

Stock Code: 200725

Stock Name: BOE-B

Announcement No. 2020-051

# BOE TECHNOLOGY GROUP CO., LTD.

## INTERIM REPORT 2020 (SUMMARY)

### Part I Important Notes

This Summary is based on the full text of the 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                             |

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   |   |                |
| 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

| Item   | H1 2020            | H1 2019            | Change (%) |
|--|--------------------|--------------------|------------|
| Operating revenue (RMB)  | 60,867,073,506.00  | 55,039,208,687.00  | 10.59%     |
| Net profit attributable to the listed company's shareholders (RMB)                                     | 1,135,450,325.00   | 1,668,448,449.00   | -31.95%    |
| Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB) | -176,328,585.00    | 651,490,434.00     | -127.07%   |
| Net cash generated from/used in operating activities (RMB)   | 9,716,675,534.00   | 11,594,984,349.00  | -16.20%    |
| Basic earnings per share (RMB/share)   | 0.026              | 0.048              | -45.83%    |
| Diluted earnings per share (RMB/share)   | 0.026              | 0.048              | -45.83%    |
| Weighted average return on equity (%)  | 1.05%              | 1.92%              | -0.87%     |
| Item   | 30 June 2020       | 31 December 2019   | Change (%) |
| Total assets (RMB)   | 350,733,841,254.00 | 340,412,203,308.00 | 3.03%      |
| Equity attributable to the listed company's shareholders (RMB)   | 101,672,532,467.00 | 95,058,129,055.00  | 6.96%      |

### 3. Shareholders and Their Holdings as at the End of the Reporting Period

Unit: share

| Number of ordinary shareholders  |  |                         |                  |                   |                            |        |
|--|--|-------------------------|------------------|-------------------|----------------------------|--------|
| 1,370,643 (including 1,330,399 A-shareholders and 40,244 B-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      |
| Hong Kong Securities Clearing Company Ltd.                               | Foreign legal person   | 4.60%                   | 1,601,382,703    | 0                 | N/A                        | 0      |
| Hefei Jianxiang Investment Co., Ltd.                                     | State-owned legal person   | 3.91%                   | 1,362,162,510    | 0                 | N/A                        | 0      |
| Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd.       | State-owned legal person   | 3.91%                   | 1,359,820,041    | 0                 | N/A                        | 0      |
| Beijing BOE Investment & Development Co., Ltd.                           | State-owned legal person   | 2.36%                   | 822,092,180      | 0                 | N/A                        | 0      |
| Hefei Jianxin Investment Co., Ltd.                                       | State-owned legal person   | 2.30%                   | 800,000,000      | 0                 | N/A                        | 0      |
| Beijing Yizhuang Investment Holdings Co., Ltd                            | State-owned legal person   | 1.96%                   | 682,765,474      | 0                 | N/A                        | 0      |
| GCAMC-ICBC-Generali China-Qihang Asset Management Product No.1           | Domestic non-state-owned legal person  | 0.94%                   | 325,728,500      | 0                 | N/A                        | 0      |
| GCAMC-ICBC-Generali China-Chengping Asset Management Product No.1        | Domestic non-state-owned legal person  | 0.88%                   | 305,643,700      | 0                 | N/A                        | 0      |
| Beijing Electronics Holdings Co., Ltd.                                   | State-owned legal person   | 0.79%                   | 273,735,583      | 0                 | N/A                        | 0      |
| Related or acting-in-concert parties among the shareholders above        | 1. Beijing State-owned Capital Operation and Management Center held 100% equities of Beijing Electronics Holdings Co., Ltd.<br>2. Beijing Electronics Holdings Co., Ltd. held 66.25% equities of Beijing BOE Investment & Development Co., Ltd. and was its controlling shareholder. |                         |                  |                   |                            |        |

|   |  |
|---|--|
|   | <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 &amp; 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 connected party or acting-in-concert party among the top 10 shareholders.</p> |
| Shareholders involved in securities margin trading (if any) | The shares held by Beijing Yizhuang Investment Holdings Co., Ltd. in the Company decreased by 13,824,800 shares due to engaging in securities financing.   |

#### 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?

Yes.

##### (1) Bond Profile

| Bond name  | Abbr.   | Bond code | Date of issue    | Maturity         | Balance (RMB'0,000) | Coupon rate |
|--|---------|-----------|------------------|------------------|---------------------|-------------|
| 2019 Public Offering of Renewable Corporate Bonds of BOE (for qualified investors) (Phase I)   | 19BOEY1 | 112741    | 28 October 2019  | 29 October 2022  | 800,000             | 4.00%       |
| 2020 Public Offering of Renewable Corporate Bonds of BOE (for qualified investors) (Phase I) (epidemic prevention and control bonds) | 20BOEY1 | 149046    | 27 February 2020 | 28 February 2023 | 200,000             | 3.64%       |
| 2020 Public Offering of Renewable Corporate Bonds of BOE (for qualified investors) (Phase II) (epidemic prevention and control)      | 20BOEY2 | 149065    | 18 March 2020    | 19 March 2023    | 200,000             | 3.54%       |

|  |         |        |               |               |         |       |
|--|---------|--------|---------------|---------------|---------|-------|
| bonds)   |         |        |               |               |         |       |
| 2020 Public Offering of Renewable Corporate Bonds of BOE (for qualified investors) (Phase III) (epidemic prevention and control bonds) | 20BOEY3 | 149108 | 24 April 2020 | 27 April 2023 | 200,000 | 3.50% |

## (2) Relevant Financial Information as of the End of the Reporting Period

Unit: RMB'0,000

| Item                                | 30 June 2020 | 31 December 2019 | Change  |
|-------------------------------------|--------------|------------------|---------|
| Debt/asset ratio                    | 57.18%       | 58.56%           | -1.38%  |
| Item                                | H1 2020      | H1 2019          | Change  |
| EBITDA-to-interest coverage (times) | 5.37         | 6.29             | -14.63% |

## Part III Operating Performance Discussion and Analysis

### 1. Business Overview of the Reporting Period

Since the first half of 2020, the industrial chain of semiconductor has taken a hit from the spread of the COVID-19 pandemic across the world and has seen a shrinking market size. Together with the hardship caused by the China-U.S. trade frictions on the global economy, the Company is in face of tough challenges. However, on the other side of the coin, the “new infrastructure” policy put forward by the government provides digital power for industrial development, which will accelerate the integration of 5G, AI and other new technologies and traditional industries, thus resulting in a new round of economic growth. In this respect, the Company is positioned to embrace new opportunities in its transformation and development. With the co-existence of challenges and opportunities, the Company adhered to the transformation towards an IoT company, actively seized development opportunities, strengthened risk prediction, adjusted internal strategies in a timely manner and refined its product mix. As a result, great progress has been made in multiple areas including innovative application, sensors, smart IoT and smart medicine and engineering. The strategy of transformation towards IoT has been carried out in a successful and steady manner. Overall, the Company managed to achieve stable growth in operating revenue against a shrinking market size. For the first half of 2020, the Company recorded operating revenue of approximately RMB60.867 billion, up by around 10.59% year-on-year.

#### 1. Joint development of D, S and H divisions

##### The Interface Devices BD (D)

The shipment of display devices remained the world’s top, with an increase of more than 15% year-on-year. The shipments in the five main application areas, including smart phone LCD, tablet PC display screen, notebook computer display screen, display monitor and TV display, continued its first ranking status. The global market leading position of the display division was further strengthened. The sales volume of innovative application products registered a year-on-year growth of more than 60%, with double growth in the shipping area; the market share of electronic signage, wearable and ESL ranked the top globally. The shipments in sensor solutions and medical imaging divisions increased substantially year-on-year; in terms of the smart screens division, product delivery was achieved in the maglev screen project under the key subject of “Advanced Rail Transit” in the Key Research and Development Program of the Ministry of Science and Technology.

##### The Smart IoT BD (S)

The Company continued to improve its product mix in the division cluster of intelligent manufacturing services. The sales volume of whole TV devices in China increased by over 70% year-on-year, and that of large-sized products of above 65 inches rose by over 50% year-on-year; the sales volume of ESL grew by over 70%. In the division cluster of smart system innovation, smart bank solutions were widely applied in the flagship store projects of various banks, covering more than 120 branches. The sales volume of digital art grew by over 75%; the monthly active user rates of iGallery and Funbook products were more than 70% and 80% respectively, representing substantial increase in customer stickiness.

##### The Smart Medicine and Engineering BD (H)

In the mobile health division, products of the first biochip that was independently developed and put into mass production were shipped; contracts were signed for the implementation of four solutions, including the Smart Emergency, the Smart Health Care Community, the Smart Public Health and Physical Examination and the chronic respiratory disease management; the number of new members of mobile health Apps and that of monthly active users increased considerably, with the number of monthly active users

reaching nearly 100,000. The health service provider OASIS Hospital continued to improve its characteristic medical service quality, with the inpatient bed-days of post-natal rehabilitation increasing by more than 75% day-on-day; Hefei BOE Hospital reached a new high in the number of outpatient visits. The Company actively engaged in supporting Hubei province and assisting in the local anti-epidemic actions, with further enhancement in its professional service ability and industrial influence.

## **2. Further improvement in technology innovation ability**

The Company has made continuous improvement in its capacity to obtain patents globally. In the first half year of 2020, applications were made for 4,876 new patents, including more than 2,400 patents in important areas, such as OLED, sensing, artificial intelligence and big data; the number of new patent licensing cases increased by 3,100, including more than 1,300 patents licensed overseas; applications were made for more than 60,000 proprietary patents, with over 30,000 patents licensed. In terms of technical standards, the Company led the establishment and revision of 33 external standards; the research findings of IoT time synchronization technology were published on the international top journal IEEE Circuits and Systems Magazine. New breakthroughs were made in technology application and innovation. The TV 65-inch BD Cell won the SID DIA of 2020 (the first time that a Chinese enterprise has won this award); the independently developed masked-face recognition ranked industrial top in terms of both its algorithm accuracy and customer statistics recognition accuracy; the 8K UHD integrated solution with proprietary software coding and decoding technology reached the industrial leading level; the Company's contesting team won the global championship in the event extraction task in the 2020 Language and Intelligence Challenge; the "Health Analysis of Brain" medical report based on the big data of health and medical care featured an accuracy of 90%; the independently developed 3D Body Appearance Deformation Algorithm realized the dynamic visualization of human body.

## **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 Company starts to implement the Accounting Standards for Business Enterprises No.14-Revenue revised and issued by the Ministry of Finance in 2017 since 1 January 2020 and adjusts related contents of accounting policies.

### **(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

Six new subsidiaries were established in the current period, including Hefei BOE Xingyu Technology Co., Ltd., BOE Education Technology Co., Ltd., Oriental Chengqi (Beijing) Business Technology Co., Ltd., BOE Innovation Investment Co., Ltd., Qingdao BOE Smart System Innovation Center Co., Ltd. and BOE Smart Technology Co., Ltd.. The Company holds a 43.40% interest in Hefei BOE Xingyu Technology Co., Ltd. and the 100% interest in all the others.

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

**Date of the Board's approval of this Report: 27<sup>th</sup> August 2020**