

Stock code: 200725

Stock abbreviation: BOE B

Announcement No.: 2015-066

# BOE TECHNOLOGY GROUP CO., LTD.

## Abstract of the 2015 Semi-annual Report

### 1. Important reminders

This abstract is based on the full text of the semi-annual report. For more details, investors are suggested to read the full text disclosed at the same time with this abstract on <http://www.cninfo.com.cn>, the website of Shenzhen Stock Exchange or any other website designated by CSRC.

This report is prepared in both Chinese and English. Should there be any 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		
Contact information	Company Secretary	Securities Affairs Representative	
Name	Liu Hongfeng	-	
Tel.	010—64318888 ext.	-	
Fax	010—64366264	-	
E-mail	liuhongfeng@boe.com.cn	-	

### 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

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	22,970,848,112.00	16,113,171,584.00	42.56%
Net profit attributable to shareholders of the Company (RMB Yuan)	1,951,170,852.00	1,041,635,714.00	87.32%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	1,576,397,937.00	550,289,218.00	186.47%
Net cash flows from operating activities (RMB Yuan)	5,453,391,488.00	3,253,640,502.00	67.61%
Basic EPS (RMB Yuan/share)	0.055	0.050	10.00%
Diluted EPS (RMB Yuan/share)	0.055	0.050	10.00%
Weighted average ROE (%)	2.53%	2.38%	0.15%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB Yuan)	140,855,989,366.00	136,240,283,477.00	3.39%
Net assets attributable to shareholders of the Company (RMB Yuan)	78,096,913,076.00	76,155,071,579.00	2.55%

## (2) Shareholdings of the top 10 common shareholders

Unit: share

Total number of common shareholders at the end of the reporting period	1,674,791 shareholders (including 1,629,450 A-share holders and 45,341 B-share holders)					
Shareholdings of the top 10 common shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total common shares held at the period-end	Number of restricted common shares held	Pledged or frozen shares	
					Status of shares	Number of shares
Beijing State-owned Capital Management Center	State-owned corporation	11.51%	4,063,333,333	4,063,333,333		
Chongqing Capital Photoelectricity Investment Co., Ltd.	State-owned corporation	8.50%	3,000,000,000	3,000,000,000	Pledged	1,414,150,000
Hefei Jianxiang Investment Co., Ltd.	State-owned corporation	8.10%	2,857,142,857	2,857,142,857		
Hua An Fund – ICBC – Zhongrong International Trust – Zhongrong – RJ No. 1 Assembled Funds Trust Plan	Other	4.43%	1,564,126,904	0		
Beijing BOE Investment & Development Co., Ltd.	State-owned corporation	2.31%	815,781,080	0		
Beijing Economic-technological Investment & Development Corp	State-owned corporation	1.92%	677,423,641	0	Pledged	423,825,000
Hefei Rongke Project Investment Co., Ltd.	State-owned corporation	1.91%	675,026,803	675,026,803		
Beijing BDA Technological Investment Development Co., Ltd.	Other	1.60%	564,000,000	0		
Beijing Electronics Holding Co. Ltd.	Nation	0.78%	273,503,883	0		
CSOP Asset Management Limited – CSOP A50 ETF	Foreign corporation	0.34%	120,101,700	0		
Explanation on associated relationship or persons acting in concert among the above-mentioned shareholders	<p>1. Beijing Electronics Holdings Co., Ltd. held 66.25% equities of Beijing BOE Investment &amp; Development Co., Ltd. and was its controlling shareholder.</p> <p>2. Beijing Economic-technological Investment &amp; Development Corp held 49% equities of Beijing BDA Technological Investment Development Co., Ltd., and the above two companies were both controlled by Beijing Economic and Technological Development Zone Management Committee as well as were persons acting in concert.</p> <p>3. After the non-public issuing of the Company in 2014, Hefei Jianxiang Investment Co., Ltd. and Chongqing Capital Photoelectricity Investment Co., Ltd. agreed to maintain unanimous when executing the voting rights of the shareholders of the Company with the whole shareholdings according to the declaration of intention of Beijing BOE Investment &amp; Development Co., Ltd. through the Implementation Protocol of Voting Right.</p> <p>4. After the non-public issuing of the Company in 2014, Beijing State-owned Capital Operation and Management Center handed over its 70% shares to Beijing Electronics Holdings Co., Ltd. for management through Stock Management Protocol, and Beijing Electronics Holdings Co., Ltd. gained the incidental shareholders' rights except for disposing right and usufruct of the shares, of which the rest 30% voting right maintained unanimous with Beijing Electronics Holdings Co., Ltd. through the agreement according to Implementation Protocol of Voting Right.</p> <p>5. 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>					
Shareholders taking part in securities margin trading	None					

**(3) Shareholdings of the top 10 preference shareholders**

Applicable  Inapplicable

No preference shares in the reporting period.

**(4) Change of the controlling shareholder or the actual controller**

Change of the controlling shareholder in the reporting period

Applicable  Inapplicable

Name of new controlling shareholder	Beijing Electronics Holding Co. Ltd.
Date of change	2015/03/10
Designated website for information	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Date of disclosure on designated website	2015/03/12

Change of the actual controller in the reporting period

Applicable  Inapplicable

The actual controller did not change in the reporting period.

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

In the first half of 2015, the battle field of competition for the semi-conductor display industry moved from technology, production capacity and prices to customer experience, product application expansion, industrial eco-chain, business model innovation, etc. The traditional five major fields saw falling product prices because of low market demands. Meanwhile, along with the hardware and software fusion, the application integration and the service-oriented transformation, the display industry embraced a fifth application tide with the application of the Internet of Things as its core. New technology, new markets and new applications arising from the fast growth in the eight major new application markets brought new opportunities for the display industry. Despite the complicated economic and market environments, our total assets exceeded RMB 140 billion and our net assets surpassed RMB 78 billion as at the end of the reporting period. For the first half of 2015, we achieved operating revenues of RMB 22.971 billion, up 42.56% year on year, and net profit attributable to shareholders of the Company of RMB 1.951 billion, representing a rise of 87.32% from the same period of last year. And our aggregate value at the capital market reached RMB 180 billion, up 54% from last year. In the reporting period, we applied for 3,250 new patents and launched a series of world-leading innovative products, with which we went to important exhibitions at home and abroad such as CeBIT in Hannover, Germany, FINETECH in Japan, SID and Cine Gear in the US and CITE in Shenzhen, China. Our global influence kept growing. Operation in specific business divisions is as follows:

**1) Display business**

The marketizing transformation and disruptive innovation were promoted in display business.

For the display system business, the Company deepened customer orientation, confirmed the first supplier, promoted the marketing strategy of “protection and attack”, positively exploited new marketing area and new strategic clients, and enhanced customer satisfaction. As a result, the total share of strategic customers for main products were raised, the market share of mid-and-small size products kept ranking the first, and the market share of TV products went up to 11%, ranking up as the fourth in the world. The Company carried forward disruptive product innovation, and obtained good results in technology R&D, product development, market promotion, and innovation management for new products and high-end products, such as the 1<sup>st</sup> 10K UHD display in the world, the 1<sup>st</sup> color vision correction display, and the 941PPI4K-level mobile display with the highest resolution ratio in the world. Meanwhile, the Company established interactive R&D and design platform with high efficiency to realize technology sharing and process innovation. The Company pushed strategic transformation of product lines, dug out the capacity of product lines, optimized product structure, and raised competitive power. The Company also strengthened training on capability of process engineering, improved obstinate bad products, and increased yield rate of product lines. The Company intensified the strategic partnership with suppliers to ensure stable supply and lower cost, and provided support for annual operating goal by adjustment on dualization, domestication, and structuralization. The Company intensified quality sense, and improved quick response to

quality issues by perfecting quality management system, promoting construction of standardization and process, as well as well handling obstinate bad products. The Company propelled the process of key projects. The climbing output and yield rate of Chongqing Generation 8.5 line were improved. As at the end of June, the production line realized its full capacity production in the 1<sup>st</sup> period with general yield rate up to 80%. As scheduled, the Company shall quickly and efficiently carry forward the early-stage preparation and process engineering demonstration for projects of Chengdu Generation 6 line, Hefei Generation 10.5 line, and Fuzhou Generation 8.5 line. And Chengdu Generation 6 line has been put into operation on 8 May.

## 2) Smart system business

For the smart system business, the Company further strengthened on market insight and identification of new products, new applications, and new channels, optimized planning process for disruptively innovative products and channel structures, and carried forward key consumption and commercial projects.

Smart system business: The Company clearly defined product strategies and product roadmaps, and tentatively set up high-end product systems around the core of Alta series, as well as the interactive online and offline marketing model. The Alta product won 2 international awards, the iF Gold Award and the Red Dot Award, gradually building its high-end brand image. Complete machine OEM business: the Company reinforced on enlarging new clients and introducing product certification, optimized R&D process, developed new products, raised competitiveness, overfulfilled the business index plan, and obtained stable profit growth. Backlight module business: the Company positively expanded external markets and gained obvious effects, advanced outstanding operation management, raised operating efficiency, overfulfilled the business index plan, and realized the demand of “half more assignments accomplished after half more time passed”. Smart wearing business: The Company, based on internet thinking, researched on combination of wearing technology and finance service, and smoothly planned the 1<sup>st</sup> BOE smart wearing product combined with mobile finance application.

## 3) Health service business

The Company finished strategic planning and target setting, and clearly planned the strategic execution roadmap and action plan on health service business in future 5 years.

Health medical care business: With the plan of purchasing OASIS International Hospital going well as scheduled, the health medical care business successfully launched. The Company established strategic cooperation with Dignity Health, the globally well-known medical care company, and received strong support in aspects of management and operation, talents training, technology innovation, long-distance medical care cooperation, as well as resources sharing. The cloud platform project of health medical care went well. The IBM health big-data cooperation project officially started, aiming at establishing a big-data platform for BOE health management on the basis of cognitive computing, and offering support for the development of smart health medical care. The Company planned the layout of smart health science and technology industry park, which gained support from government resource, and won periodic breakthrough. Industry park business: Under the commercial module of light-asset operation, the Company positively promoted business enlargement and project implementation, and improved profit and cash flow.

## (2) Main business analysis

YoY movements in major financial data:

Unit: RMB Yuan

Item	Reporting period	Same period of last year	YoY +/-%	Main reasons for movements
Operating revenues	22,970,848,112.00	16,113,171,584.00	42.56%	The new production lines were running at full capacity and the yields were sold out.
Operating costs	17,509,610,448.00	12,630,118,473.00	38.63%	Increased along with the growth in operating revenues
Selling expenses	532,688,703.00	481,663,833.00	10.59%	-
Administrative expenses	2,252,419,046.00	1,698,855,995.00	32.58%	The new projects went into operation and the R&D inputs increased.
Financial expenses	176,341,089.00	106,739,572.00	65.21%	Expensed interest cost increased.
Income tax expenses	411,060,664.00	156,020,200.00	163.47%	The main business generated more profits.
R&D inputs	1,414,269,610.00	934,158,103.00	51.40%	R&D was enhanced.

Net cash flows from operating activities	5,453,391,488.00	3,253,640,502.00	67.61%	Operating results saw growth.
Net cash flows from investing activities	-11,570,264,006.00	-9,406,248,514.00	23.01%	-
Net cash flows from financing activities	1,699,283,524.00	30,604,020,368.00	-94.45%	The arrival of raised funds generated some cash inflows in the same period of last year.
Net increase in cash and cash equivalents	-4,495,264,852.00	24,494,958,224.00	-118.35%	The arrival of raised funds generated some cash inflows in the same period of last year.

#### 4. Matters related to financial reporting

##### (1) Explain any changes in the accounting policies, accounting estimates and measurement methods as compared with the financial reporting of last year

Applicable  Inapplicable

No such cases in the reporting period.

##### (2) Explain any retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable  Inapplicable

No such cases in the reporting period.

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

Applicable  Inapplicable

In the current period, BOE Optoelectronics Holding Co., Ltd., a wholly-funded subsidiary of the Company, acquired the 100% equity interests of BOE Technology Europe GmbH. In addition, BOE Optical Science and Technology Co., Ltd. (BOEOST), a subsidiary of the Company, incorporated sub-subsidiary Chongqing BOE Display Lighting Co., Ltd. and the Company indirectly held a stake of 90.51% in the new sub-subsidiary at the time. In April, the Company increased its investment in BOEOST, which consequently increased the Company's indirect stake in the new sub-subsidiary to 91.2%.

##### (4) Explanation of the Board of Directors and the Supervisory Committee concerning the “non-standard audit 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: 21 Aug 2015**