

Stock symbol: 000725, 200725

Stock name: BOE A, BOE B

Announcement No.: 2018-036

BOE TECHNOLOGY GROUP CO., LTD.

ANNUAL REPORT 2017 (ABSTRACT)

Part I Important Notes

This Abstract is based on the full text of the Annual Report of BOE Technology Group Co., Ltd. (inclusive of 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 planning, investors should carefully read the full text which has been disclosed together with this Abstract on the media designated by the China Securities Regulatory Commission (the “CSRC”).

The Board of Directors (or the “Board”), the Supervisory Board 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 shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions in this Report.

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

All the Company’s Directors have attended the Board meeting for the review of this Report.

The Board has considered and approved the following dividend payout proposal for common shareholders for the Reporting Period: based on the total shares of 34,798,398,763, a cash dividend of RMB0.50 (tax inclusive) per 10 shares would be distributed to all the common shareholders, with no share dividend converted either from retain earnings or from capital reserves.

This Report has been prepared as per the Chinese Accounting Standards for Business Enterprises and other relevant regulations. KPMG Huazhen LLP has issued an independent auditor’s report with unmodified unqualified opinion for the Company.

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

Part II Company Profile

1. Stock Profile

Stock name	BOE A, BOE B	Stock symbol	000725, 200725
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Liu Hongfeng	Cui Zhiyong	
Office address	12 Xihuan Middle Road, Beijing	12 Xihuan Middle Road, Beijing	

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2. Brief Introduction to Main Business Scope or Products in Reporting Period

Founded in April 1993, BOE Technology Group Co., Ltd. (BOE) has three major business divisions, namely, the display and sensor business group (DBG), the smart systems business group (SBG) and the healthcare business group (HBG). And BOE is rapidly transforming towards an Internet of Things (IOT) company.

A. Display and Sensor Business Group (DBG)

This business group provides, among others, TFT-LCD, AMOLED and micro display components and solutions. The display business primarily offers display components and solutions for mobile phones, tablet PCs, laptops, displays, TVs, VR/AR devices, vehicles, wearable devices, industrial control, medical care, tiled display screens, etc. And the sensor business mainly provides core thin film transistors and solutions for photoelectric sensors, gene sequencing sensors, multi-sign sensors, security sensors and molecular antenna, among others.

B. Smart Systems Business Group (SBG)

Following the main direction of “the Internet of Things and artificial intelligence”, this business group consists of five major sub-divisions, namely, smart manufacturing, digital arts, smart retail systems, smart vehicle-mounted systems, and smart energy systems. The smart manufacturing sub-division mainly provides its global partners with the most competitive ODM/OEM and customized smart manufacturing solutions of complete machines, backlight units, etc. The digital arts sub-division focuses on B2C screen systems, providing O+O digital artwork trading platforms for customers. The smart retail systems sub-division mainly offers electronic shelf label, commercial display, hospital-bank smart systems and solutions. And the smart vehicle-mounted systems and smart energy systems sub-divisions mainly provide advanced vehicle-mounted and energy systems and solutions.

C. Healthcare Business Group (HBG)

With “Internet of Things technology and life data” as the core, this business group consists of five major sub-divisions, namely, mobile healthcare, digital hospitals, regenerative medicine, healthcare parks and life insurance, primarily providing portable health monitoring, online medical consulting, offline medical care, regenerative medicine and healthcare park products and solutions.

3. Key Financial Information

(1) Key Financial Information of Past Three Years

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

Yes No

Unit: RMB

Item	2017	2016	2017-over-2016 change	2015
Sales revenue	93,800,479,215.00	68,895,658,963.00	36.15%	48,623,732,312.00
Net income attributable to shareholders of the listed company	7,567,682,493.00	1,882,571,674.00	301.99%	1,636,270,488.00
Net income attributable to shareholders of the listed company before nonrecurring gains and losses	6,679,211,138.00	12,534,878.00	53,185.01%	613,814,833.00
Net cash flows from operating activities	26,266,986,015.00	10,073,287,120.00	160.76%	10,493,385,445.00
Basic earnings per share (RMB/share)	0.217	0.054	301.85%	0.046
Diluted earnings per share (RMB/share)	0.217	0.054	301.85%	0.046
Weighted average return on equity (%)	9.25%	2.40%	6.85%	2.13%
Item	December 31, 2017	December 31, 2016	Change of December 31, 2017 over December 31, 2016	December 31, 2015
Total assets	256,108,741,849.00	205,135,011,042.00	24.85%	152,592,894,442.00
Equity attributable to shareholders of the listed company	84,809,816,377.00	78,699,988,493.00	7.76%	77,485,275,564.00

(2) Key Financial Information by Quarter

Unit: RMB

Item	Q1	Q2	Q3	Q4
Sales revenue	21,854,974,362.00	22,750,053,633.00	24,803,328,149.00	24,392,123,071.00
Net income attributable to shareholders of the listed company	2,413,015,650.00	1,889,589,950.00	2,173,061,620.00	1,092,015,273.00
Net income attributable to shareholders of the listed company before nonrecurring gains and losses	2,301,442,129.00	1,716,401,980.00	1,899,046,822.00	762,320,207.00
Net cash flows from operating activities	6,216,049,821.00	4,422,541,445.00	7,852,416,022.00	7,775,978,727.00

Indicate by tick mark whether any of the financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or semi-annual reports.

Yes No

4. Share Capital and Shareholder Information

(1) Numbers of Common Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Common shareholders at period-end	1,259,119 (including 1,222,422 A-share holders and 36,697 B-share holders)	Common shareholders at month-end prior to disclosure of this Report	1,313,406 (including 1,275,197 A-share holders and 38,209 B-share holders)			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage at period-end (%)	Shares	Restricted shares	Pledged or frozen shares	
					Status	Shares
Beijing State-owned Capital Operation and Management Center	State-owned juridical person	11.68%	4,063,333,333	0	N/A	0
Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd.	State-owned juridical person	8.12%	2,826,500,070	0	N/A	0
Hefei Jianxiang Investment Co., Ltd.	State-owned juridical person	7.71%	2,683,642,953	0	N/A	0
Beijing Yizhuang Investment Holdings Limited	State-owned juridical person	3.57%	1,241,423,641	0	N/A	0
Beijing BOE Investment & Development Co., Ltd.	State-owned juridical person	2.36%	822,092,180	0	N/A	0
Hong Kong Securities Clearing Company Ltd.	Foreign juridical person	1.27%	442,527,252	0	N/A	0
Beijing Electronics Holdings Co., Ltd.	On behalf of the government	0.79%	273,735,583	0	N/A	0
Central Huijin Asset Management Co., Ltd.	State-owned juridical person	0.71%	248,305,300	0	N/A	0
National Social Security Fund Portfolio 101	Other	0.64%	223,371,500	0	N/A	0
Zhang Jianping	Domestic natural person	0.58%	201,712,697	0	N/A	0
Related or acting-in-concert parties among 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 Capital Photoelectricity 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</p>					

	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. 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.
Shareholders conducting securities margin trading (if any)	Among the top 10 common shareholders, Zhang Jianping became a top 10 shareholder due to securities margin trading. And all the 201,712,697 shares held by him in the Company were in his account of collateral securities for margin trading.

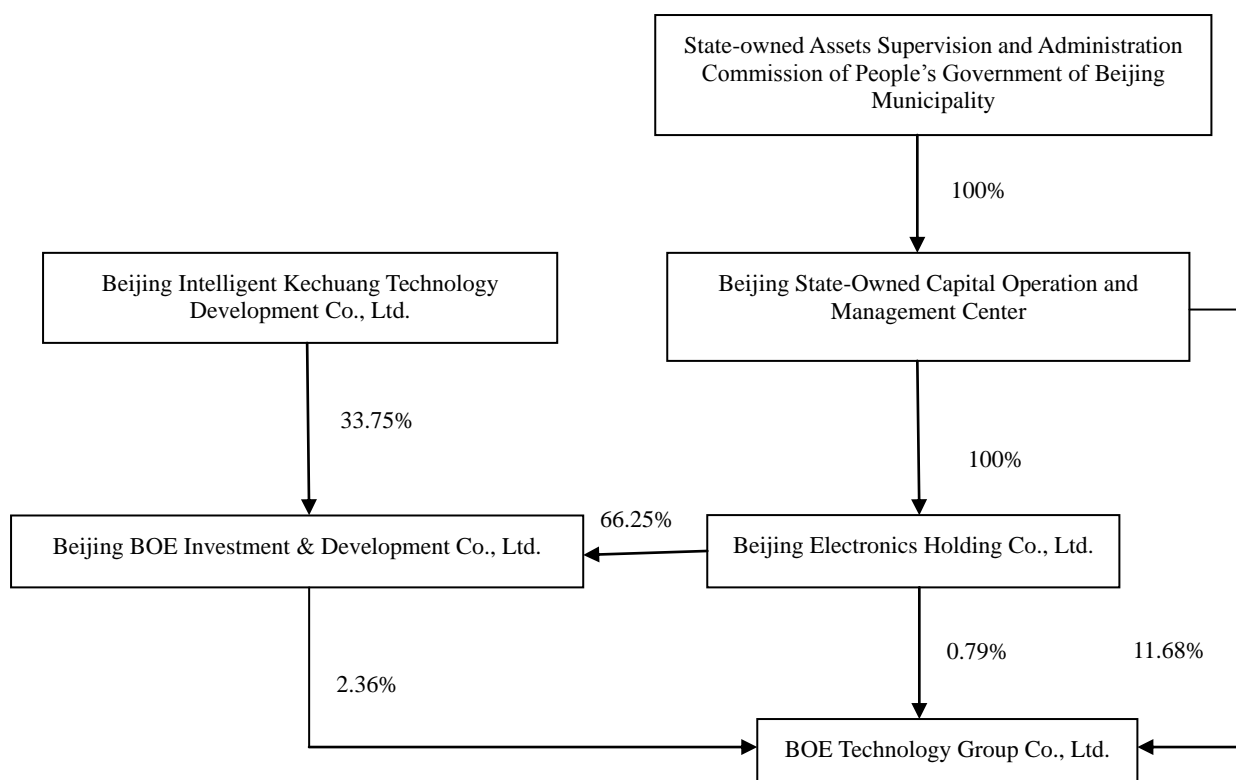
Note: Beijing Economic-Technological Investment & Development Corp. has been renamed Beijing Yizhuang Investment Holdings Limited.

(2) Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred shareholders in the Reporting Period.

(3) Ownership and Control Relations between Actual Controller and the Company



Notes: 1. Beijing Intelligent Kechuang Technology Development Co., Ltd. (Intelligent Kechuang) is used as a platform for the Company to implement equity incentives for its core technical and managerial personnel, who are the 20 nominal shareholders of Intelligent Kechuang. The ratios of their capital contributions to Intelligent Kechuang do not represent their actual equity percentage. The equities of Intelligent Kechuang are jointly owned by the awardees of the Company's equity incentive plans. The capital

contribution ratios of the said 20 people are as follows: Wang Dongsheng 20%, Jiang Yukun 10%, Liang Xinqing 10%, Zhao Caiyong 6.667%, Shi Dong 6.667%, Chen Yanshun 6.667%, Song Ying 6.667%, Han Guojian 6.667%, Gong Xiaoqing 3.333%, Wang Yanjun 3.333%, Wang Jiaheng 3.333%, Liu Xiaodong 3.333%, Ren Jianchang 1.667%, Sun Jiping 1.667%, Zhang Peng 1.667%, Wang Aizhen 1.667%, Mu Chengyuan 1.667%, Xu Yan 1.667%, Hua Yulun 1.667% and Zhong Huifeng 1.667%.

2. When the Company completed a private offering of shares in 2014, Beijing State-Owned Capital Operation and Management Center transferred its 70% stake directly held in the Company to Beijing Electronics Holding Co., Ltd. for managing through a Shares Management Agreement, and Beijing Electronics Holding Co., Ltd. obtained the shareholder's rights other than the disposal and earnings rights attached to the 70% stake; and Beijing State-Owned Capital Operation and Management Center agreed in a Voting Rights Exercise Agreement to align itself with Beijing Electronics Holding Co., Ltd. when exercising its voting rights of the remaining 30% stake directly held by it in the Company.

5. Corporate Bonds

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

Yes.

(1) Bond Profile

Bond name	Abbr.	Bond symbol	Due date	Balance (RMB'0,000)	Interest rate
2016 Public offering of the corporation bonds for the qualified investors of BOE Technology Group Co., Ltd. (Phase I)	16BOE01	112358	March 21, 2021	1,000,000	3.15%
Interest and principal payments during Reporting Period	On March 21, 2018, the Company completed the 2017 annual interest payout for the qualified investors of its 2016 corporate bonds.				

(2) Latest Rating and Rating Change

On Jun. 24, 2016, United Ratings issued *the Tracking Rating Report of the 2016 Corporate Bonds Credit Rating of BOE Technology Group Co., Ltd.*, with the issuers' main body credit rating of AAA and AAA of the credit rating of the current corporate bonds. On Jun. 25, 2016, the tracking rating report of the current bonds by the United Rating will be disclosed on www.szse.cn and www.unitedratings.com.cn with the public disclosure date of www.szse.cn not later than that of other trading places, media or other places.

On Jun. 23, 2017, United Ratings issued *the Tracking Rating Report of the 2017 Corporate Bonds Credit Rating of BOE Technology Group Co., Ltd.*, with the issuers' main body credit rating of AAA and AAA of the credit rating of the current corporate bonds. On Jun. 24, 2017, the tracking rating report of the current bonds by the United Rating will be disclosed on www.szse.cn and www.unitedratings.com.cn with the public disclosure date of www.szse.cn not later than that of other trading places, media or other

places.

Before Jun. 24, 2018, United Ratings will issue *the Tracking Rating Report of the 2018 Corporate Bonds Credit Rating of BOE Technology Group Co., Ltd.* The Company will disclose the tracking rating analysis report on www.szse.cn in time. And please investors pay attention to it.

(3) Selected Financial Information of the Company for Past Two Years

Item	2017	2016	Change
Liabilities-to-assets ratio	59.28%	55.14%	4.14%
Total-liabilities-to-EBITDA ratio	15.92%	13.18%	2.74%
Times interest earned	3.89	1.93	101.55%

Part III Company Performance Discussion and Analysis

1. Business Review for Reporting Period

Is the Company subject to any disclosure requirements for special industries?

No.

2017, the global economy experienced a strong recovery, with faster-than-expected growth in trade; and China's economy was developing steadily and healthily with remarkable results produced in its supply-side reform. Regarding the semiconductor display industry, it saw slower growth in the traditional LCD market, but faster growth in new markets such as VR/AR, commercial display, industrial control and vehicle-mounted systems, as well as wider application of AMOLED in mobile phones and wearable equipment, providing new impetuses for growth in the industry, as well as great market opportunities for the Company. Additionally, the rising Internet of Things industry driven by the fast development of AI and big data technologies, an expanding smart terminal range of the Internet of Things incurred by new technologies and applications, as well as a fast growing comprehensive healthcare industry boosted by the integration of information technology and life technology, all created favorable opportunities for the Company's innovation and transformation.

In 2017, the ending year for its "Iron Sword" strategy, the Company united as one man and forged ahead, actively seizing market opportunities and dealing with various challenges. For the year, the Company recorded sales revenue of RMB93.8 billion, up approximately 36.15% compared to 2016, and recorded net income of RMB 7.568 billion, surging around 301.99% year over year, hitting a record high in the Company's history and laying a solid foundation for the Company's next "Wooden Sword" strategy. While improving the core competitiveness of the new display and sensor business including TFT-LCD and AMOLED, the Company has also enhanced the core competitiveness of its smart manufacturing service, digital art, smart retail, smart vehicle-mounted systems and smart energy systems, and made trans-boundary innovations through combining the semiconductor display, AI, sensor technology and other electronic information technologies with the medicine and life science and technology. In 2017, the Company applied for 8678 new patents, and invention patents occupied 85%. The Company's available patents have exceeded 60,000 in total, ranking among the best in the world. The Company has applied for over 3000 patents overseas, including the U.S.A., Europe, Japan

and Korea etc. According to relevant America patent data, BOE's United States Patents Granted ranked 21st in 2017 from 40th in 2016, and the number of United States Patents granted reached 1,413 with a year-on-year increase of 62%. In fact, BOE has become one of IFI TOP50 with the highest increase rate in two consecutive years. According to the 2017 Global International Patent Application (PCT) Report issued by WIPO, BOE owned 1,818 patent applications and ranked 7th in the world. The business operation situation of various business divisions is described as follows:

(I) The display and sensor business group (DBG)

In 2017, the market occupancy of five traditional display devices maintained its leading status. The shipment of smart phone LCD, tablet PC display screen and notebook display screen all ranked first in the world, and that of the display screen and TV Sets display screen second; the OLED business made a breakthrough; the 6th generation Chengdu Flexible OLED Production Line realized the mass production and delivery in October; the pile foundation of the 6th generation Mianyang Flexible OLED Production Line was also completed in October, and 50% of the main structure was completed in the year; the 10.5th generation Hefei TFT-LCD Production Line was put into production and corresponding products were delivered to the customers in December; the 8.5th generation Fuzhou TFT-LCD Production Line realized its mass production and delivery in February and fulfilled the planned objective of making profits in the year when it's put into production. Meanwhile, the sensor business also made some progress. For example, X-ray achieved corresponding scale and was on the market; gene sequencing devices were shipped to various brand clients, and the sample preparation of molecular antennas, multi-sign sensors and security sensors was completed. Therefore, it has continuously strengthened its ability in developing clients, and added 9 first suppliers throughout the year. The Company will seek development through making innovations, encourage the technical and product innovations and gradually improve the overall yield.

(II) The smart systems business group (SBG)

The market occupancy of smart manufacturing service TV ranked 4th and that of MNT 4th in the world. Meanwhile, various innovative BU (Business Unit) including Wearable Devices Unit and ESL (Electronic Shelf Label) Unit also made some progress. Hefei Smart Manufacturing Factory realized its mass production and delivery in January, and the structure of Chongqing Factory was completed 43 days ahead of schedule; many famous brand clients were also developed; the prototype development of the wide-angle double imaging vehicle-mounted head-up display was completed, and the smart rear-view mirror technology platform was also developed; the client authentication of Chengdu Vehicle-mounted Systems Base was finished, and many famous automobile brands were successfully introduced; ESL made concerted effort with Ali and Jingdong etc. to establish the new retail ecosystem; iBank succeeded in developing 5 clients and independently worked out the integrated solutions for two smart banks and realized the delivery; the smart retail business layout was further improved; the painted screen won the IFA Product Technology Innovation Award; various new products were launched including 21.5-inch products and 49-inch products, and the production line was diversified.

(III) The healthcare business group (HBG)

The main structure of Hefei Digital Hospital was completed in September, and Chengdu Digital Hospital signed the framework agreement and established the project company; the mobile healthcare product MTX (non-invasive multi-parameter detector) was sold on the market; COG (non-invasive comprehensive glucose meter) passed the authentication of CFDA (China Food and Drug Administration); for the CTC Screening Project, the glass-based colloid structure micro-fluidic chip was prepared and completed; the diagnostic model for the non-invasive blood pressure detection and skin cancer screening project was successfully established; the regenerative medicine cell laboratory was initiated and put into service, and 3 kinds of cell membrane samples were well prepared.

2. Significant Changes in Main Business Scope in Reporting Period

Yes No

3. Product Categories Contributing over 10% of Main Business Revenue or Income

Applicable Not applicable

Unit: RMB

Product category	Sales revenue	Operating income	Gross margin percentage	YoY change in sales revenue	YoY change in operating income	YoY change in gross margin percentage
Display and sensor business group (DBG)	82,636,085,228.00	9,888,952,936.00	25.00%	35.01%	830.81%	8.04%
Smart systems business group (SBG)	18,134,719,119.00	-71,042,542.00	8.47%	45.04%	-145.02%	-0.06%

4. Business Seasonality to which Special Attention should Be Paid

Yes No

5. Material YoY Changes in Sales Revenue, Cost of Sales and Net Income Attributable to Common Shareholders or Their Composition

Applicable Not applicable

6. Possibility of Listing Suspension or Termination

Applicable Not applicable

7. Matters Related to Financial Reporting

(1) YoY Changes in Accounting Policies, Accounting Estimates or Measurement Methods

Applicable Not applicable

The MOF issued the Accounting Standards for Business Enterprises No. 42—Non-current Assets and Disposal Groups Held for Sale and Discontinued Operations (ASBE 42) and the revised Accounting Standards for Business Enterprises No. 16 - Government Grants (ASBE 16 (2017)) in April and May 2017 respectively. The effective date of ASBE 42 and ASBE 16 (2017) are 28 May and 12 June

2017.

In addition, the MOF issued the Notice on Issuing the Revised Formats of Financial Statements for General Enterprises (Caikuai [2017] No.30) in December 2017. The Company has prepared its financial statements for the year ended 31 December 2017 in accordance with the Notice.

Impacts of the adoption of the above accounting standards and regulations are as follows:

(i) Held for sale and discontinued operations

The adoption of this standard has no significant impact on the Group's financial position and operating performance.

(ii) Government grants

In accordance with ASBE 16 (2017), the Company has reviewed the government grants on 1 January 2017 and updated corresponding accounting policies using prospective application method. The accounting treatment and disclosure requirements for government grants in 2016 are still subject to relevant enterprise accounting standards before the issuance of ASBE 16 (2017).

Impacts of the adoption of this standard are as follows:

- Certain government grants related to assets were changed from deferred income to write off the book value of related assets;
- Certain government grants related to income are included in the income statement, and changed from non-operating income to other income or used to write off related cost based on the nature of economic businesses in respect of those related to daily activities of the Company, or included in non-operating income and expense in respect of those not related to daily activities of the Company.

(iii) Gains from disposal of assets

The Company has prepared its financial statements for the year ended 31 December 2017 in accordance with Caikuai [2017] No.30. Comparative figures have been adjusted retrospectively. The adoption of Caikuai [2017] No.30 has no material effect on the financial position and operating performance of the Company.

According to this standard, the Company has added a separate line item "Gains from asset disposals" in the income statement to present gains or losses arising from disposals of those classified as non-current assets (excluding financial instruments, long-term equity investments and investment property) or disposal groups, and gains or losses arising from disposals of those not classified as fixed assets, construction in progress and intangible assets. The above gains or losses were previously presented in "Non-operating income" or "Non-operating expenses".

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

Applicable Not applicable

No such cases.

(3) YoY Changes in Scope of Consolidated Financial Statements

Applicable Not applicable

During 2017, the Company incorporated 1 new subsidiaries: Kunming BOE Display Technology Co., Ltd.,.

Chairman of the Board: Wang Dongsheng

Date of the Board's approval of this Report: April 20, 2018