

**BOE TECHNOLOGY GROUP CO., LTD.
SEMI-ANNUAL REPORT 2003
(Overseas Version)**

Stock Exchange Listed With: Shenzhen Stock Exchange
Short Form of the Stock: BOE - B
Stock Code: 200725

Aug. 21, 2003

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I. Important Notice

The Board of Directors of BOE Technology Group Co., Ltd. (hereinafter referred to as the Company) and its directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

Mr. Tai Zhonghe, Independent Director of the Company, and Mr. Wang Hui, Director of the Company, were absent from the Board meeting. Mr. Jiang Yunkun, Vice Chairman of the Board, and Mr. Shi Dong, Director of the Company, were both absent from the Board meeting, and separately entrusted Director Mr. Zhao Caiyong to attend and vote on his behalf in written form.

Chairman of the Board and concurrently CEO Mr. Wang Dongsheng, President and concurrently COO Mr. Liang Xinqing, Chief Financial Supervisor Mr. Wang Yanjun, and Secretary of Plan & Financial Dept. Ms. Sun Yun hereby confirm that the financial report enclosed in the semi-annual report is true and complete.

The 2003 semi-annual financial report of the Company has not been audited.

This report was prepared in both Chinese and English. Should be there any difference in interpretation between the two versions, the Chinese version shall prevail.

II. Company Profile

(I) Company information

1. Legal Name of the Company:

In Chinese: 京东方科技集团股份有限公司

Short Form in Chinese: 京东方

In English: BOE TECHNOLOGY GROUP CO., LTD.

Short Form in English: BOE

2. Stock Exchange Listed with: Shenzhen Stock Exchange

Short Form for A-share: BOE - A

Stock Code for A-share: 000725

Short Form for B-share: BOE - B

Stock Code for B-share: 200725

3. Registered Address: No. 10, Jiuxianqiao Road, Chaoyang District, Beijing

Office Address: No. 10, Jiuxianqiao Road, Chaoyang District, Beijing

Post Code: 100016

The Company's Internet Website: <http://www.boe.com.cn>

E-mail: web.master@boe.com.cn

4. Legal Representative: Wang Dongsheng

5. Secretary of the Board of Directors: Zhong Huifeng

Tel: 010 – 64366264

Fax: 010 – 64366264

E-mail: hfzhong@boe.com.cn

Contact Address: No. 10, Jiuxianqiao Road, Chaoyang District, Beijing

6. Place Where the Semi-annual Report is Prepared and Placed: Secretariat of the Board of Director

Internet Website Designated by CSRC for Publishing the Semi-annual Report: <http://www.cninfo.com.cn>

Newspapers Chosen by the Company for Disclosing the Information: Ta Kung Pao and Securities Times

(II) Major financial data and indexes:

Table 1

Unit: RMB'000

Items	Jan.-Jun. 2003	Jan.-Jun. 2002	Increase/decrease in this report period compared with the same period of last year (%)
Net profit	164,570	56,516	191.19%
Fully diluted earnings per share (RMB/share)	0.250	0.103	142.72%
Fully diluted return on equity (%)	7.09%	2.60%	172.69%
Net cash flow arising from operating activities	648,350	-	-

Table 2

Unit: RMB'000

Items	June 30, 2003	Dec. 31, 2002	Increase/decrease at the end of this period compared with the period-begin (%)
Current assets	4,931,471	4,383,976	12.49%
Current liabilities	5,221,639	3,787,375	37.87%
Total assets	10,298,820	6,779,294	51.92%
Shareholders' equity (excluding	2,319,862	2,176,390	6.59%

minority interest)			
Net assets per share (RMB/share)	3.52	3.96	-11.11%

Note: Difference in net profit calculated under CAS and IAS respectively

Unit: RMB'000

	Net assets	Net profit
Balance of consolidation accounting statement reported based on Accounting Standards for Enterprise	2,327,450	165,171
Adjustment in accordance with International Financial Report Standards and other adjustment		
Discrepancy in due to difference term of amortization of goodwill	-3,334	-667
Government subsidy	-4,100	
Other	-154	66
Balance after adjustment under IAS	2,319,862	164,570

III. Change in Share Capital and Particulars about Shares Held by Main Shareholders

(I) Statement of change in share capital of the Company in the report period:

Unit: share

Items	Before the change	Increase/decrease of this time (+, -)						After the change
		Allotment of share	Bonus shares	Capitalization of public reserve	Additional issuance	Others	Subtotal	
I. Unlisted shares								
1. Sponsor's shares								
Including:								
State-owned share	328029000			65605800				393634800
Domestic legal person's shares								
Foreign legal person's shares								
Others								
2. Raised legal person's shares	3575000			715000				4290000
3. Inner employees' shares	8450000			1690000				10140000
4. Preference shares or others								
Total unlisted shares	340054000			68010800				408064800
II. Listed shares								
1. RMB ordinary shares	60000000			12000000				72000000
2.Domestically listed foreign shares (B shares)	149500000			29900000				179400000
3. Overseas listed foreign shares								
4. Others								
Total listed shares	209500000			41900000				251400000
III. Total shares	549554000			109910800				659464800

As examined and approved by the 2002 shareholders' general meeting, the Company implemented 2002 profit distribution plan and transferring public capital reserve to share capital dated June 10, 2003, namely, based on the total share capital of the Company ended as of Dec.31, 2002 amounting to 549,554,000 shares, the Company transferred capital public reserve into share capital at the rate of 2 shares for every 10

shares to all shareholders. After transferring capital public reserve into share capital, the Company's total shares increased to 659,464,800 shares from 549,554,000 shares, and the structure of equity did not change. For details, please refer to Public Notice on Implementation of Transferring Capital Public Reserve into Share Capital for the Year 2002 of BOE Technology Group Co., Ltd. published in Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News dated June 4, 2003.

(II) Ended June 30, 2003, the Company had totally 55029 shareholders, including 17590 shareholders of B-share.

(III) Ended June 30, 2003, particulars about shares held by the top ten shareholders:

	Name of shareholder	Holding shares at the period-end (share)	Proportion of total shares	Increase/Decrease in this report period	Nature of equity	Pledged, frozen or custody
1	Beijing BOE Investment & Development Co., Ltd.	350470800	53.15%	58411800	State-owned legal person's share	No
2	Beijing Dongdian Industrial Development Company	40044000	6.07%	667400	State-owned legal person's share	No
3	Beijing Yixin Microdisplay Technology Development Center	4290000	0.65%	715000	Legal person's share	No
4	SOUTH CAPITAL NOMINEES LIMITED	3168240	0.48%	528040	B-share	Unknown
5	Beijing CRT General Plant	3120000	0.47%	520000	State-owned legal person's share	No
6	RIPPERTON ASSETS LIMITED	2782200	0.42%	463700	B-share	Unknown
7	CSS(HK)L A/C ULTRAMATIC HOLDINGS LIMITED	2206680	0.33%	367780	B-share	Unknown
8	STARBURST ASSETS LIMITED	1908240	0.29%	318040	B-share	Unknown
9	TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	1704620	0.26%	487670	B-share	Unknown
10	GOOD CAPTURE INVESTMENTS	1634160	0.25%	273160	B-share	Unknown

1. In the report period, the holding shareholder of the Company is still Beijing BOE Investment & Development Co., Ltd.

2. The actual controller among Beijing BOE Investment & Development Co., Ltd., Beijing Dongdian Industrial Development Company and Beijing CRT General Plant is Beijing Electronics Holding Company Limited. Except for this, the Company has no idea on whether there exists any associated relationship among the other shareholders.

3. Beijing BOE Investment & Development Co., Ltd., Beijing Dongdian Industrial Development Company, Beijing Yixin Microdisplay Technology Development Center and Beijing CRT General Plant hold unlisted shares of the Company, and the change of shares held by them is due to the implementation of Plan on transferring capital public reserve into share capital at the rate of 2 shares for every 10 shares for the Year 2002.

IV. Particulars about Directors, Supervisors and Senior Executives

1. Statement of change in the Company's shares held by directors, supervisors and senior executives in the report period:

Name	Office Title	Number of holding share (share)	
		Holding share at the period-end	Holding share at the period-begin
Wang Dongsheng	Chairman of the Board, Chairman of Executive Committee, CEO	7800	6500

Jiang Yukun	Vice Chairman of the Board	4680	3900
Tai Zhonghe	Independent Director	0	0
Xie Zhihua	Independent Director	0	0
Wang Hui	Director	0	0
Zhao Caiyong	Director	7800	6500
Shi Dong	Director	3120	2600
Liang Xinqing	Executive Director, President, COO	3120	2600
Song Ying	Executive Director, Senior vice-president	7800	6500
Chen Yanshun	Executive Director, Senior vice-president	0	0
Sun Jiping	Executive Director, Senior vice-president	0	0
Ren Jianchang	Executive Director, Vice-president	0	0
Wang Aizhen	Convener of the Supervisory Committee	1560	1300
Mu Chengyuan	Supervisor	780	650
Yang Anle	Supervisor	0	0
Xu Yan	Supervisor	4680	3900
Han Guojian	Vice-president	3120	2600
Liu Xiaodong	Vice-president	0	0
Wang Jiaheng	Vice-president	0	0
Wang Yanjun	Chief Financial Supervisor	3120	2600
Zhang Peng	CTO	0	0
Zhong Huifeng	Secretary of the Board	0	0

Reason of change in shares held by directors, supervisors and senior executives is due to the implementation of Plan on transferring capital public reserve into share capital at the rate of 2 shares for every 10 shares for the Year 2002.

2. Particulars about change of directors, supervisors and senior executives

On Apr. 18, 2003, as examined and approved by the 11th meeting of the 3rd Board of Directors of the company, Mr. Liu Xiaodong was engaged as Vice-president of the Company, while Mr. Gong Xiaoqing no longer took the post of Vice-president of the Company due to work change.

V. Discussion and Analysis of the Management

(I) Operating position in the report period

1. Analysis to the operating results and financial position

(1) Changes of increase/decrease in operating results in the report period

Unit: RMB'000

Financial indexes	Jan.-June 2003	Jan.-June 2002	Margin of increase/decrease
Sales income	4,697,949	2,012,328	133.46%
Sales cost	3,928,514	1,700,945	130.96%
Net profit	164,570	56,516	191.19%
Net increase in cash and cash equivalents	-481,717	-	-

(2) Changes of increase/decrease in financial position in the report period

Unit: RMB'000

Financial indexes	June 30, 2003	Dec. 31, 2002	Margin of increase/decrease
Total assets	10,298,820	6,779,294	51.92%
Fixed assets	4,439,571	1,406,990	215.54%
Inventories	969,198	560,402	72.95%
Current liabilities	5,221,639	3,787,375	37.87%
Shareholders' equity	2,319,862	2,176,390	6.59%

In the first half year of 2003, the Company kept a good growth trend in its operation with sales income and net profit amounting to RMB 4,697,949,000 and RMB 164,570,000 respectively, an increase of 133.46% and 191.19% than those of the same period of last year respectively. The reasons why the Company gained good achievements in the operating position were mainly because that the business of monitor, display devices and precision electronic components and materials continued to keep growing and BOE-Hydis Technology Co., Ltd. (hereinafter referred to as BOE-Hydis), an affiliated wholly-owned Korean subsidiary of the Company, had a good running in its business.

2. Significant events in the report period

In Jan. 2003, BOE-Hydis, the Korean subsidiary of the Company, accomplished purchasing TFT-LCD business of Korea HYDIS Technology Co., Ltd. (hereinafter referred to as HYDIS). Through this assets purchase, the Company had gained the thorough intellectual property rights of TFT-LCD and global market share and marketing network of TFT-LCD, which effectively enhanced the core competitive force of the Company in the field of display products. According to the development need of the display industry of the Company, the Company had set about preparing the construction of base of TFT-LCD industry.

At the same time, in order to push the development of TFT-LCD industry, after considered and passed by 2002 Shareholders' General Meeting, the Company planned to additionally issue B shares to raise capital approximately amounting to HKD 1000-1500 million to refund the bank loan used to purchase TFT-LCD business from HYDIS and to invest in the project of thin film transistor color liquid crystal display module.

(II) Main operation in the report period

1. Scope of core business and its operation

The Company, belonging to the industry of electric information, is a high-technology enterprise locating in the Technology Park Zone, Electronics City, Zhongguan Village, Beijing. The Company focuses the core business in the display field with main products as follows: ① TFT-LCD, whose production and sales volume took the ninth place in the global list; ② Small-sized display devices, including VFD, STN-LCD, OEL and etc., among which, the production and sales volume of STN-LCD took the fifth place in the global list and the production and sales volume of VFD took the third place in the global list; ③ CRT, jointly produced with Panasonic. The Company was the second largest producer of CRT; ④ Monitors/TVs, including CRT monitor, TFT-LCD, PDP monitor, TFT liquid crystal TV, PDP TV and et.. The Company held the largest production base of monitor in north of China; ⑤ Majority of precision electronic components and materials took the top in the domestic and global list; ⑥ Digital products and service: mobile digital products (notebook PC, tablet PC, digital camera) and IT service (smart card system and devices, network computer system and LED display system). According to the statistic information from Information Industrial

Department, the Company took the 13th place in “Electronic Information Enterprise Top 100 for 2003 (the 17th session)”.

2. Main products taking over 10% of the sales income and profit of core business and their situation classified according to areas

(1) Product structure of core business

Unit: RMB'000

	Jan.-June 2003		Jan.-June 2002	
Product types	Sales income	Sales cost	Sales income	Sales cost
Display devices	3,402,468	-2,765,710	802,677	-595,003
Monitor/tablet PC	1,091,810	-1,007,939	1,010,322	-937,563
Precision electronic components and materials	148,296	-107,372	60,452	-44,387
Digital products and IT service	45,814	-44,555	31,973	-29,842
Others	9,561	-2,938	106,904	-94,150
	<u>4,697,949</u>	<u>-3,928,514</u>	<u>2,012,328</u>	<u>-1,700,945</u>

(2) Area structure of core business

Unit: RMB'000

	Jan.-June 2003	Jan.-June 2002
Inland of China	1,938,962	831,170
Overseas		
-Asia	1,957,009	375,480
-Europe	28,575	444,259
-America	520,403	361,419
	<u>4,697,949</u>	<u>2,012,328</u>

3. Material changes in profit structure and core business and its structure and reasons

Since Jan. 2003, after the Company entering into the field of TFT-LCD business, the business volume of TFT-LCD industry reached over 50% of the core business of the Company and BOE-Hydis, the Korean subsidiary of the Company, was listed into the consolidated scope in the report period.

4. The profitability capability of the core business (namely gross profit ratio) experienced no material changes.

5. In the report period, there were no other operating activities that impacted significant influence on the profits.

6. Problems and difficulties in the operation

Through the way of transnational purchase, the Company's core competitive force of products in the display business field was largely enhanced. In the course of rapid development of the enterprise, the Company faced new challenge in its whole operating capability, managerial capability and financing capability. At the same time, though the Company continuously kept growth in its core business, the development of internal business structure was unbalanced and partial products had no operating profitability realized. Facing increasingly intensified market competition at home and abroad, the Company would actively adopt effective measures to push the advancement of its own quality:

- (1) To improve the enterprise running mechanism and actively push the strategic adjustment of the industries in order to form six largest cause groups and reinforce and enhance the competitive force of all cause groups.
- (2) To ensure the good operation of BOE-HYDIS, spare no efforts to push the construction of the base of TFT-LCD industry in Beijing and complete the equity purchase from Top Victory Technology Co., Ltd. as scheduled.
- (3) To make full use of all financing channels and improve the financial structure so as to provide strong support of capital to the Company's long-term development and at the same time strive for completing the additional issuance of B share as scheduled.
- (4) To improve the enterprise operating mechanism, enhance the comprehensive management capability of the Company and speed up the introduction and cultivation of cadres and key talents.

(III) Investment in the report period

1. Application of raised proceeds and results

(1) In the report period, investment of the application of the proceeds raised through previous shares offering going down to the report period

Unit: RMB'0000

Names of investment projects committed	Committed investment amount	Committed investment amount of excessive raised proceeds plan	Actual investment amount in the report period	Total of actual expenditure ended June 30, 2003	Project progress
Development technology innovation project of Beijing municipal traffic "all-in-one" card system	10,000	—	352	6,151	Non-completed
Pintong cause operating project	—	11,200	1,759	7,402	Non-completed
Purchase project of TFT-LCD business from Korea HYDIS Technology Co., Ltd. (HYDIS)		13,574.43	13,574.43	13,574.43	Completed

For the application of the raised proceeds in the previous period, please refer to Explanation of BOE Technology Group Co., Ltd. on Application of the Proceeds Raised Through Previous Shares Offering and Special Verification Report on Application of the Proceeds Raised Through Previous Shares Offering published on Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News dated May 22, 2003.

(2) Reasons and procedures of changes in the projects of raised proceeds and disclosure
The Company held 2002 Shareholders' General Meeting on May 30, 2003 and considered and passed Proposal on Changing and Adjusting Partial Projects and Purpose of Raised Proceeds. The Company changed the purpose of the rest raised proceeds in ① "BOE e-commerce project" amounting to RMB 10.34 million to supplement the running capital of the Company. The surplus raised proceeds amounting to RMB 910,000 in "technical reconstruction project of professional computer terminal production line" that had been completed and the surplus RMB 1.79 million from "technical reconstruction project of mobile computer production line" that had been completed were all adjusted to supplement the running capital of the Company. For details, please refer to Public Notice on Resolutions of 2002 Shareholders' General Meeting of BOE Technology Group Co., Ltd. published on Hong Kong Ta Kung Pao,

Securities Times, China Securities and Shanghai Securities News dated May 31, 2003.

(3) Project progress and earnings

Development technology innovation project of Beijing municipal traffic “all-in-one” card system: The Company planned to invest the raised proceeds amounting to RMB 100 million and had invested the raised proceeds amounting to RMB 61.51 million. Due to the adjustment of the whole implementation plan of traffic “all-in-one” card project, the progress of project construction burdened by the Company was adjusted accordingly and it was estimated that the trial operation of partial lines of buses, railways and taxis would be enlarged in the second half year of 2003.

Pintong cause operating project: the Company planned to invest raised proceeds of RMB 112 million and has invested raised proceeds of RMB 74.02 million into market promotion and market channels construction of mobile digital products with brand of “BOE” and IT service cause. At present, the operating system of market channels with the national eight largest sales service platforms as the core established by BOE was in a good run. The Company would continue investing the rest raised proceeds according to the development of brand business.

Purchase project of TFT-LCD business from Korea HYDIS Technology Co., Ltd. (HYDIS): After examined and approved by the 2nd Extraordinary Shareholders’ General Meeting of 2002, the Company changed and adjusted the application of partial raised proceeds of A share additionally issuing in public amounting to RMB 135,744,300 and converted to put into this purchase project. In Jan. 2003, BOE-Hydis, the affiliated Korean subsidiary of the Company, accomplished the purchase of assets of TFT-LCD industry. In the report period, the Company brought BOE-Hydis into the consolidated scope and TFT-LCD business became the main point contributing to the profits.

2. Investment of the proceeds not raised through shares offering

Unit: RMB’0000

Items	Investment amount in the report period	Accumulated investment amount	Project progress
Reconstruction of VFD production line	4978.2	19252.2	The project developed as scheduled
Incorporating “BOE Hyundai LCD Inc.”	620.7	3103.8	The joint venture was registered and established. The investment in the period belonged to the follow-up investment of registered capital.

VI. Significant Events

1. Corporate governance

In the report period, the Company standardized the operation strictly according to the requirements of relevant laws and regulations etc., timely amended Articles of Association of the Company and established Independent Director System, Work Rules of Auditing Committee of the Board of Directors and Work Rules of Nomination, Remuneration and Examination Committee of the Board of Directors.

Ended the end of the report period, the independent directors had still not reached one third in the member of the Board of Directors. According to the development need of the Company’s industrial strategy, the Company planed to adjust the member structure of the Board of Directors and would supplement independent director as soon as possible in order to further improve the legal person’s administrative structure of the Company.

2. The profit distribution plan and plan of converting public reserve into share capital for 2002 and their implementations

(1) Profit distribution plan for 2002: based on the total share capital amounting to RMB 549,554,000 as of Dec. 31, 2002, to convert the capital public reserve into share capital to all shareholders at the rate of two shares for every 10 shares.

(2) Implementation: The Company published Public Notice on Implementation of Capitalizing Public Reserve into Share Capital for 2002 of BOE Technology Group Co., Ltd. on Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News dated June 4, 2003 and confirmed the equity registration date of A share and last trading date of B share as June 9, 2003 and ex-right date as June 10, 2003. After capitalizing the capital public reserve into share capital, the total share capital of the Company was changed from 549,554,000 into 659,464,800.

3. The Company had no draft of profits distribution and capitalization of public reserve into share capital in the medium-term of the year.

4. In the report period, the Company had no material lawsuits or arbitrations.

5. Material related transactions in the report period

In Apr. 2003, the Company signed Equity Transfer Contract with Beijing Electronic City Co., Ltd. (hereinafter referred to as Beijing Electronic City) and signed Commission Operation Contract with Beijing BOE Property Co., Ltd. (hereinafter referred to as Property Company). The Company transferred its holding 70% equity of Property Company to Beijing Electronic City with RMB 38.80 million (Pricing based on the property price after assessment). At the same time, the Company commissioned Property Company to operate the assets of equipments of kinetic energy such as water, power, gas and heat etc., houses and land constructions in progress etc. in “BOE Digital Rose Garden” and “BOE Little Back-light Project Zone”.

Since both the actual controller of the Company and the controlling shareholder of Beijing Electronic City were Beijing Electronic Holdings Company Limited, the aforesaid transaction formed related transaction and had been considered and passed by 2002 Shareholders’ General Meeting. For details, please refer to Public Notice on the Related Transaction of BOE Technology Group Co., Ltd. published on Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News dated May 22, 2003 and Public Notice on Resolutions of 2002 Shareholders’ General Meeting of BOE Technology Group Co., Ltd. dated May 31, 2003.

6. Material contracts and their implementations

(1) Sale of assets and assets trusteeship

The change registration procedures of the Company’s transferring equity of Property Company had been finished. For the assets commission operation, please refer to the aforesaid related transaction.

(2) For the details of material external guarantee events of the Company, please refer to notes to accounting statements “13. Contingent liabilities”.

(3) For the details of loans ended the end of the report period, please refer to notes to accounting statements “8. Bank loans”.

7. Material purchase of assets

In Jan. 2003, BOE-Hydis, the affiliated Korean subsidiary of the Company, invested USD 380 million to purchase TFT-LCD business from Korea HYDIS Technology Co., Ltd. (HYDIS) and accomplished the assets transfer. For the details, please refer to

Report of BOE Technology Group Co., Ltd. on Purchasing TFT-LCD Assets of Korea HYDIS Technology Co., Ltd. (HYDIS) published on Nov. 30, 2002, Suggestive Notice of BOE Technology Group Co., Ltd. on Progress of Purchasing TFT-LCD Business of Korea HYDIS Technology Co., Ltd. (HYDIS) published on Jan. 25, 2003 and Public Notice of BOE Technology Group Co., Ltd. on Implementation of Purchasing TFT-LCD Business Assets of Korea HYDIS Technology Co., Ltd. (HYDIS) published on Apr. 17, 2003 in Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News.

8. The Company or the shareholders holding over 5% shares of the Company had no commitment events disclosed publicly.

9. In the report period, the Boar of Directors and its directors were not checked, punished administratively and criticized with circulars by CSRC or condemned in public by the stock exchange. The Company's directors and relevant staffs of the Management were not exerted legal forcible measures.

10. After-period events

On Aug. 6, 2003, the Company signed Trade Agreement of Shares of Top Victory Technology Co., Ltd. with FIELDS PACIFIC LIMITED (hereinafter referred to as FPL) and Mr. Pan Fangren (the sole owner of FPL). The Company planned to purchase the shares in the proportion of 26.36% of the total issued ordinary shares of Top Victory Technology (totally amounting to 356,033,783 shares), which were held by EPL, at price of HKD 2.95 per share with total acquisition price amounting to HKD 1,050,299,659.85. For details, please refer to Suggestive Notice of BOE Technology Group Co., Ltd. on Purchasing Partial Equity of Top Victory Technology Co., Ltd. published on Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News dated Aug. 7, 2003.

VII. Financial Report (Un-audited)

(I) Accounting statement (refer to attachment)

(II) Notes to accounting statement (refer to attachment)

VIII. Documents Available for Reference

(I) Text of Semi-annual Report carried with the personal signature of Chairman of the Board.

(II) Accounting statements carried with the personal signatures and seals of legal representative, chief financial supervisor and person in charge of handling accounting affairs;

(III) Originals of all documents and manuscripts of Public Notices or Announcements of the Company disclosed in public on the newspapers designated by CSRC in the report period.

(IV) Articles of Association of the Company.

**Board of Directors of
BOE Technology Group Co., Ltd.**
Aug. 21, 2003

BOE TECHNOLOGY GROUP CO., LTD.
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2003

		June 30		Dec. 31	
(all amounts in RMB thousands)	Notes	2003	2003	2002	2002
ASSETS					
Non-current assets					
Property, plant and equipment	8	4439571		1406990	
Investment property	9			17430	
Intangible assets	10	90904		96924	
Investments in associates	11	757167		741841	
Available-for-sale investments	12	50387		93200	
Held-to-maturity investments	13	22		22	
Other assets		<u>29298</u>		<u>38911</u>	
			5367349		2395318
Current assets					
Inventories	14	969198		560402	
Receivables and prepayments	16	2149765		1529348	
Cash and cash equivalents	17	<u>1812508</u>		<u>2294226</u>	
			4931471		4383976
Total assets			<u>10298820</u>		<u>6779294</u>
EQUITY AND LIABILITIES					
Shareholders' equity					
Shares capital	23	659465		549554	
Share premium		1040984		1150895	
Reserves fund	25	259667		280767	
Retained earnings		<u>359746</u>		<u>195174</u>	
			2319862		2176390
Minority interest	24		493954		457862
Non-current liabilities					
Bank borrowings	19	1718811		268804	
Post-employment benefit obligations		32632		6428	
Other long-term liabilities	20	<u>511922</u>		<u>82435</u>	
			2263365		357667
Current liabilities					
Trade and other payables	18	2289720		1481219	
Current tax liabilities		21554		28751	
Bank borrowings	19	2899434		2263875	
Provisions		<u>10931</u>		<u>13530</u>	
			5221639		3787375
Total liabilities			<u>7485004</u>		<u>4145042</u>
Total equity and liabilities			10298820		6779294

BOE TECHNOLOGY GROUP CO., LTD.
CONSOLIDATED INCOME STATEMENT
AS OF JAN.-JUN. 2003

(all amounts in RMB thousands)	Notes	Jun. 30, 2003	Jun. 30, 2002
Sales	1	4697949	2012328
Cost of sales		-3928514	-1700945
Gross profit		769435	311383
Other operating income		20404	2683
Distribution costs		-131500	-68635
Administrative expenses		-305056	-87497
Other operating expenses		-1850	
Profit from operations	2	351433	157934
Finance costs - net	3	-154475	-31839
Group profit before tax		196958	126095
Share of result of associates before tax	11	6452	16242
Profit before tax		203410	142337
Income tax expenses	5	-11296	-28485
Profit after tax deducting before minority interest		192114	113852
Minority interest	23	-27544	-57336
Net profit		164570	56516

**BOE TECHNOLOGY GROUP CO., LTD.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST HALF YEAR OF YEAR 2003**

	<u>Year ended June 30, 2003</u>
(all amounts in RMB thousands)	
Cash flows from operating activities	
Net profit	164,570
Adjustments for:	
Minority interest	27,544
Income tax	11,296
Depreciation	277,321
Amortization	38,339
Provision for devaluation	10,316
Loss on sale of property, plant and equipment	2,309
Finance costs	154,475
Share of result before tax of associates	-6,452
Changes in working capital:	
Inventories	-408,797
Trade and other receivables	-473,408
Pensions and other retirement benefits	26,204
Payables	818,519
Cash inflow generated from operations	642,237
Interest received	19,677
Tax paid	-13,563
Net cash from operating activities	648,350
Cash flows from investing activities	
Acquisition of subsidiary, net of cash acquired	
Purchase of property, plant and equipment	-3,229,786
Purchase of intangible assets	-5,281
Purchase of available-for-sale investments	-2,202
Purchase of association	
Disposal of subsidiary, net of cash disposed	729
Proceeds from sale of property, plant and machinery	142
Dividends received	16,507
Net cash used in investing activities	-3,219,892
Cash flows from financing activities	
Proceeds from convertible bonds	
Proceeds from minority interest	2,070
Proceeds from borrowings	4,126,823
Repayments of borrowings	-1,892,166
Dividends paid to group shareholders	-834
Dividends paid to minority interests	
Interest paid	-110,570
Payment for other financing activities	-51,078
Net cash from financing activities	2,074,244
Effects of exchange rate changes	15,580
Increase/(Decrease) in cash and cash equivalents	-481,717
Cash and cash equivalent at beginning of year	2,294,225
Cash and cash equivalent at end of year	1,812,508

Note to Accounting Statement

General information

BOE Technology Group Co., Ltd. (the Company) was founded in 1993 in Beijing, People's Republic of China (PRC). It was reorganized into a joint stock limited company in 1997 and is registered in Beijing. The Company and its subsidiaries are collectively referred to as the Group.

The Group manufactures and sells electronic products, invests in enterprises engaging in the manufacturing of electronic products.

The parent company of the Group is Beijing BOE Investment and Development Co., Ltd., which is a state-owned enterprise registered in Beijing, PRC and its ultimate holding company is Beijing Electronics Holding Co., Ltd., which is a state-owned enterprise reorganized from the General Office of Electronics of the Beijing Municipal Government.

The Company has its primary listing on the Shenzhen Stock Exchange issuing B shares in 1997, with further offerings of A Shares also on the Shenzhen Stock Exchange in 2000.

Accounting Policies

Unless otherwise stated, the financial data and amount in this report are expressed in RMB'000.

The change of accounting policies and accounting estimation and correction of accounting error all did not happen in the report period compared with the previous annual report. In the report period, BOE HYDIS Technology Co., Ltd. and Suzhou BOE CHATANI Co., Ltd. came into operation, so they were brought into consolidation scope of the financial report.

Segment information

The Group is principally engaged in the manufacture and sales of electronic and related products and the leasing of properties and commercial facilities. The lease of properties and commercial facilities contributed to less than 10% of consolidated sale revenue, as such, no disclosures were made.

PRC is the home country of the parent company which is also the main operating company.

The Republic of Korea – manufacture and sales activities

Sales revenue based on the geographical areas in which the customers are located comprises the following:

	Jan.-Jun. 2003	Jan. Jun. 2002
Sales within the PRC	1,938,962	831,170
Sales outside the PRC		
- Asia	1,957,009	375,480
- Europe	28,575	444,259
- America	520,403	361,419
	<u>4,697,949</u>	<u>2,012,328</u>

Income tax

The Company is subject to a preferential income tax rate of 15% (2001: 15%) as an enterprise with new technology in Beijing New Technology Development Zone. As approved by the tax bureau, some of the Company's subsidiaries are also subject to preferential income tax rates ranging from zero to 15% (2001: zero to 15%). Except for Hyundai LCD, whose income tax rate is 29.7%, and the above mentioned subsidiaries, other subsidiaries of the Company are subject to an income tax rate of 33%.

Earnings per share

Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Jan. 2003	Jun. 2003
Net profit attributable to shareholders	164,570	56,516
Weighted average number of ordinary shares in issue (thousands)	659,465	549,554
Basic earnings per share	Rmb0.25	Rmb0.10

Dividend per share

No dividend is to be distributed in the interim period of the year 2003.

1. Property, plant and equipment and accumulated depreciation

Ended June 30, 2003, plant & machinery with net value of RMB 16,824,324 in fixed assets was pledged as guaranty for the Group's bank borrowings.

	Land use right	Buildings	Plant & machinery	Motor vehicles	Construction in Process	Total
Balance as at Jan. 1, 2003	83,127	492,191	1,019,430	15,897	138,272	1,748,917
Increase in this period	6,639	1,079,745	2,002,757	1,032	247,983	3,338,156
Transfer from CIP	0	80,784	0	0		80,784
Decrease in this period	7,775	13,897	5,197	669	96,736	124,274
Balance as at Jun. 30, 2003	81,991	1,638,823	3,016,990	16,260	289,519	5,043,583
<u>Accumulated depreciation</u>						
Balance as at Jan. 1, 2003	3,701	33,787	296,914	7,525		341,927
Increase in this period		37,888	238,239	1,194		277,321
Transfer from in this period			0	0		0
Disposals in this period	0	12,486	2,148	602		15,236
Balance as at Jun. 30, 2003	3,701	59,189	533,005	8,117	0	604,012
<u>Net value</u>						
Balance as at Jan. 1, 2003	78,290	1,579,634	2,483,985	8,143	289,519	4,439,571
Balance as at Jun. 30, 2003	79,426	458,404	722,516	8,372	138,272	1,406,990

2. Intangible assets

	Goodwill	Technology rights	Others	Total
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For the Year 2003

Amortized cost at the year-begin	47,625	48,917	382	96,924
Increase	2,213	12,616	13,984	28,813
Amortization	(3,913)	(30,872)	(48)	(34,833)
Amortized cost at the period-end	45,925	30,661	14,318	90,904

As at 30 June 2003

Cost	50,646	71,337	14,431	136,414
Accumulated amortization	(4,721)	(40,676)	(113)	(45,510)
Net book amount	45,925	30,661	14,318	90,904

Reason for increase of intangible assets of the Group was mainly because the Group new added BOE-HYDIS Co., Ltd. into consolidation statement. Ended 30 June 2003, there was no evidence of withdrawal of provision for devaluation in respect of intangible assets of the Group.

3. Investments in associates

	Jun. 30, 2003	Dec. 31, 2002
Balance at beginning of year	741,841	691,792
Additions	306	22,459
Disposal or transfer into subsidiaries	7,923	(37,499)
Accumulative equity from investments in subsidiaries	-	-
Share of results before tax	22,853	72,922
Share of tax of associates	(448)	(4,167)
Share of results after tax	22,405	68,755
Dividend received	(15,242)	(3,600)
Other movement	(66)	(66)
Balance at end of year	757,167	741,841

Particulars of associates are set out in Note 16.

4. Inventories

	Jun. 30, 2003	Dec. 31, 2002
Raw materials	381,413	272,407
Work in progress	340,457	174,395
Finished goods	260,370	122,934
Provision for obsolete and slow-moving of inventories realization	(13,042)	(9,334)
	969,198	560,402

Reason for increase of inventories of the Group was mainly because the Group new added subsidiary company BOE-HYDIS Co., Ltd. into consolidation statement. During the report period,

the Group withdrew the provision for falling price of inventories based on net realizable value of inventories was under cost of inventories.

5. Receivables and prepayments

	Jun. 30, 2003	Dec. 31, 2002
Notes receivable	147,811	83,253
Trade receivables	1,597,119	1,074,284
Less: Provision for impairment of trade receivables	(20,730)	(15,542)
Trade receivables - net	1,576,389	1,058,742
Prepayments	85,146	28,898
Prepaid expense	6,866	4,733
Other receivables	343,502	364,397
Less: Provision for impairment of other receivables	(15,803)	(10,675)
Other receivables - net	327,699	353,722
Other receivables	5,854	-
	2,149,765	1,529,348

Notes receivable at 30 June 2003 represent bank acceptance and commercial acceptance draft with a term less than nine months.

6. Cash and cash equivalents

	Jun. 30, 2003	Dec. 31, 2002
Cash	434	2,772
Bank deposits	1,812,074	2,291,454
Total	1,812,074	2,294,226

7. Trade and other payables

	Jun. 30, 2003	Dec. 31, 2002
Trade payables	1,495,220	1,099,598
Notes payable	166,662	20,835
Accrued expenses	125,485	83,264
Advances to suppliers	14,822	16,790
Wages and welfare payables	53,939	25,999
Dividends payable	21,845	30,243
Other payables	306,467	191,067
Long term payable due within one year	105,280	13,423

2,289,720	1,481,219
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Other payables with amount of Rmb59,563,500 represents the payable for the purchase of 5% share of Beijing Matsushita Color CRT Co., Ltd. from Beijing CRT General Plant, a wholly-owned subsidiary of the ultimate holding company by the Group in 1998.

8. Borrowings

	Jun. 30, 2003	Dec. 31, 2002
Short-term borrowing		
Bank borrowings – secured	310,326	253,683
Bank borrowings – unsecured	2,589,108	2,010,192
	<u>2,899,434</u>	<u>2,263,875</u>
Long-term borrowing		
Bank borrowings – secured	1,603,161	62,628
Bank borrowings – unsecured	115,650	206,176
	<u>1,718,811</u>	<u>268,804</u>
Due between 1 and 2 years	103,600	197,377
Due between 2 and 5 years	1,615,211	71,427
	<u>1,718,811</u>	<u>268,804</u>

Annual interest rate of short-term borrowing is 3.51% to 9.5%, while annual interest rate of long-term borrowing is 5.49% to 6.03%.

9. Other long-term liabilities

	Jun. 30, 2003	Dec. 31, 2002
Payable to parent company	49,113	49,113
Payable to minority shareholder of subsidiary	11,672	11,577
Long-term seller's note	328,033	-
Others	123,104	21,745
	<u>511,922</u>	<u>82,435</u>

The payable to parent company represents the payable with installment payment scheduled to be paid over 5 and 10 years arising from the purchase of land use rights from parent company.

The payable to minority shareholder of subsidiary represents the payable for the purchase of equity of Chang Chun Lancer Photoelectron Co., Ltd. from Semiconductor Engineering Co., Ltd. by a subsidiary company of the Group Hyundai LCD. Inc.. The margin compared with the amount as at Dec. 31, 2002 represents exchange rate differential of conversion of foreign currency statement at the period-end.

Long-term seller's not represents long-term note which BOE-HYDIS Technology Co., Ltd., a

wholly-owned subsidiary company of the Group, wrote out long-term note to Hynix Semiconductor Inc. ("HYNIX") for purchasing business of TFT-LCD of Hyundai Display Technology Inc., a wholly-owned subsidiary company of HYNIX.

Except for the payable to minority shareholder of subsidiary, all the other long term liabilities were interest free.

10. Share capital of ordinary shares

	June 30, 2003	Dec. 31, 2002
	Share'000	Share'000
Non-listed domestic shares with par value of RMB 1.00 per share	408,065	340,054
A share with par value of RMB 1.00 per share	72,000	60,000
B share with par value of RMB 1.00 per share	179,400	149,500
	<u>659,465</u>	<u>549,554</u>

According to 2002 profit distribution preplan of the Board of Directors of BOE Technology Group Co., Ltd., resolutions of 2002 Shareholders' General Meeting and Articles of Association after amendment, based on the total share capital amounting to 549,554,000 shares as of Dec. 31, 2002, the Company would convert capital public reserve into share capital to all shareholders at the rate of two shares for every 10 shares. After the capitalization, the total share capital of the Company increased to 659,464,800 shares.

11. Sales income

	Jan.-June 2003		Jan.-June 2002	
Product types	Sales income	Sales cost	Sales income	Sales cost
Display devices	3,402,468	-2,765,710	802,677	-595,003
Monitors	1,091,810	-1,007,939	1,010,322	-937,563
Precision electronic components and materials	148,296	-107,372	60,452	-44,387
Mobile digital products and IT service	45,814	-44,555	31,973	-29,842
Others	9,561	-2,938	106,904	-94,150
	<u>4,697,949</u>	<u>-3,928,514</u>	<u>2,012,328</u>	<u>-1,700,945</u>

12. Financial expenses-net amount

	Jan.-June 2003	Jan.-June 2002
Interest expenditure	-113,943	-39,472
Minus: interest income	15,607	14,582

Exchange losses	-83,535	-16,712
Minus: exchange earnings	103,513	9,976
Others	-76,117	-213
Total	<u>-154,475</u>	<u>-31,839</u>

13. Contingent liabilities

	June 30, 2003	Dec. 31, 2002
Related companies	46,000	151,000
Third party	<u>2,000</u>	<u>92,000</u>
	<u>48,000</u>	<u>243,000</u>

The Company considered that the aforesaid guarantees impacted no significant influence on the Company.

14. Capital burden

The capital expenditure that the Group had signed contract ended the balance sheet date but was still not confirmed in Balance Sheet was as follows:

	June 30, 2002	Dec. 31, 2001
Fixed assets	16,824	89,111
Equity investment	-	1,241,595
Land use right	<u>-</u>	<u>8,858</u>
	<u>16,824</u>	<u>1,330,706</u>

15. Transactions of related parties

Beijing BOE Investment Development Co., Ltd. (established in China) controlled the Company and held 53% shares of the Company. The rest 47% shares of the Company were held dispersedly. The final controlling company of the Group was Beijing Electronic Holdings Co., Ltd. (established in China).

Beijing Dongdian Industrial Development Company and Beijing CRT General Plant were subsidiaries of Beijing Electronics Holdings Co., Ltd. and Beijing Orient Mould Plant was a subsidiary of Beijing BOE Investment Development Co., Ltd.. Except for the aforesaid companies, the relationships between other related parties and the Company were listed in Note 16.

The Board of Directors of the Company considered that all the following related transactions were in compliance with the normal commercial clause signed by the Company.

(1) Purchase of goods

	Jan.-June 2003	Jan.-June 2002
Top Victory Investment Co., Ltd.	43,505	-
Fujian Jielian Electronic Co., Ltd.	1,310	-

Top Victory Electronic (Fujian)
Co., Ltd.

9,280	16,125
<u>54,095</u>	<u>16,125</u>

(2) Sale of goods

	Jan.-June 2003	Jan.-June 2002
Beijing Matsushita Color CRT Co., Ltd.	41,057	52,949-
Fujian Jielian Electronic Co., Ltd.	8,950	-
Top Victory Electronic (Fujian) Co., Ltd.	996	-
Orient Electronic Material Company	54	-
	<u>51,057</u>	<u>52,949</u>

(3) Balance of accounts receivable and payable of related parties

(a) Accounts receivable

	June 30, 2003	Dec 31, 2002
Beijing Matsushita Color CRT Co., Ltd.	15,325	17,072
Top Victory Electronic (Fujian) Co., Ltd.	7,714	-
Fujian Jielian Electronic Co., Ltd.	645	-
	<u>23,684</u>	<u>17,072</u>

(b) Other receivables

	June 30, 2003	Dec 31, 2002
Beijing Dongdian Industrial Development Company	63,305	63,305
Beijing Xingcheng Property Co., Ltd.	33,400	21,000
	<u>96,705</u>	<u>84,305</u>

(c) Accounts payable and other receivables

	June 30, 2003	Dec 31, 2002
Beijing CRT General Plant	59,564	62,037
Beijing BOE Software Co., Ltd.	680	1,020
Top Victory Electronic (Fujian) Co., Ltd.	9,305	-
Fujian Jielian Electronic Co., Ltd.	4,277	-
	<u>73,826</u>	<u>63,057</u>

(d) Long-term payables and current maturity of long-term payables

			June 30, 2003	Dec 31, 2002
Beijing	BOE	Investment		
Development Co., Ltd.			57,536	62,536
			57,536	62,536

16. Subsidiaries and related companies

Except that BOE Technology Co., Ltd. operated in America and Hyundai LCD Inc. and BOE-Hydis Technology Co., Ltd. operated in Korea, all other subsidiaries and related parties operated in inland of China.

Subsidiaries

Names of enterprises	Investment proportion		Business scope	Notes
	2003	2002		
Beijing BOE Digital Technology Co., Ltd.	75%	75%	Research, development, manufacture and sale of digital cameras and digital video wireless transport platform products	(1)
Beijing BOE Software and System Integration Co., Ltd.	100%	100%	Development of computer network and communication technology	
Beijing Orient Top Victory Electronics Co., Ltd.	45.21%	52%	Production and sale of color display products	(2)
Beijing Weisong Electronics Co., Ltd.	-	51%	Production and sale of metal accessories and components of color CRT	
Zhejiang Beijing Orient Vacuum Electronic Co., Ltd.	60%	60%	Research, development, production and sale of electronic display devices and their spare parts	
Beijing Orient Vacuum Electric Co., Ltd.	55%	55%	Production and sale of vacuum electric products	
Shenzhen BOE Intelligent Display Technology Co., Ltd.	59.8%	59.8%	Technical development of electronic intelligent system	
BOE Technology Co., Ltd.	100%	100%	Research, development, production and sale of high-tech ele	(1)
Beijing Orient Hengtong Property Co., Ltd.	100%	100%	Lease of commercial equipments	
Beijing BOE Mobile Technology Co Ltd.	12.89%	51%	Research, development and production of portable electronic information disposal products	
Hyundai LCD Inc.	45%	45%	Production and sale of liquid crystal screen and relevant products	(3)
BOE Hyundai LCD Inc.	86.25%	-	Development, production and sale	

		of liquid crystal display devices and relevant fittings
Suzhou BOE Chatani Co., Ltd.	75%	- Development, production and sale of STN-LCD products and provision of relevant service
BOE-Hydis Technology Co., Ltd.	100%	- Production and sale of TFT-LCD color thin film crystal LCD products
Beijing BOE Semiconductor Co., Ltd.	63%	- Production and sale of semiconductor devices

(1) These subsidiaries were in the clearing period or in the organization period. Since their assets and operating gains and losses did not impact significant influence on the Group, they were not listed into the consolidated scope.

(2) Beijing Orient Top Victory Electronics Co., Ltd. received the investments from other investors in 2002, thus the equity share of this company held by the Company decreased from 52% to 45.21%. According to the investment increase agreement, Duowei Investment Company delivered the voting right represented by its holding 8.7% equity to the Company to exercise on its behalf, thus the Company still had control right to Beijing Orient Top Victory Electronics Co., Ltd. and brought it into the consolidated scope.

(3) In 2002, the Company paid RMB 19,431,224, as the investment injection for the second time, to Korea Hyundai and held its 45% equity. Majority member of the Board of Directors of this company were all appointed by the Company. According to Articles of Association of this company, the Company had control right over it and thus brought it into the consolidated scope.

Associated companies

Names of companies	Investment proportion		Core business
	2003	2002	
Beijing Matsushita Color CRT Co., Ltd.	30%	30%	Production and sale of CRT and CDT and lighting products
Shenzhen Zhongda Industrial Co., Ltd.	40%	40%	Development and production of machine components, communications satellite equipments and computer software and automatic products
Beijing Nittan Electronics Co., Ltd.	40%	40%	Production and sale of terminals, connectors and mould press machines
Beijing Nissin Electronics Precision Component Co., Ltd.	40%	40%	Production and sale of electronic tubes and relevant accessories
Beijing Huaxu Gold Card Co., Ltd.	21%	21%	Production and sale of IC card, magcard, light card and relevant reading and writing equipments etc.
Beijing Orient Mosler Intelligence Technology Co., Ltd.	35%	35%	Production and sale of security and protection system and products

Beijing Lamp-house Co., Ltd.	Matsushita Lighting	30%	30%	Production and sale of lighting equipments and relevant products
Beijing BOE Software Co., Ltd.		30%	30%	Design, development and production of computer software and hardware and fittings and computer network
Changchun Co., Ltd.	Lianxin Photoelectron	8.5%	-	Development, design and production of photoelectron products

17. Associated companies

The Group held 50% equity of Beijing Asahi Glass Electronics Co., Ltd., an associated company. This company is mainly engaged in the production of electronic products. The following is 50% assets, liabilities, income and profits etc. of this company listed in the consolidated accounting statements of the Group:

	2003	2002
Fixed assets	16,648	17,739
Intangible assets	3,045	2,554
Current assets	46,396	38,624
	<u>66,089</u>	<u>35,887</u>
Current liabilities	<u>(11,461)</u>	<u>(11,170)</u>
Net assets	<u>54,628</u>	<u>45,010</u>
Sales income	<u>23,689</u>	<u>23,226</u>
Profits before tax	7,023	5,458
Income tax	<u>(1,053)</u>	<u>(819)</u>
Profits after tax	<u>5,969</u>	<u>4,639</u>

The Group held 51% equity of Beijing BOE YAMATO Photoelectron Co., Ltd., the jointly controlled company. This company is mainly engaged in the production of photoelectron products. The following is 50% assets, liabilities, income and profits etc. of this company listed in the consolidated accounting statements of the Group:

	2003	2002
Fixed assets	16,464	17,929
Intangible assets	7,138	937
Current assets	9,522	11,978
	<u>33,124</u>	<u>30,844</u>
Current liabilities	<u>(12,517)</u>	<u>(7,526)</u>

Net assets	20,606	23,319
Sales income	3,878	5,519
Profits before tax	(2,737)	(1,978)
Income tax	-	-
Profits after tax	(2,737)	(1,978)

The aforesaid associated companies had no contingent events and commitment events ended June 30, 2003.

17. Events after balance sheet date

According to the development need of industrial strategy, BOE Technology Group Co., Ltd. (hereinafter referred to as the Company or BOE) purchased 26.36% ordinary shares of Top Victory Technology Co., Ltd. (hereinafter referred to as Top Victory Technology) held by FIELDS PACIFIC LIMITED (hereinafter referred to as FPL or Seller). On Aug. 6, 2003, the Company signed Share Trade Agreement of Top Victory Technology Co., Ltd. with FPL and Mr. Pan Fangren (the sole owner of FPL). The Company purchased the shares with proportion of 26.36% in the total issued ordinary shares of Top Victory Technology held by FPL, which totally amounted to 356,033,783 shares.

The purchase price was based on the market price of transaction of stocks of Top Victory Technology quoted and traded in The Stock Exchange of Hong Kong and was confirmed at HKD 2.95 per share after negotiated by the both parties. The total purchase payment was HKD 1,050,299,659.85.

Among the total purchase payment, BOE solved partial capital with its self-owned capital and solved the rest capital through bank loans.

Within five operating date after signing Share Trade Agreement of Top Victory Technology Co., Ltd., the Company deposited the RMB equivalent to HKD 42 million to the RMB bank account designated by Seller. After gaining the necessary approval, agreement, authorization and recognition etc. of all applicable laws, statutes and regulations and all governments, institutions and organizations, all parties of the transaction can transact the relevant procedures of this transaction. On the date of share transfer (not later than Dec. 31, 2003), the Company paid the total purchase payment for shares to FPL.

Significant differences between accounts prepared under PRC Accounting Regulations ("PRC GAAP") and International Financial Reporting Standards ("IERS")

	Net assets	Net profit
Balance of consolidated accounting statements prepared under Enterprise Accounting Standards	2,327,450	165,171
Adjustment and other adjustments under International Financial Reporting Standards		
Difference on the amortisation period of goodwill	-3,334	-667
Government subsidy	-4,100	
Others	-154	66
Balance after adjusted under International Accounting Standards	2,319,862	164,570