

Stock Code: 200725

Stock Name: BOE-B

Announcement No. 2019-050

BOE TECHNOLOGY GROUP CO., LTD.

INTERIM REPORT 2019 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the 2019 Interim Report of BOE Technology Group Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial condition and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of the Company hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Mr. Chen Yanshun, the Company’s legal representative, Mr. Liu Xiaodong, President, Ms. Sun Yun, Chief Financial Officer, and Ms. Yang Xiaoping, head of the financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

Name	Office title	Reason for not attending the meeting in person	Proxy entrusted to attend the meeting
Pan Jinfeng	Director	Due to work	Li Yantao
Wang Chenyang	Director	Due to work	Li Yantao
Li Xuan	Independent director	Due to work	Hu Xiaolin

Independent auditor’s modified opinion:

Applicable Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

Board-approved interim cash and/or stock dividend plan for preferred shareholders:

Applicable Not applicable

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Part II Key Corporate Information

1. Stock Profile

Stock name	BOE-A, BOE-B	Stock code	000725, 200725
Stock exchange for stock listing	Shenzhen Stock Exchange		
Previous stock name (if any)	N/A		
Contact information	Board Secretary	Securities Representative	
Name	Liu Hongfeng	Huang Rong	
Office address	12 Xihuan Middle Road, Beijing Economic-Technological Development Area, P.R.China	12 Xihuan Middle Road, Beijing Economic-Technological Development Area, P.R.China	
Tel.	010-64318888 ext.	010-64318888 ext.	
E-mail address	liuhongfeng@boe.com.cn	huangrong@boe.com.cn	

2. Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

√ Yes □ No

Reasons for the retrospective restatements:

Changes to the accounting policies.

Item	H1 2019	H1 2018		Change (%)
		Before	Restated	Restated
Operating revenue (RMB)	55,039,208,687.00	43,473,904,966.00	43,473,904,966.00	26.60%
Net profit attributable to the listed company's shareholders (RMB)	1,668,448,449.00	2,975,206,500.00	2,975,206,500.00	-43.92%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	651,490,434.00	978,868,759.00	1,503,020,477.00	-56.65%
Net cash generated from/used in operating activities (RMB)	11,594,984,349.00	11,439,605,846.00	11,581,507,174.00	0.12%
Basic earnings per share (RMB/share)	0.048	0.085	0.085	-43.53%
Diluted earnings per share (RMB/share)	0.048	0.085	0.085	-43.53%
Weighted average return on equity (%)	1.92%	3.45%	3.45%	-1.53%
Item	30 June 2019	31 December 2018		Change (%)
		Before	Restated	Restated
Total assets (RMB)	317,061,830,609.00	304,028,491,385.00	304,028,491,385.00	4.29%
Equity attributable to the listed company's shareholders (RMB)	86,523,347,828.00	85,856,748,703.00	85,856,748,703.00	0.78%

In the 2018 Annual Report, the net profit attributable to the listed company's shareholders before exceptional gains and losses was restated according to the audit results. According to the interpretations of the regulatory document CK [2018] No.15, government subsidies received, whether related to assets or income, shall be presented as cash generated from operating activities" in the cash flow statements.

3. Shareholders and Their Holdings as at 30 June 2019

Unit: share

Number of ordinary	1,499,878 (including 1,460,087 A-shareholders and 39,791 B-shareholders)
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shareholders						
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Shares in pledge or frozen	
					Status	Shares
Beijing State-owned Capital Operation and Management Center	State-owned legal person	11.68%	4,063,333,333	0	N/A	0
Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd.	State-owned legal person	7.60%	2,643,863,541	0	N/A	0
Hefei Jianxiang Investment Co., Ltd.	State-owned legal person	7.21%	2,510,142,953	0	N/A	0
Beijing Yizhuang Investment Holdings Co., Ltd	State-owned legal person	3.48%	1,210,724,041	0	N/A	0
Beijing BOE Investment & Development Co., Ltd.	State-owned legal person	2.36%	822,092,180	0	N/A	0
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	1.25%	434,248,350	0	N/A	0
Beijing Electronics Holdings Co., Ltd.	State-owned legal person	0.79%	273,735,583	0	N/A	0
Central Huijin Assets Management Co., Ltd	State-owned legal person	0.71%	248,305,300	0	N/A	0
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	0.38%	132,480,249	0	N/A	0
Xiamen Hengxing Group Co., Ltd.	Domestic non-state-owned legal person	0.37%	128,825,078	0	N/A	0
Related or acting-in-concert parties among the shareholders above	<p>1. Beijing State-owned Capital Operation and Management Center held 100% equities of Beijing Electronics Holdings Co., Ltd.</p> <p>2. Beijing Electronics Holdings Co., Ltd. held 66.25% equities of Beijing BOE Investment & Development Co., Ltd. and was its controlling shareholder.</p> <p>3. After the non-public issuing of BOE in 2014, Hefei Jianxiang Investment Co., Ltd. and Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd. by entering into Implementation Protocol of Voting Right respectively, agreed to maintain all of the shares held by them respectively unanimous with Beijing BOE Investment & Development Co., Ltd. when executing the voting rights of the shareholders.</p> <p>4. After the non-public issuing of the Company in 2014, Beijing State-owned Capital Operation and Management Center handed over 70% of the shares directly held by it 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 the above relationships, the Company does not know any other related party or acting-in-concert party among the top 10 shareholders.</p>					
Shareholders involved in securities margin trading (if any)	<p>The holdings of Beijing Yizhuang Investment Holdings Co., Ltd. in the Company decreased by 30,699,600 shares due to refinancing securities lending.</p> <p>Xiamen Hengxing Group Co., Ltd. holds 8,406,498 shares in the Company in its account of collateral securities for margin trading.</p>					

4. Change of the Controlling Shareholder or the Actual Controller in the Reporting Period

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable Not applicable

The actual controller remained the same in the Reporting Period.

5. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred shareholders in the Reporting Period.

6. Corporate bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part III Operating Performance Discussion and Analysis

1. Business Overview of the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

No.

The first half of 2019 saw complicated and changeable global political and economic conditions. Global economic growth slowed down under mounting downward pressure. In terms of the semi-conductor display industry, the massive and quick release of production capacity of advanced-generation products, weak market demand and severe oversupply led to decreasing panel prices and a considerable drop in profitability. Under the double pressures of the China-U.S. trade friction and an industry though, the Company was faced with extremely severe challenges in its operations. On the other hand, in view of good market opportunities for innovative display application, sensors, smart IoT and smart medicine and engineering, the Company carried on with its IoT transformation strategy. From an overall perspective, the Company achieved stable growth in operating revenue against market pressure and a shrinking market size in the first half of 2019. For this period, the Company recorded operating revenue of approximately RMB55 billion, up by around 27% year-on-year.

(1) The Company's Market Position was Steadily Improved.

The shipment of complete display panels was ranking the first place in the world, and the shipping area was accordingly increasing on a year-on-year basis; five major products of smart phone LCD, table PCs display screen, laptop display screen, displayer display screen and TV display screen continued to make their shipping quantity rank the first place in the world. Meanwhile, the shipping quantity and shipping area of innovation application products increased largely. Nevertheless, the market share of ESL and wearable products ranked first in the world and the splicing products the second. The sales of various high value-added products featuring HD,

touch control, narrow frame and Borderless/65"+ and the internal shipping occupancy largely increased.

The first AMOLED (flexible) production in the Mainland of China - Chengdu 6th generation of AMOLED (flexible) production line realized steady improvement of yield and supply for first-tire brand manufacturers, and the shipping quantity in the first half of the year exceeded ten million pieces; the Mianyang 6th AMOLED (flexible) production line was applied for the mass production; the flexible OLED smart phone's market occupancy was largely improved; the first TFT-LCD Production Line of the highest generation in the world-- the 10.5th Generation BOE Hefei TFT-LCD Production Line realized the production in a full capacity.

As for the smart factory 1 upgrade project of the Intelligent Manufacturing Service BG, various devices were moved in, and they would be put into service as scheduled; Smart factory 2 large-size flexible automation equipment was manufactured as scheduled. New breakthrough was made in developing the smart manufacturing service complete machine market. The finished TV sales achieved on the domestic market realized a year-on-year increase of 60%, and 32'' and 43'' low-cost non-frame series of products were developed; the mass production of non-frame full-display series of products was fully initiated; finished MNT products were successfully developed and the full series of 21.5"-32"Gaming products were put into mass production. As a result, the shipping quantity geared to the finished display strategy clients increased on a year-on-year basis.

The operating revenue and the outpatient visits achieved by OASIS International Hospital increased accordingly, and the medical satisfaction was further improved. In March, Hefei Hospital was completely open for service, and the outpatient visits exceeded 30,000 with its medical insurance coverage spreading to Hefei City and four subordinated counties and one district. The Mobile Healthcare IoT Platform BG put 15 peripheral products on the market for sale including smart watch, body fat calculator and blood pressure meter etc.. In the first half of the year, the APP registered users realized a month-on-month increase of over 220%.

(2) The Innovation and Transformation Business was orderly carried out.

The occupancy of various medical imaging products exceeded 70% on various client sides; products were steadily delivered to overseas customers; customized products were successfully certified. In terms of Flow Cell Gene Detection Products, the mass production and delivery work were realized. The double-curved LCD smart dimming window was launched to the world and it's put into service of Beijing-Xiong'an High-speed Train; samples of the fingerprint identification capacitance-type product were sent to 7 door lock clients. Meanwhile, the smart finance obtained more than 1000 branch transformation orders; in the first half of the year, over 330 branches were successfully transformed in total; in addition, the smart political education business independently developed the 75'' 8K broadcasting system, and for digital exhibitions, the benchmarking project—The Palace Museum Hall of Moral Cultivation Digital Exhibition was successfully implemented.

In April, the new iGallery M2 was launched on the market, and the R&D of the new iGallery S3 and new children's picture book reader R1 proceeded as scheduled; the product's transactions increased over 100% on a year-on-year basis; the APP newly-added registered users saw a year-on-year increase of 27%. In the first half of the year, the operating revenue of smart retails achieved a year-on-year increase of about 50%; the service-oriented transformation made great progress, and the mode of "retails=service" was implemented among particular clients.

The Mobile Healthcare IoT Platform BG put 15 peripheral products on the market for sale including smart watch, body fat calculator and blood pressure meter etc.. In the first half of the year, the APP registered users and the monthly active users increased significantly.

In term of OMO, the operating revenue and the sales volume all achieved corresponding increase; in the first half of the year, 51

urban partners were developed in total.

(3) The Technological Innovative Ability was continuously improved.

The number of patent applications remained its rapid growth trend. In the first half of the year, there were 4872 new patent applications, of which, patent for invention occupied over 90% and overseas patents exceeded 35%. Meanwhile, flexible OLED, sensor, AI, big data and other significant patents exceeded 2500. 2953 new patent licenses were added, of which, American patent licenses exceeded 1200. Accordingly, certain progress was also made in the R&D of various transformation technologies related to the sensors, AI and the big data and the medicine-industry integration. In respect of the technical standard, 25 external technical standards were formulated and revised in the first half of the year. In particular, the “see-through display” IEC International Standard was officially issued.

2. Matters Related to Financial Reporting

(1) Changes to Accounting Policies, Accounting Estimates or Measurement Methods Compared to the Last Accounting Period

Applicable Not applicable

The Group has adopted since 2019 the following revised versions of accounting standards for business enterprises which were issued by the Ministry of Finance in recent years.

A. The Accounting Standard No. 22 for Business Enterprises—Recognition and Measurement of Financial Instruments (Revised), the Accounting Standard No. 23 for Business Enterprises—Transfer of Financial Assets (Revised), the Accounting Standard No. 24 for Business Enterprises—Hedge Accounting (Revised), and the Accounting Standard No. 37 for Business Enterprises—Presentation of Financial Instruments (Revised) (together, the “New Accounting Standards Governing Financial Instruments”)

B. The Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019 (CK [2019] No.6)

C. The Accounting Standard No. 7 for Business Enterprises—Exchange of Non-Monetary Assets (Revised) (CK [2019] No.8)

D. The Accounting Standard No. 12 for Business Enterprises—Debt Restructuring (Revised) (CK [2019] No.9)

In accordance with the revised accounting standards and notice above, the Group has adjusted its accounting policies and the presentation of its financial statements, which does not have a material impact on its financial condition and operating results.

(2) Retrospective Restatements due to the Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases.

(3) Changes to the Scope of Consolidated Financial Statements Compared to the Last Accounting Period

Applicable Not applicable

The Company incorporated a subsidiary, Fuzhou BOE Display Technology Co., Ltd., during the Reporting Period with an interest of

65.77%.

Chairman of the Board (signature): Mr. Chen Yanshun

Date of the Board's approval of this Report: 23rd August 2019