

Stock code: 200725

Stock name: BOE B

Announcement No. 2016-062

## BOE Technology Group Co., Ltd. Abstract of Semi-annual Report 2016

### 1. Important notes

The 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 the Abstract on <http://www.cninfo.com.cn>, the website of the Shenzhen Stock Exchange or any other websites designated by the CSRC.

The Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Corporate profile

Stock name	BOE A, BOE B	Stock code	000725, 200725
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
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### 2. Financial highlights and shareholder changes

#### (1) Financial highlights

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes  No

Item	Reporting Period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	26,448,310,717.00	22,970,848,112.00	15.14%
Net profit attributable to shareholders of the Company (RMB Yuan)	-516,472,418.00	1,951,170,852.00	-126.47%
Net profit attributable to shareholders of the Company after excluding exceptional profit and loss (RMB Yuan)	-2,309,697,388.00	1,576,397,937.00	-246.52%
Net cash flows from operating activities (RMB Yuan)	2,734,086,955.00	5,453,391,488.00	-49.86%
Basic earnings per share (RMB Yuan /share)	-0.015	0.055	-127.27%
Diluted earnings per share (RMB Yuan /share)	-0.015	0.055	-127.27%
Weighted average return on equity (%)	-0.67%	2.53%	-3.20%
Item	As at the end of the Reporting Period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	170,275,785,022.00	152,592,894,442.00	11.59%
Net assets attributable to shareholders of the Company (RMB Yuan)	76,601,140,771.00	77,485,275,564.00	-1.14%

**(2) Shareholdings of the top 10 ordinary shareholders**

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		1,395,044 (including 1,347,444 A-shareholders and 47,600 B-shareholders)					
Shareholdings of the top 10 ordinary shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of ordinary shares held	Number of restricted ordinary shares held	Pledged or frozen shares		
					Status	Number	
Beijing State-owned Capital Management Center	State-owned corporation	11.56%	4,063,333,333	4,063,333,333			
Chongqing Capital Photoelectricity Investment Co., Ltd.	State-owned corporation	8.53%	3,000,000,000	3,000,000,000	Pledged	955,000,000	
Hefei Jianxiang Investment Co., Ltd.	State-owned corporation	8.13%	2,857,142,857	2,857,142,857			
Hua An Fund — ICBC — Zhongrong International Trust — Zhongrong — RJ No. 1 Assembled Funds Trust Plan	Other	4.45%	1,564,126,904	0			
China Securities Finance Corporation Limited	Other	2.74%	963,281,982	0			
Beijing BOE Investment & Development Co., Ltd.	State-owned corporation	2.34%	822,092,180	0			
Beijing Economic-technological Investment & Development Corp	State-owned corporation	1.93%	677,423,641	0			
Hefei Rongke Project Investment Co., Ltd.	State-owned corporation	1.92%	675,026,803	0			
Beijing BDA Technological Investment Development Co., Ltd.	Other	1.60%	564,000,000	0			
Beijing Electronics Holding Co. Ltd.	On behalf of the government	0.78%	273,735,583	0			
Related or act-in-concert parties among the shareholders above	<p>1. Beijing State-owned Capital Management Center held 100% equities of Beijing Electronics Holding Co. Ltd..</p> <p>2 Beijing Electronics Holdings Co., Ltd. held 66.25% equities of Beijing BOE Investment &amp; Development Co., Ltd. and was its controlling shareholder.</p> <p>3. 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>4. 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>5. 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>6. Except for relationship among the above shareholders, the Company is not</p>						

	aware of whether the other top ten shareholders exist associated relationship or not, or they are persons acting in concert or not.
Shareholders conducting securities margin trading (if any)	Not applicable

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

Applicable  Not applicable

No such cases in the Reporting Period.

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

Change of the controlling shareholder in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## 3. Discussion and analysis by the management

### (1) Overview

For the first half of 2016, we expectedly achieved operating revenues of approximately RMB26.4 billion Yuan, up 15.14% from the same period of last year. Meanwhile, our percentages of the segment markets have risen steadily, our strength in technology and product innovation have further improved, and In-Cell Touch, LTPS AMOLED and some other new technology have been productized and breakthroughs have been made in the mass production of these products. Our 2.8" LTPS 1600 PPI, 7" FHD LTPS heteromorphic display, 82" 10K curved screen, Alta Max, etc. were spoken highly of in the SID Display Week, the most influential event across the global display sector in US.. In addition, we applied for over 4,000 patents in the first half of the year, a 25% increase from a year earlier. Affected by financial volatility and some non-economic factors, the first half of 2016 saw weak demand and growth in the global market. As for the domestic economy, there were no signs of stabilization but mounting downward pressure, and the RMB volatility caused a harsh environment for companies. In terms of the industry, the slowing-down growth in demand and the sharply falling prices in the five major application markets led to loss across the industry, but the markets for products with high added value, new technology and new applications still maintained a fast growth; meanwhile, the emerging new technology & materials, faster market penetration, increasingly fierce competition of patents and reforming business models were producing an oversetting effect through cross-field competition. In face of such a harsh market environment, we managed to do a good job in keeping a low stock of products, increasing our shares in the segment markets and the touch modularized percentage of our products, strengthening our capabilities of technical innovation and product development, making breakthroughs in intelligent manufacturing, pushing forward our major projects, trying to minimize the impact of currency volatility on our business performance, etc.. Up to the end of the Reporting Period, our operating revenues maintained a growing trend. Details about our performance by business division are given as follows:

#### (1) Display device division

The market share kept increasing in market segments. According to IHS data, as at the end of the 2<sup>nd</sup> quarter, the market share of LCD smart phone and TPC nabbed the top spot in the world, the market share of MNT and TV ranked up to the 2<sup>nd</sup> place in the world, and the market share of NB took the 4<sup>th</sup> place in the globe. With continuous enlargement of new market areas and new strategic clients, the enhancement of cooperation with brand clients and the whole-machine factory industry chain, as well as the expansion of client coverage, the Company has become the 1<sup>st</sup> supplier for plenty of brand clients. The capacity set a record high, the added value kept rising, the bottleneck-procedures were optimized, and the technique capability was improved, which promoted the increase of capacity and yield rate. The Beijing 8.5 Generation Line input-output touched new highs, and the capacity of the Chongqing 8.5 Generation Line was rapidly improved. The integrated completion rate of production plans of all production lines reached above 98%, which satisfied customers' demands. The Company pushed forward the launch of projects of the touch-control modules, the high resolution ratio products, and the new applications, so as to increase the ratio of products with high added-value, and increase the contribution margin of the single baseplates. While focusing on market and customer demands, the Company kept strengthening its technology capability. 130 new product models and 42 kinds of technologies were developed. The product development was mainly based on the touch-control modules and high resolution ratio products. The technology of high resolution ratio for middle and small size products was developed as planned, and was extended to VR/AR area. The Company optimized intelligent integration technology, developed technologies of narrow frame, ultra-thin and ultra-light models, hook face, and heteromorphism into production, and won high praises during the SID exhibition. As for supply system, the Company ensured its stability, introduced new materials and new suppliers, and achieved the goal of cutting down BOM cost through strategic cooperation. The Company applied homemade key materials, equipment, spare products and spare parts, and thus improved the dualization and

localization ratio. The Company intensified the tractive efforts brought by new materials and new technologies, emphasized more on cooperation with core suppliers, so that the development of new technologies and the massive production of new products can be stably processed.

### (2) Smart system division

With Internet and artificial intelligence as the main direction, building mobile health, wisdom, screen couplet, intelligence, wisdom, energy and five business intelligent manufacturing system. As for smart manufacturing division, the Company captured market opportunities, and made breakthroughs in capacity and yield, reaching the planned target for the division. Among them, the big SBU production and sales for one month hit historical high. The Company intensified more on procurement ratio of externally purchased panels, as well as on dualistic introduction of materials, so as to cut down cost and improve efficiency. The Company promoted project manager mechanism, and motivated the vigor and creative power of organizations. As for the mobile SBU unit, the Company developed the industry's leading technologies and products while cooperating with clients, and stabilized mass production. The Company also developed new strategic clients while focusing on markets of the vehicle-mounted products, the industrial automatic controlling products, medical products, and mobile payment products. The yield rate of module products was continuously being improved. As for smart panel division, the Company pushed forward the transformation of business model to "providing consumers with integrated solutions" through five big innovation projects, accomplished strategic source seeking for key projects, as well as the development paths and cooperation module planning for all projects. The Company launched online/offline marketing plans for high end production lines, such as 110"4K、98"4K, etc., which enlarged sales channels. The Company built the entrepreneurial culture for internal staffs, optimized organization structures and business processes, and thus motived innovation vigor and cohesion force. As for the mobile health division, the Company transformed thinking trains and constructed platforms through strategic source seeking, strategic investment and cooperation, and as a result, provided health products and services to target groups. The Company cleared up thoughts on the basis of big data analysis, constructed service and management module in a membership system, and founded the basis of the Company's development of public health service platform. As for smart energy division, the Company carried forward projects of EPC, EMC, and photovoltaic power stations as scheduled, implemented the incentive system, and encouraged whole-staff sales. The environmental lighting business reached the planned net profit index, the engineering projects progressed well, and the promotion of plant factories made efforts. As for smart vehicle connection division, the Company purchased VARITRONIX, a HK listed company, and perfected the business layout of vehicle-mounted display business and vehicle connection net system based on the plat form of VARITRONIX.

### (3) Health service division

With medical information and big data as the basic characteristics, strive to build O2O health care services, O2O health insurance services, park three main business system solutions .As for OASIS Hospital, the Company strengthened more force on department development, enlarged market, and refined management to improve business performance. The Company expanded B2B clients, and gained sharp year-on-year increase in revenue, outpatient amount, and new client amount. As for Hefei Digital Hospital, the project progressed well, the architecture design and medical planning were finished, and the system establishment and talents introduction were being promoted as scheduled. As for the professional park, the Company gained surplus in revenue, and introduced globally well-known enterprise for UBP/UCP divisions, stably implemented in-construction projects, and made smooth progress in project of integration solutions. As for health insurance division, the Company confirmed the cooperate shareholders and signed founder agreement, and submitted company preparation documents to the CIRC for review and approval.

## (2) Analysis of main business

YoY movements in major financial data

Unit: RMB Yuan

Item	Reporting Period	Same period of last year	YoY +/-%	Main reason for movement
Operating revenues	26,448,310,717.00	22,970,848,112.00	15.14%	-
Operating costs	23,987,091,158.00	17,509,610,448.00	36.99%	Increased as the sales volume increased
Selling expenses	696,216,454.00	532,688,703.00	30.70%	Increased as the sales volume increased
Administrative expenses	2,311,090,435.00	2,252,419,046.00	2.60%	-
Finance costs	1,234,879,010.00	176,341,089.00	600.28%	Increase in exchange loss and expensed interest
Corporate income tax	56,258,311.00	411,060,664.00	-86.31%	Lower earnings of the display device division due to a declining market
R&D expenses	1,944,443,159.00	1,414,269,610.00	37.49%	R&D enhancement
Net cash flows from operating activities	2,734,086,955.00	5,453,391,488.00	-49.86%	Considerable drop in our main product prices
Net cash flows from investing activities	-12,633,262,404.00	-11,570,264,006.00	9.19%	-

Net cash flows from financing activities	13,870,080,988.00	1,699,283,524.00	716.23%	Arrival of the funds raised through floating bonds
Net increase in cash and cash equivalents	3,853,303,396.00	-4,495,264,852.00	-185.72%	Arrival of the funds raised through floating bonds
Non-operating revenue	1,793,732,882.00	424,771,458.00	322.28%	Increase in government subsidies

#### 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  Not applicable

No such cases in the Reporting Period.

##### (2) Explain any retroactive restatements due to correction of significant accounting errors in the Reporting Period

Applicable  Not applicable

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  Not applicable

- 1、 The Company had completed the equity subscription delivery process of VARITRONIX on 28 April 2016. After which, the Company held 0.4 billion shares of VARITRONIX, which covered about 54.70% of the total shares capital and became the controlling shareholder of the latter. As for the details,
- 2、 The Company's subsidiary Beijing Yinghe Century Co., Ltd completed the equity subscription delivery process of Beijing Shangjun Properties Development Co., Ltd.
- 3、 The Company's subsidiary BOE Optoelectronics Holding Co., Ltd. (Optoelectronics Holding) set up BOE India Co., Ltd.;
- 4、 The Company set up BOE Intelligent technology Co., Ltd. (Intelligent Technology) .

##### (4) Explanation of the Board of Directors and the Board of Supervisors concerning the “non-standard” auditor’s report issued by the CPAs firm for the Reporting Period

Applicable  Not applicable

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

**Date of the Board of Directors approving to report: 26Aug 2016**