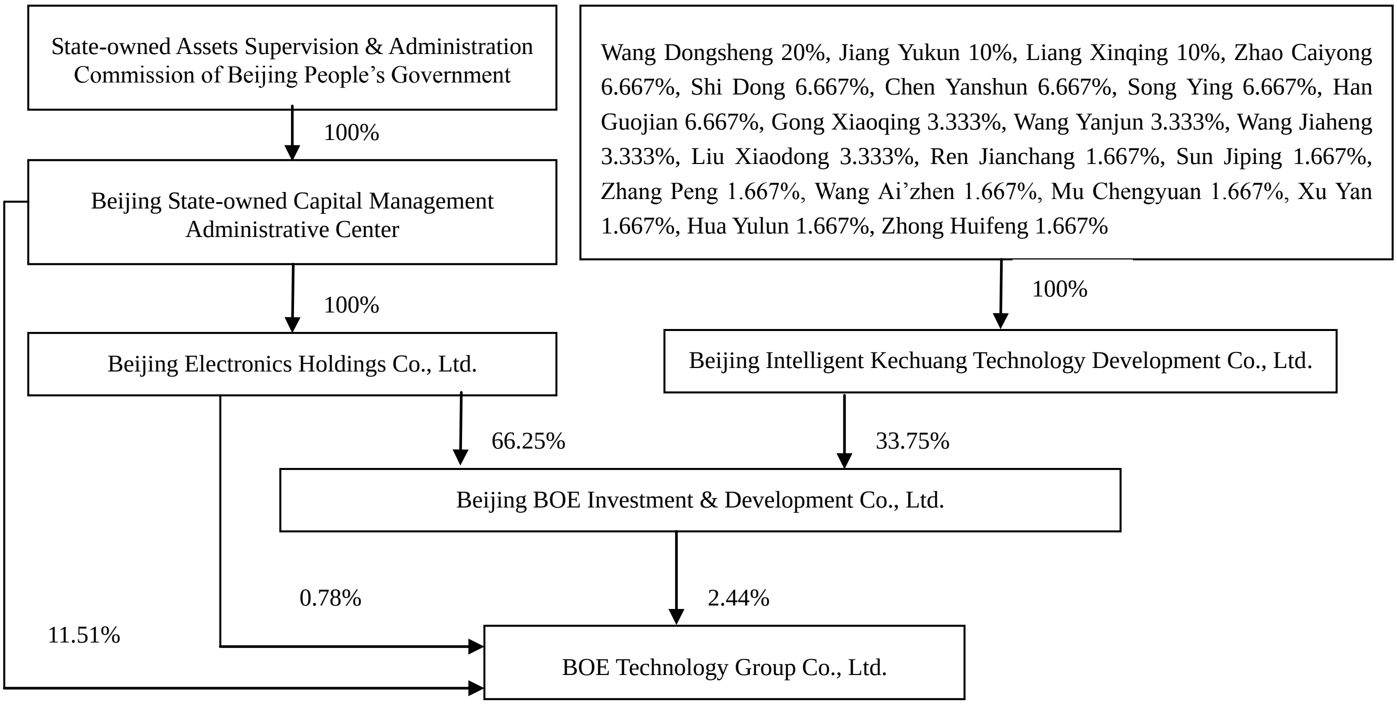
Ltd.						
Shenzhen Ping'an Innovation Capital Investment Co., Ltd.	Domestic non-state-owned corporation	3.37%	1,190,476,190	1,190,476,190		
Explanation on associated relationship or persons acting in concert among the above-mentioned shareholders	1. When the Company completed private offering of shares 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). 2. When the Company completed private offering of shares in 2014, Beijing State-owned Capital Operation and Management Center transferred the 70% shares directly held to Beijing Electronic Shareholding Co., Ltd. for managing through Shares Management Protocol, and Beijing Electronic Shareholding Co., Ltd. acquired the shareholders rights except for the disposition rights and equity rights attached to the equities; Beijing State-owned Capital Operation and Management Center maintained its voting rights of the rest 30% equity directly held by itself in accordance with Beijing Electronic Shareholding Co., Ltd. through the agreement of the Voting Rights Exercising Agreement; Beijing Electronics Holdings Co., Ltd. holds 66.25% shares of Beijing BOE Investment & Development Co., Ltd. and is its controlling shareholder. 3. 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.					
Shareholders taking part in securities margin trading (if any)	Naught					

（3）Shareholdings of the top 10 preferred shareholders

□ Applicable √ Inapplicable

No such cases in the reporting period.

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



Notes: 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 2,274,983,436 shares with attributable voting right, which accounted for 6.45% of total share capital. Up to 4 Mar. 2015, E-TOWN Investment decreased the shareholding of the Company which led the shares owned by BOE Investment that could actually control the voting rights of the Company decreased from 2,345,140,486 shares to 1,764,478,440 shares, with the total shares proportion decreased from 6.65% to 5.00%, and for the details, please refer to the Presentation Announcement on the Changes of Shareholders’ Equity disclosed on 7 Mar. 2014 by the Company (2015-007).

3: When the Company completed private offering of shares in 2014, Beijing State-owned Capital Operation and Management Center transferred the 70% shares directly held to Beijing Electronic Shareholding Co., Ltd. for managing through Shares Management Protocol, and Beijing Electronic Shareholding Co., Ltd. acquired the shareholders rights except for the disposition rights and equity rights attached to the equities; Beijing State-owned Capital Operation and Management Center maintained its voting rights of the rest 30% equity directly held by itself in accordance with Beijing Electronic Shareholding Co., Ltd. through the agreement of the Voting Rights Exercising Agreement.

3. Discussion and analysis by the management

(1) Overview

In face of a changeable market and industry environment in 2014, we firmly upheld the working principle for the year—“customer-oriented, lean management, innovation for breakthrough and double profits”, always kept the faith and worked hard as one big family. As a result, we successfully fulfilled the annual operating objectives and achieved continuously stable profits. For 2014, we achieved operating revenues of RMB 36.8 billion, up 9.01% from the year earlier; and net profits attributable to shareholders of the Company of RMB 2.568 billion, up 9.14% on the year-on-year basis. In the year, our production lines that had gone into mass production kept running at full capacity and the output was almost sold out. To be specific, the Hefei 8.5G Line successfully went into mass production and generated profits, the Erdos 5.5G Line recorded a steadily increasing yield rate, and the Chongqing 8.5G Line was successfully put into operation in Mar 2015. The global first product coverage rate increased to 38% and the share in the global segment markets was kept at a top level. In 2014, we upgraded our brand marking and the brand culture of “simple, best and perfect” was effectively executed. Throughout the year, we applied for 5,116 patents continuing to represent a top level in the global industry.

Operation in specific business units:

(1) Display device division

We deepened our cooperation with the existing strategic customers and at the same time explored new markets. Throughout the year, we developed 99 new products, which increased our product competitiveness. Meanwhile, we started to produce 5.0" qHD AMOLED and In-Cell; 5.46" FHD, GOA TV and 32" Cu TV went into mass production; and 28" irregular-shaped LED display, 65" UHD curved LED display, 65" OGS and 55" FHD DID were all well received on the market. The Beijing 5G Line and the Hefei 6G Line both recorded a production capacity increase in bottleneck techniques, and the Beijing 8.5G Line saw a continuously climbing production capacity while making sure a successful product shift and mass production. With increasing the competitiveness of our products and production lines as the goal, our global supply chain gave play to its advantage of concentrative price negotiation, made sure a stable supply and reduced costs. It also overfulfilled the annual BOM reduction objective by adopting multiple measures to ensure a stable supply such as supplier dualization, beforehand examination and urging from specific materials. Our global quality control center optimized its organization structure, made overall plans for quality management, accomplished the ISO certification of the Beijing 8.5G Line and the Hefei 8.5G Line, and preliminarily formulated an integrated quality control system. Meanwhile, it set up a yield control system for core products to carry out timely monitoring. It also strengthened work flow standardization and the quality control capability to ensure improvement of products and services. As for the electronic material division, net profit objectives for semi-conductors and vacuum appliances were fulfilled; mass production and sale of key products were realized; and the relocation of the vacuum appliance division smoothly came to an end.

(2) Intelligent system division

Concerning the display end business, the intelligent business platform operated smoothly, establishing an online marketing and offline experience interaction mechanism; and commercial display products saw an increase in the sales volume and improving profitability. About the lighting/photovoltaic business, the R&D capability kept improving and sale of self-developed products was materialized. As for the OEM business, the overall business performance was better than last year, with the Suzhou plant overfulfilling its business objectives. Regarding the backlight unit business, 178 new products were developed, the business objectives were overfulfilled and the profits doubled.

(3) Health service division

Regarding the health medical care business, the top architecture design and the medium- and long-term strategic planning were completed, accelerating the project. Concerning the professional park business, the park brand influence was brought into play and the business model was innovated upon. As for the cloud service business, the organizational structure design was completed and the core business flow planning mechanism took shape; and the R&D capability for cloud computing products was enhanced and the first platform project was developed.

In 2014, our efforts helped us win the following awards granted by various organizations: "2014 Global Competitive Brands—China Top 10", "The Most Competitive Brands in the Future", "The Best Brand Image Award for 2014", "International Carbon-Value Awards—Carbon Innovation Value Award", "Golden Roundtable—the Best BOD", "Top 10 Consumer Electronic Brands of China" for 8 years in a row, etc.

(2) Asset and liability analysis

1. Major changes in asset items

Unit: RMB Yuan

Item	As at 31 Dec. 2014		As at 31 Dec. 2013		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	40,172,401,999.00	29.49%	20,464,553,422.00	22.11%	7.38%	The arrival of project construction funds and the operating cash inflows.
Accounts receivable	6,615,762,122.00	4.86%	4,855,938,522.00	5.25%	-0.39%	Mainly because new production lines were put into operation and the business scale expanded.
Inventories	4,163,304,029.00	3.06%	3,018,804,659.00	3.26%	-0.20%	New projects went into mass production and we stocked up for strategic customers.
Investing real estate	1,251,820,763.00	0.92%	1,284,415,937.00	1.39%	-0.47%	--
Long-term equity investment	638,819,435.00	0.47%	971,160,051.00	1.05%	-0.58%	Mainly because of the impairment of the long-term equity investment .
Fixed assets	49,398,396,189.00	36.26%	32,495,665,045.00	35.12%	1.14%	New production lines were transferred into fixed assets, resulting in an increase.
Construction in progress	21,868,641,210.00	16.05%	22,172,949,652.00	23.96%	-7.91%	--
Other current assets	6,085,764,454.00	4.47%	1,872,804,826.00	2.02%	2.45%	New wealth management products and the increase in overpaid VAT.
Interest receivable	275,877,747.00	0.20%	109,045,546.00	0.12%	0.08%	Monetary funds increased.

2. Major changes in liability items

Unit: RMB Yuan

Item	2014		2013		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Short-term borrowings	2,158,988,600.00	1.58%	12,122,769,840.00	13.10%	-11.52%	Mainly because some borrowings for construction projects were repaid.
Long-term borrowings	33,631,104,669.00	24.69%	20,995,628,956.00	22.69%	2.00%	Mainly because of new borrowings for new projects.
Notes payable	258,737,884.00	0.19%	135,654,664.00	0.15%	0.04%	Note settlement was adopted in some procurements.
Payroll payable	1,151,622,921.00	0.85%	845,898,437.00	0.91%	-0.06%	Mainly because the consolidation scope expanded, R&D

						was enhanced and labor cost increased.
Taxes and fares payable	318,219,650.00	0.23%	190,205,223.00	0.21%	0.02%	Mainly because the enterprise income tax increased.
Interest payable	219,407,964.00	0.16%	314,004,348.00	0.34%	-0.18%	Some borrowings were repaid.
Non-current liabilities due within 1 year	15,000,000.00	0.01%	308,628,826.00	0.33%	-0.32%	Some borrowings were repaid.

(3) Outlook of the future development of the Company

I. Competition pattern of the industry and external economic environment

1. Competition pattern of the industry

In the industry, on the one hand, the internet economy is taking on increasingly obvious trend of software and hardware combination, application integration, and service-focused transformation, and the new technologies, new products, new processes, and new products are quickly upgrading, and new value-added products and services are being launched continuously; on the other, the market in Mainland China is still the focal point of semi-conductor display industry's investment and consumption. With the gradual release of new productivity, the old production lines will gradually transforms to lines with medium and small size and structures, and the consumers' product demands, especially for the smart phones and tablet computer products of small and medium size, have saturated, and therefore, the prices of such products will drop remarkably.

2. External economic environment

In 2015, the world's economic situation will be complicate and changeful. The economic rebalancing is likely to cause a global economic setback. The Chinese economy has shifted from the two-digit high-speed growth rate to the new "normal" of the moderate speed of 6-7%. The stage adjustment will continue for a time, facing the economic downturn.

II. The company's future development

As a semi-conductor display technology, product and solution provider, the company always adheres to the goal of continuous innovation, shifts from a display device manufacturer to the world's innovative system, product and service provider, realization of continuous steady profits and becoming the world's leader in the display field.

In 2015, the company will stick to the work guideline of "client oriented, lean management, innovation and break-through, and double increase in revenues and profits", spare no efforts to fulfill the annual business plan, operation target and various strategic tasks. In order to ensure the realization of the company's 2015 operation target, the business groups are actively taking responsive measures, which are as follows:

1. Display device business

The display device business group will further improve its market sensitivity and insight, work on the touch modules, high-resolution, and new application products, form periodic product workshop mechanism in the short, medium and long term, identify the product market promotion roadmap, expand the sales, and push high the available time of the production line. Besides, it will implement the " technology leadership, first-global-launch product, and value co-creation" strategy, establish the in-depth communication mechanism with clients and suppliers externally, and organize the communication and cooperation with product business planning department, strategic business unit, the group's CTO organization, and the global supply chain internally, collaborate to develop new technologies and new products, especially stressing about the dualization of materials in the product approval and design stage. The global manufacturing organization shall promote the philosophy of "Sangen Shugi"--meaning the actual place, the actual part and the actual situations, tap the equipment capacity, strengthen lean management, stabilize production pace, eliminate bottleneck process, improve production capacity utilization, and improve the production line's competitiveness. The global supply chain organization shall enhance the "in-depth cooperation, collaborative development, value co-creation", strengthen the strategic partnership with suppliers, improve the periodic joint meeting mechanism with internal organizations, and while ensuring the quality of materials and equipment, apply new technologies and new materials to improve the product's cost performance, reduce the costs, and especially to promote the improvement of module product competitiveness. The global quality guarantee center shall strengthen the ability building, push the lean six sigma, and intensity the work management; improve the new technology quality management system, improve the group's new technology and product competitiveness. The electronic material business group shall continuously push the industry's transformation and upgrade, optimize product structure, complete the deployment of relevant industry chain, ensure the stability of staff in the industry transformation, strength the product and technology development ability, intensify the lean management, reduce costs, improve product competitiveness, develop new market and new clients, increase sales, and ensure the full achievement of this year's business plan.

2. Smart system business

The smart system business group must seize the industry development opportunity of the internet era, put into practice the brand culture of "maintaining its footing with product simplicity, reaching the peak of perfection", and promote the thorough market-oriented transformation and subversive innovation, urge the company's fast development to toward the software and hardware combination, application integration and service-focused transformation.

Smart display terminal business: carry out the group's brand and product development strategy, seize the international advisor resources, learn, digest, absorb and re-innovate such resources, and quickly grasp their management ideas and methodology, improve the market insight, product business planning ability, and business process control ability.

Marketing center: ensure the steady operation of online sales platform, establish offline experience channel, form online/offline interactive marketing model, push the increase in sales, establish and perfect the client service system, and improve the client satisfaction and brand image.

Lighting/PV business: strengthen the technology and product business plan, establish the short-, medium- and long-term product business planning mechanism, ensure the quick sales increase of new product. Improve the operation and management mechanism, intensify the internal control management and client quality evaluation, and strictly control the payable and receivable risks.

OEM business: tap into the demands of current clients, develop new markets and new clients, increase sales, ensure the year's profits, improve the product competitiveness; the backlight module business unit shall consolidate and expand strategic partnership and quickly become the No.1 supplier, strengthen the capacities of core technology, improve R&D efficiency; strengthen the interaction between the module center, implement the group's touch module and modular intelligentization strategy; improve the management and innovation ability, improve the quality and supply chain management system.

3. Healthcare service business

Healthcare business: implement the group's overall strategic requirements, develop a long- and medium-term business planning, comb the industry development roadmap and complete the organization of core teams, establish a good healthcare platform. Specialized park business unit: make full use of the group's resource advantages, create more profit growth point, improve the park's brand influence in combination with the company's brand strategy, create cash flow for the group; promote the performance of the healthcare park and BOE University project as scheduled. Cloud service project: analyze the future development trend of cloud computation, develop a strategic planning that meets its own business demand; establish and improve the working process and organization mechanism to provide technical support for the group's smart commercial platform and healthcare business.

4. Matters in relation to financial reporting

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

√ Applicable □ Inapplicable

(1) Changes in accounting policies

(a) Changed contents and reasons

The Company has executed the following new/revised accounting standards for business enterprises of the Ministry of Finance since 1 Jul. 2014:

(i) <Accounting Standard No. 2 for Business Enterprises—Long-term Equity Investments> (“Standard No. 2 (2014)”)

(ii) <Accounting Standard No. 9 for Business Enterprises—Employees’ Compensation> (“Standard No. 9 (2014)”)

(iii) <Accounting Standard No. 30 for Business Enterprises—Financial Statement Presentation> (“Standard No. 30 (2014)”)

(iv) <Accounting Standard No. 33 for Business Enterprises—Consolidated Financial Statements> (“Standard No. 33 (2014)”)

(v) <Accounting Standard No. 39 for Business Enterprises—Fair Value Measurement> (“Standard No. 39”)

(vi) <Accounting Standard No. 40 for Business Enterprises—Joint Arrangements> (“Standard No. 40”)

(vii) <Accounting Standard No. 41 for Business Enterprises—Disclosure of Equities in Other Entities> (“Standard No. 41”)

Meanwhile, the Company has started to execute the <Regulations Concerning Division of Financial Liabilities and Equity Instruments & Relevant Accounting Treatments> (“Document CK [2004] No. 13”) promulgated by the Ministry of Finance since 17 Mar. 2014, and the <Accounting Standard No. 37 for Business Enterprises—Financial Instrument Presentation> (“Standard No. 37 (2014)”) revised by the Ministry of Finance since the 2014 Annual Financial Report.

Main influence of the new/revised accounting standards above on the Group as follows:

(i) Long-term equity investments

Before adopting the Standard No. 2 (2014), the Group considered an equity investment where the Group did not have control, joint control or significant influence on the investee, there is no offer for the equity investment in the active market and its fair value cannot be reliably measured as an other long-term equity investment, which was subsequently measured at the cost method. After adopting the Standard No. 2 (2014), the Group accounts this kind of investments according to the relevant policies for financial instruments, and adjusts relevant items in the comparative financial statements adopting the retrospective adjustment method.

Apart from the aforesaid changes, the Standard No. 2 (2014) also has different contents about measurement at the equity method, etc. The Group has revised its relevant accounting policies according to these revised contents, the Standard No. 2 (2014) has no significant influence on the Group’s financial statements (both for the current and comparative periods).

The revisions in the Standard No. 2 (2014) involve measurement scopes and some recognition and measurement. And the original disclosure requirements have been considered in the Standard No. 41.

(ii) Employees’ compensation

According to the new accounting treatment requirements in the Standard No. 9 (2014) concerning classification, recognition and measurement of short-term remuneration, after-service welfare, dismissal welfare and other long-term employees’ welfare, the Group has reviewed and revised its accounting policies regarding employees’ compensation. The Standard No. 9 (2014) has no significant influence on the Group’s financial situation and operating results.

The Group does not adjust the information disclosed before 1 Jan. 2014 which does not comply with the Standard No. 9 (2014). And it does not provide comparative information regarding the new disclosure requirements.

(iii) Financial statement presentation

According to the Standard No. 30 (2014), the Group has revised its accounting policies regarding financial statement presentation, including classifying the item of other comprehensive incomes in the income statement into those that can be reclassified into gains and losses upon satisfaction of prescribed conditions in the subsequent accounting periods, those that cannot be reclassified into gains and losses in the subsequent accounting periods, etc.

The Group has also adjusted the comparative statements accordingly.

(iv) Consolidation scope

The Standard No. 33 (2014) introduces a unitary control model to determine whether an investee shall be consolidated. The control judgment depends on whether the Group has power over an investee, enjoy changeable returns through participating in relevant activities of the investee, and is able to use the power over the investee to influence the returns. According to the Standard No. 33 (2014), the Group has revised its accounting policies regarding whether it has control over an investee and whether an investee shall be consolidated.

It will not change the Group’s consolidation scope as at 1 Jul. 2014 by adopting the Standard No. 33 (2014).

(v) Fair value measurement

The Standard No. 39 redefines fair value, provides a unified measurement frame for fair value and standardizes the fair value disclosure requirements. Adopting it has no significant influence on the fair value measurement of the Group’s assets and liabilities. The information disclosed by the Group according to the Standard No. 39.

The Group does not retrospectively adjust the information involving fair value measurement disclosed before 1 Jul. 2014 which does not comply with the Standard No. 39. And it does not provide comparative information regarding the new disclosure requirements.

(vi) Joint arrangements

According to the Standard No. 40, the Group has revised its accounting policy concerning joint arrangements and re-assessed its joint arrangements. The Standard No. 40 has no significant influence on the Group’s financial situation and operating results.

(vii) Disclosure of equities in other entities

The Standard No. 41 standardizes and revises the disclosure requirements on an enterprise’s equity-holdings in subsidiaries, joint arrangements, associated enterprises and non-consolidated structured entities. The Group has revised its relevant disclosure rules according to this standard. See the relevant note for details.

(viii) Division of financial liabilities and equity instruments & presentation and disclosure of financial instruments

The Document CK [2014] No. 13 gives clear and specific guidelines for an issuer to divide its financial instruments into financial liabilities and equity instruments. The Document CK [2014] No. 13 has no significant influence on the Group’s financial statements (both for the current and comparative periods).

The Standard No. 37 (2014) gives further guidelines for the offset of financial assets and liabilities, and revises the disclosure requirements on financial instruments, which has no significant influence on the presentation by the Group.

(b) Influence of the changes on financial statements

The aforesaid accounting policies changes have the following influence on financial statements of the Group and the Company:

(i) Influence of the changes on the current financial statements

The changes have no influence on items in the consolidated income statement and the Company’s income statement for 2014.

Increase/decrease in the items in the consolidated balance sheet and the Company’s balance sheet as at 31 Dec. 2014 prepared according to the revised accounting policies when compared to those prepared according to the accounting policies before revision:

	Increase/decrease in statement items after adopting the revised accounting policies

Assets:	The Group	The Company
Long-term equity investments	-57,105,486	-18,688,032
Available-for-sale financial assets	57,105,486	18,688,032
Total:	0	0

(ii) The aforesaid accounting policy changes have no influence on the 2013 annual net profits and the opening and closing owners' equity for 2013 of the Group and the Company.

(2) Explain if any major correction of accounting errors occurred in the reporting period and for that retroactive restatement was needed

□ Applicable √ Inapplicable

No such cases in the reporting period.

(3) Explain any change in the consolidation scope compared to the financial report of last year

√ Applicable □ Inapplicable

As stated in the <Announcement about Acquisition of Some Equity Interests in Chongqing BOE Optoelectronic Technology Co., Ltd.> (announcement No. 2014-035) disclosed by the Company on 24 May 2014, the said equity acquisition has been completed. After the acquisition and capital increase, the Company holds a stake of 93.17% in Chongqing BOE, making it the controlling shareholder. And Chongqing BOE is thus included in the consolidation scope of the Group.

In 2014, the Group sold its 60% stake in Fuda Electronics (Wujiang) Co., Ltd.. As such, the Group's control over Fuda Electronics ceased on 30 Nov. 2014 and Fuda Electronics was thus deconsolidated.

(4) Explanation of the Board of Directors and the Supervisory Committee concerning the "non-standard auditor's report" issued by the CPAs firm for the reporting period

□ Applicable √ Inapplicable

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

Date of the Board of Directors approving to report: 19 Apr 2015