

BOE TECHNOLOGY GROUP CO., LTD.

INTERIM REPORT 2004

(Overseas Version)

A Shenzhen Stock Exchange Listed Company

with

Stock Name: BOE - B

Stock Code: 200725

Aug. 27, 2004

Contents

SECTION . IMPORTANT NOTICE-----	3
SECTION . COMPANY PROFILE-----	4
SECTION . CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHARES HELD BY SUBSTANTIAL SHAREHOLDERS-----	6
SECTION . PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVES-----	9
SECTION . THE MANAGEMENT DISCUSSION AND ANALYSIS -----	11
SECTION . SIGNIFICANT EVENTS-----	16
SECTION . FINANCIAL REPORT (UNAUDITED)-----	19
SECTION . DOCUMENTS AVAILABLE FOR REFERENCE-----	19

Section 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.

All directors attended the Board meeting except Mr. Chen Yanshun, executive director of the company who was on his business travel at that time.

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

The 2004 interim 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.

Section 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

Stock Name for A-share: BOE - A

Stock Code for A-share: 000725

Stock Name 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: Wang Yanjun

Securities Affairs Representative: Zhong Huifeng

Tel: 010 – 64366264

Fax: 010 – 64366264

E-mail: wangyanjun@boe.com.cn, hfhzhong@boe.com.cn

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

6. Place Where the Interim Report is available for reference: Secretariat of the Board of Director

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

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

(II) Financial Highlights and Ratios

Table 1

Unit: RMB

Items	Jan.-Jun. 2004	Jan.-Jun. 2003	Increase/decrease in this report period compared with the same period of last year (%)
Net profit	521,186,153.77	165,170,757.54	215.54%
Fully diluted earnings per share (RMB/share)	0.36	0.25	44.00%
Fully diluted return on equity (%)	9.98%	7.10%	40.56%
Net cash flow arising from operating activities	218,019,969.85	628,673,055.55	-65.32%

Table 2

Unit: RMB

Items	June 30, 2004	Dec. 31, 2003	Increase/decrease at the end of this period compared with the period-begin (%)
Current assets	7,132,944,901.49	5,548,182,047.21	28.56%
Current liabilities	5,822,132,486.45	6,715,092,909.42	-13.30%
Total assets	13,868,634,245.32	12,038,873,460.42	15.20%
Shareholders' equity (excluding minority interests)	5,220,095,533.47	2,570,868,810.00	103.05%
Net assets per share (RMB/share)	3.57	3.90	-8.46%

Note 1: The aforesaid diluted data as of the half year 2003 and as at the end of year 2003 are calculated based on total share capital of 659,464,800 shares at the period-end, while, the data as of the half year 2004 are calculated based on total share capital of 1,463,797,200 share at the period-end.

Note 2: Difference between 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 Business	5,220,095	521,186
Adjustment in accordance with International Financial Report Standards and other adjustment		
Discrepancy due to difference term of amortization of goodwill	(2,424)	(667)
Other	(31)	-
Balance after adjustment under IAS	5,217,640	520,519

Section III. Changes in Share Capital and Particulars about Shares Held by Substantial 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
		Rationed share	Bonus shares	Additional issuance	Capitalization of public reserve	Others	Subtotal	
I. Unlisted shares								
1. Sponsor's shares								
Including:								
State-owned share	393634800				196817400			590452200
Domestic legal person's shares								
Foreign legal person's shares								
Others								
2. Raised legal person's shares	4290000				2145000			6435000
3. Inner employees' shares	10140000				-			-
4. Preference shares or others								
Total unlisted shares	408064800				198962400			596887200
II. Listed shares								
1. RMB ordinary shares	72000000				41070000			123210000
2.Domestically listed foreign shares (B shares)	179400000			316400000	247900000			743700000
3. Overseas listed foreign shares								
4. Others								
Total listed shares	251400000				288970000			866910000
III. Total shares	659464800			316400000	487932400			1463797200

Note 1: In accordance with the regulations of ZJGS Zi [2000] 197 document issued by China Securities Regulatory Commission, 10,140,000 inner employee shares issued by the Company were listed for trading on Jan. 12, 2004.

2. Approved by Beijing Securities Regulatory Commission with ZJFX Zi [2004] No. 2 document, the Company issued 316,400,000 B shares between Jan. 13, 2004 and Jan. 15, 2004. After additional issuance of B shares, the Company's total share capital has increased up to 975,864,800 shares from 659,464,800 shares. The newly issued B shares has been listed for trading on Apr. 16, 2004.

3. As examined and approved by the 2003 Shareholders' General Meeting (held on May 28, 2004), the Company implemented the plan of converting capital reserve into share capital at the rate of 5 shares per 10 shares to all shareholders on June 9, 2004 based on the total share capital of 975,864,800 shares after additional issuance of B shares. After the conversion, the Company's total share capital has increased up to

1,463,797,200 shares from 975,864,800 shares.

(II) As of 30, 2004, the Company had totally 46382 shareholders, including 24086 shareholders of B-share.

(III) Ended June 30, 2004, particulars about shares held by the top ten shareholders:

	Name of shareholder	Shares held at the period-end (share)	Proportion	Increase/ Decrease in this report period	Nature of equity	Pledged, frozen or custody
1	Beijing BOE Investment & Development Co., Ltd.	525706200	35.91%	175235400	State-owned legal person share	Naught
2	FIELDS PACIFIC LIMITED	90000000	6.15%	See note	B-share	Unknown
3	GUOTAI JUNAN SECURITIES HONG KONG LIMITED	64288077	4.39%	See note	B-share	Unknown
4	BEIJING DONGDIAN INDUSTRIAL DEVELOPMENT COMPANY	60066000	4.10%	20022000	State-owned legal person share	Naught
5	SHANGHAI (HONG KONG) WANGUO SECURITIES	44473293	3.04%	See note	B-share	Unknown
6	BANK OF CHINA GROUP SECURITIES LIMITED	21356145	1.46%	Unknown	B-share	Unknown
7	ZHONGXIN CAPITAL SECURITIES CO., LTD.	15227715	1.04%	Unknown	B-share	Unknown
8	TOP RESPECT GROUP LIMITED	13500000	0.92%	See note	B-share	Unknown
9	SUN HUNG KAI INVESTMENT SERVICES LTD-CUSTOMERS A/C	12405872	0.85%	See note	B-share	Unknown
10	KGI ASIA LIMITED	10329775	0.71%	Unknown	B-share	Unknown

Note: 1. In the report period, the controlling shareholder of the Company remains Beijing BOE Investment & Development Co., Ltd., of which Beijing Electronics Holding Company Limited and Beijing Intelligence Technology Development Co., Ltd. respectively holds 56.25% and 43.75% equity interests and thus, Beijing Electronics Holding Company Limited is the actual controller of the Company. Beijing Dongdian Industrial Development Company is a wholly-owned subsidiary of Beijing Electronics Holding Company Limited and therefore, there exists associated party relationship between Beijing BOE Investment & Development Co., Ltd. and Beijing Dongdian Industrial Development Company. The proportion of shares held by Beijing BOE Investment & Development Co., Ltd. and Beijing Dongdian Industrial Development Company came down due to additional issuance of B shares. In the report period, the number of shares held by Beijing BOE Investment & Development Co., Ltd. and Beijing Dongdian Industrial Development Company has increase after the Company implemented its plan of converting capital reserve into share capital at

the rate of 5 shares per 10 shares.

2. Proportion of the Company's shares held by FIELDS PACIFIC LIMITED is over 5% of total share capital because it subscribes for B shares additionally issued by the Company. For more information, please refer to Report on Change in Shareholding of BOE Technology Group Co., Ltd. published on Mar. 13, 2004.

3. Among the top ten shareholders, change in shares of the Company held by the No. 2, 3, 5, 8 and 9 shareholder is because of their subscription for B shares additionally issued by the Company, listing of the aforementioned B shares, and the Company's implementation of converting capital reserve into share capital at the rate of 5 shares per 10 shares.

(IV) as of 30, 2004, particulars about the top ten shareholders of circulation shares

No.	Name of shareholders	Circulation shares held at the period-end	Proportion	Type of shares (A-share, B-share, H-share and other)
1	FIELDS PACIFIC LIMITED	90000000	6.15%	B
2	GUOTAI JUNAN SECURITIES HONG KONG LIMITED	64288077	4.39%	B
3	SHANGHAI (HONG KONG) WANGUO SECURITIES	44473293	3.04%	B
4	BANK OF CHINA GROUP SECURITIES LIMITED	21356145	1.46%	B
5	ZHONGXIN CAPITAL SECURITIES CO., LTD.	15277715	1.04%	B
6	TOP RESPECT GROUP LIMITED	13500000	0.92%	B
7	SUN HUNG KAI INVESTMENT SERVICES LTD-USTOMERS A/C	12405872	0.85%	B
8	KGI ASIA LIMITED	10329775	0.71%	B
9	MERRILL LYNCH INTERNATIONAL	9167914	0.63%	B
10	HUAZHI CO., LTD.	7606000	0.52%	B

Note: 1. The Company has no idea on whether there exists associated relationship among the aforesaid shareholders or not.

2. Due to the expiration of three month lockup time, the additionally issued B shares subscribed by the NO. 1, 2, 3, 6, 7, 10 shareholders has been listed as tradable as of April 16, 2004.

Section IV. Particulars about Directors, Supervisors and Senior Executives

(I) Changes in the Company's shares held by directors, supervisors and senior executives in the report period:

Name	Office Title	Number of holding share (share)	
		Share held at the period-begin	Share held at the period-end
Wang Dongsheng	Chairman of the Board, Chairman of Executive Committee, CEO	7800	11700
Jiang Yukun	Vice Chairman of the Board	4680	7020
Liang Xinqing	Executive Director, President, COO	3120	4680
Cui Bingdou	Executive Director, Executive Vice-president	0	0
Xuan Jiansheng	Executive Director, Executive Vice-president	0	0
Chen Yanshun	Executive Director, Executive Vice-president	0	0
Zhao Caiyong	Director	7800	11700
Tai Zhonghe	Independent Director	0	0
Xie Zhihua	Independent Director	0	0
Zhang Baizhe	Independent Director	0	0
Li Zhaojie	Independent Director	0	0
Xia Zhenzhi	Convener of the Supervisory Committee	3120	750
Mu Chengyuan	Supervisor	780	1170
Yang Anle	Supervisor	0	0
Xu Yan	Employee Supervisor	4680	7020
Cao Hong	Employee Supervisor	1560	2340
Wang Yanjun	CFO, Secretary of the Board	3120	4680
Song Ying	Vice-president	7800	11700
Ren Jianchang	Vice-president	0	0
Han Guojian	Vice-president	3120	4680
Liu Xiaodong	Vice-president	0	0
Wang Jiaheng	Vice-president	0	0

Note: 1. Reason of changes in shares held by directors, supervisors and senior executives is due to the implement of Plan on transferring capital reserve into share capital at the rate of 5 shares for every 10 shares.

2. Mr. Xia Zhenzhi, Convener of the Supervisory Committee of the Company, sold

the partial inner employee shares held by him due to listing of inner employee shares of the Company before he took the post of Supervisor of the 4th Supervisory Committee, while the rest shares held by him has been frozen according to the relevant regulations after the took the post of Supervisor.

(II) Particulars about changes in directors, supervisors and senior executives

On May 28, 2004, the 2003 Shareholders' General Meeting of the Company examined and approved the proposal on reelection of the Board of Directors and Supervisory Committee, Mr. Wang Dongsheng, Mr. Jiang Yukun, Mr. Zhao Caiyong, Mr. Liang Xinqing, Mr. Cui Bingdou, Mr. Xuan Jiansheng and Mr. Chen Yanshun were elected as Director of the 4th Board of Directors, Mr. Tai Zhonghe, Mr. Xie Zhihua, Mr. Zhang Baizhe and Mr. Li Zhaojie were elected as Independent Director of the 4th Board of Directors, Mr. Xia Zhenzhi, Mr. Mu Chengyuan and Mr. Yang Anle were elected as Supervisor of the 4th Supervisory Committee.

As examined and approved by Union Employee Congress Presidium Enlarged Meeting (May 20, 2004), Ms. Xu Yan and Mr. Cao Hong were elected as Employee Supervisor of the 4th Supervisory Committee.

On May 28, 2004, as examined and approved by the 1st Meeting of the 4th Board of Directors, Mr. Wang Dongsheng was elected as Chairman of the 4th Board of Directors, Mr. Jiang Yukun was elected as Vice Chairman of the 4th Board of Directors. The Board of Directors engaged Mr. Wang Dongsheng as CEO of the Company, engaged Mr. Liang Xinqing as President and concurrently COO, engaged Mr. Cui Bingdou, Mr. Xuan Jiansheng and Mr. Chen Yanshun as Executive Vice-president of the Company respectively, engaged Mr. Wang Yanjun as Chief Financial Officer and concurrently Secretary of the Board, and engaged Ms. Song Ying, Mr. Ren Jianchang, Mr. Han Guojian, Mr. Liu Xiaodong and Mr. Wang Jiaheng as Vice-president of the Company respectively.

On May 28, 2004, as examined and approved by the 1st Meeting of the 4th Supervisory Committee of the Company, Mr. Xia Zhenzhi was elected as Convener of the 4th Supervisory Committee.

Section V. Management Discussion and Analysis

I. Business Review

1. Analysis of operating results and financial position

In the report period, since the demand in TFT-LCD market continued to increase and all businesses of the Company continued to keep a good trend of growth, the Company gained relatively good operating achievements, i.e. realize income from main operations amounting to RMB 6,234.21million, an increase of 32.70% over the same period of last year, and realize net profit amounting to RMB 521.19 million, an increase of 216.29% over the same period of last year.

In the report period, the Company's sales volume of TFT-LCD business, STN-LCD business and VFD business were 1.53 million pieces, 23.61 million pieces and 13.68 million pieces respectively. Top Victory Technology Co., Ltd. and Beijing Orient Top Victory Electronics Co., Ltd., controlled by the Company, realized sales of monitors amounting to 10.06 million pieces and became the second largest supplier of monitors in the world; sales of CRT, in the business jointly invested with Matsushita, was 5.03 million pieces.

2. Significant events

After approved by China Securities Regulatory Commission with ZJFXZ [2004] No. 2 Document, the Company additionally issued 316.40 million B-shares during 13 to 15, January, 2004. The total net amount of proceeds raised through this additional issuance of B-shares was HKD 1,922,072,431.00 (equivalent to RMB 2,048,160,383.00). This additional issuance of B-shares has improved the financial position of the Company effectively and has reduced its operating risks greatly.

II. Results of Operation and Financial Presentation

1. Scope of main operations

The Company, positioned itself in 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 business in the display technology, products and services, including: TFT-LCD, the Company is the largest manufacturer of TFT-LCD in China, while ranking in the 9th place all over the world; Monitors/flat TVs, including CRT monitor, TFT-LCD, PDP monitor, TFT liquid crystal TV, PDP TV and et., the Company is the second largest manufacturer of monitors all over the world; Small-sized flat display devices, including VFD, STN-LCD, OEL and etc., among which, the production and sales volume of VFD ranked the first place in China and ranked the third place in the global list and the production and sales volume of STN-LCD took the fifth place in the global list; CRT, jointly produced with Matsushita. The Company is the second largest producer of CRT; Digital products and service, including notebook PC, tablet PC, digital camera, smart card system and devices, network computer and LED display system etc.; Majority of precision electronic components and materials related to display products took the top in the domestic and global list. According to the statistic

information from Information Industrial Department, the Company took the 11th place in “Electronic Information Enterprise Top 100 for 2004 in China (the 18th session)”.

2. Structure of income from main operations

(1) By products

Unit: RMB000

Products	Sales income	Sales cost	Gross profit ratio	Increase/decrease in sales income over the same period of last year	Increase/decrease in sales cost over the same period of last year	Increase/decrease in gross profit ratio over the same period of last year
Business of monitor terminal products	1,982,192	1,876,395	5.34%	81.55%	86.16%	-30.48%
Business of TFT-LCD	2,625,447	1,888,336	28.08%	7.13%	-3.32%	38.33%
Business of small-sized display devices	1,326,753	1,172,834	11.60%	39.38%	30.71%	-20.71%
Other businesses	299,820	226,828	24.35%	47.21%	46.47%	1.63%
Total	6,234,212	5,164,393	17.16%	32.70%	31.46%	4.64%

Total sales amount of the top five customers in sales income of the Company was RMB 1,496,931,285.32 (January to June 2003: RMB 1,762,335,944.69), accounting for 23.99% of total sales amount of the Company (January to June 2003: 37.51%).

(2) By geographical markets

Unit: RMB000

Areas	Sales income	Increase/decrease in sales income over the same period of last year
Domestic sales	2,620,120	35.13%
Export		
--Asia	2,213,013	13.08%
--Europe	864,681	2926.01%
--America	536,398	-30.64%

3. Brief analysis to financial position

(1) Changes in financial position and operating results in the report period

Table I

Unit: RMB000

Financial indexes	Jan.-Jun. 2004	Jan.-Jun. 2003	Increase/decrease margin
Sales income	6,234,212	4,697,949	32.70%
Sales cost	5,167,515	3,928,514	31.53%
Net profit	520,519	164,570	216.29%
Net decrease in cash and cash equivalents	739,110	-481,717	-

Table II

Unit: RMB

Financial indexes	Jan.-Jun. 2004	Jan.-Dec. 2003	Increase/decrease margin
Total assets	13,869,543	12,040,450	15.19%
Net amount of fixed assets	4,417,305	4,331,698	1.98%
Inventories	1,548,957	1,248,919	24.02%
Current liabilities	5,822,132	6,715,092	-13.30%
Shareholders' equity	5,217,640	2,569,080	103.05%

Increase in income from main operations and net profit of the Company was due to growth in the Company's monitor business and businesses of other kind of display devices; increase in shareholders' equity was due to accomplishment of additional issuance of B-shares and increase in net profit in the report period; decrease in current liabilities was due to bank loans refunded with the proceeds raised through additional issuance of B-shares.

(2) Changes in accounting policies and accounting estimates or correction to material accounting errors

Beijing BOE YAMATO Photoelectron Co., Ltd. was pending for liquidation and assets of Beijing BOE Digital Technology Co., Ltd. has been sold, therefore, they were not included in the consolidated scope of accounting statements in the report period.

4. Explanation on changes in profitability of main operations (gross profit ratio)

(1) Decrease in gross profit ratio of monitor terminal product business was due to increase in production cost caused from increase in price of TFT-LCD.

(2) Increase in gross profit ratio of TFT-LCD business was due to increase in price of TFT-LCD under-plied by imbalance of demand over supply.

(3) Decrease in gross profit ratio of small-sized display devices was due to increase in inventories caused from decrease in business volume of single-colored STN-LCD.

5. In the report period, there was no other operating business with material influence on the profits of the Company.

6. Challenges from the operation

During year 2003 to the first half year of 2004, TFT-LCD industry was in the phase of high growth; influenced by periodic fluctuation in TFT-LCD market and intensified market competition in global industry of TFT-LCD, since July 2004, prices of TFT-LCD products decreased by great margin, which would bring a certain influence on the future operation of the Company. The Company would ensure the accomplishment of business plan for 2004 through such measures as cost reduction and expenses control etc.. Meanwhile, the Company is fully pushing the investment and construction of the 5th-generation production lines of TFT-LCD in Beijing in order to ensure its production as per scheduled, expand operating scale and ensure the profitability.

III. Use of Proceeds in the report period

1. Use of proceeds in the report period

Names of investment projects committed	Committed investment amount	Committed investment amount of excessive raised proceeds plan	Total of actual expenditure ended June 30, 2004	Project progress
Refunding bank loan amounting to USD 90 million caused by purchase of TFT-LCD business from HYDIS	USD 90 million (approximately RMB 744.30 million)		USD 90 million	Completed
Investing USD 22.35 million in TFT Colored Crystal Display Module project	USD 22.35 million (approximately RMB 184.83 million)		USD 22.35 million	Completed
Refunding bank loan amounting to USD 85 million from purchase of partial equity of Top Victory Technology Co., Ltd.		USD 85 million (approximately RMB 702.95 million)	USD 85 million	Completed
Refunding bank loan amounting to RMB 416.08 million		RMB 416.08 million	RMB 416.08 million	Completed

2. Changes in proposed usage of proceeds in the report period

During 13 to 15 January 2004, the Company additionally issued 316.40 million B-shares at price of HKD 6.32 per share. Relevant issuance expenses excluded, net proceeds raised through this additional issuance of B-shares was HKD 1,922,072,431 (equivalent to RMB 2,048,160,383). The projects invested with the raised proceeds committed in Memorandum of BOE Technology Group Co., Ltd. on Issuing Domestically Listed Foreign Shares (B-shares) (hereinafter referred to as Memorandum) were (1) Refunding bank loan amounting to USD 90 million (approximately RMB 744.30 million) caused by purchase of TFT-LCD business from HYDIS; (2) Investing USD 22.35 million (approximately RMB 184.83 million) in TFT Colored Crystal Display Module project; meanwhile, the Company also promised in the Memorandum that “If the proceeds raised through this additional issuance of B-shares exceed the capital amount necessary for the aforesaid projects invested with the raised proceeds, the excessive proceeds raised will be arranged by the Board of Directors within the authorization of the Articles of Association”.

The 1st Provisional Shareholders’ General Meeting of the Company for 2004 (held on Mar. 30, 2004) considered and passed Proposal on Broaden the Use of the Excessive Proceeds Raised through Additional Issuance of B-shares, according to which, the company refunded “bank loan amounting to USD 85 million (approximately RMB 702.95 million) from purchase of partial equity of Top Victory Technology Co., Ltd.” And other “bank loan amounting to RMB 416.08 million” with all the excessive proceeds.

3. Progress or Results of Projects

Bank loan amounting to USD 90 million repaid to purchase project of TFT-LCD business from Korea HYDIS Technology Co., Ltd. (HYDIS): the Company has accomplished it with proceeds as per the plan. TFT-LCD business has become one of the core businesses and the major force contributing to the profits.

Invest USD 22.35 million into the Thin Film Transistor-Liquid Crystal Module Project: accomplished with proceeds as plan. Beijing BOE Photoelectron Technology Co., Ltd. undertaking the project started production in Nov., 2003. In the report period, 220,000 pieces 17 inches TFT-LCD modules was sold.

Repayment of Bank loan amounting to USD 85 million purchasing partial share equity of Top Victory Electronics Co., Ltd.: accomplished with proceeds in compliance with plan. In the report period, with the sharp increase in business of Top Victory Electronics Co., Ltd., share of profits jumps high.

Repaying bank loan amounting to RMB 416.08 million: accomplished with proceeds. In the report period, the raised proceeds paid back bank loan, which consummated the financial structure of the Company and reduced financial expenses of the Company.

VI. Significant Events

I. Corporate governance

In the report period, according to the requirements of Notification on Standardizing Monetary Transactions between Listed Company and Its Related Parties External Guarantee Issue of the Listed Company (ZJF[2003] No. 56), the Company revised the Articles of the Association. According to the requirements of Administrative Opinion Letter of Beijing Administration of CSRC (JZJF[2004] No. 80 Document), the Company adjusted the external guarantee line.

II. Proposals on dividends and conversion of reserves into share capital for 2003 and the implementations

1. Proposal on Dividends for 2003: based on the total outstanding shares amounting to 975,864,800 shares after additional issuance, the Company distributed cash dividend to all shareholders at the rate of RMB 0.1 (tax included) per ten shares and converted the capital reserve into share capital to all shareholders at the rate of five shares for every 10 shares. Dividend of B-share shareholders were paid in HKD and the exchange rate is calculated as per the average exchange rate of HKD against RMB promulgated by People's Bank of China on the first workday (May 31, 2004) after the approving date of dividends proposal at 2003 Shareholders' General Meeting of the Company.

2. Implementation: The Company published Public Notice on Implementation of Dividend Distribution and Capitalizing Capital Reserve into Share Capital for 2003 of BOE Technology Group Co., Ltd. on Hong Kong Ta Kung Pao, Securities Times, China Securities and Shanghai Securities News dated June 3, 2004 and confirmed the ownership registration date of A share and last registration date of B share as June 8, 2003 and ex-right date as June 9, 2003. After capitalizing the capital public reserve into share capital, the total share capital of the Company was changed from 975,864,800 shares into 1,463,797,200 shares.

III. The Company had no draft of profits distribution and capitalization of public reserve into share capital in the medium-term of 2004.

IV. Material lawsuits or arbitrations of the Company in the report period

Controlling subsidiary of the Company, BOE-Hydis Technology Co., Ltd. received the notification from Sharp Corporation, LG Philips LCD and Guardian Industry, which claimed some of their patent were infringed and they asked for license fees. Still at the stage of investigation, presently it's hard to evaluate the potential result of these claims. Therefore, in the consolidated statements, the Company didn't make any allowance for the contingent liabilities resulted from it.

V. There is no related transactions with material impacts in the report period

VI. Material contracts and their implementations

1. The implementation of sale of assets of the Company in the report period

2003 Provisional Shareholders' General Meeting of the Company (Oct. 8, 2003) examined and approved Proposal on Transferring Share Equity of Beijing Matsushita Lighting Co., Ltd.. According to JSZZ[2004] No. 16 Beijing Municipal Bureau of

Commerce' s Approval Reply on Transferring Share Equity of Beijing Matsushita Lighting Co., Ltd. to Foreign Enterprises issued by Beijing Municipal Bureau of Commerce on Jan. 9, 2004, the Company transferred 30% share equity of Beijing Matsushita Lighting Co., Ltd. to Japan Matsushita Electric Industrial Co. Ltd. with the transfer price of RMB 62, 400,000 (based on the evaluation value).

2. Material guarantee in the report period

(1) Please refer to the details of the material guarantee in the notes to the financial statements “12. Short term loan and 20 Long-term loan of (V) Notes to the main items to the consolidated financial statements”, and “(VIII) Contingencies”.

(2) Special explanation and independent opinions of external guarantee given by the independent directors

According to Administration Rules of Listed Companies, Guiding Opinions of Establishing Independent Director System of Listed Companies, Notification on Standardizing Capital Current between Listed Companies and Related Parties and Several Problems of External Guarantee of the Listed Company (ZJFZ (2003) No. 56, hereinafter referred to as “Notification”), the Articles of the Association, and other relevant regulations, independent directors formed the following explanation and independent opinions on the external guarantee of the Company and its implementation of Notification in the report period:

According to the relevant regulations of Notification, as examined and approved by 2003 Shareholders' General Meeting of the Company (May 28, 2004), the Company revised articles about external guarantee in the Articles of the Association.

Ended Jun. 30, 2004, the Company didn't provide directly and indirectly capital to controlling shareholders or other related parties for use purpose. There didn't exist capital of the Company occupied by controlling shareholders or other related parties.

Ended Jun. 30, 2004, the company provided short- term loan guarantee amounting to RMB 450, 886,137.48 to controlling subsidiaries and long-term loan guarantee amounting to RMB 131,210,000.00; the Company provided bank loan guarantee amounting to 4,500,000.00 for Beijing Municipal Communications All-in-One Card Co., Ltd. and the controlling subsidiary of the Company Zhejiang BOE LCD Inc. provided bank loan guarantee amounting to RMB 2,000,000.00 for Shaoxing Tong Li Machine Tool Co., Ltd.. The above guarantee accorded with relevant regulations of Notification and Articles of the Association.

3. In the report period, the Company had not entrusted any asset to third party on discretionary basis.

4. For the details of loans ended the end of the report period, please refer to notes to accounting statements “12. Short-term loan”, “19. Long-term liabilities due within one year” of “(V) Notes to the main items of consolidated financial statements” and “20. Long-term loan”.

VII. In the report period, there was no substantial acquisition

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

IX. In the report period, the Board 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 been effected any service of process.

X. Other material events

1. Change in share equity structure of controlling shareholder of the Company

Controlling shareholder of the Company, Beijing BOE Investment Development Co., Ltd. was the debt to equity company based on assets reorganization of former Beijing Telecommunication Apparatus Factory, invested and set up by Beijing Electronics Holding Company and China Huarong Assets Management Corporation in Dec., 2000 with holding proportion respectively 56.25% and 43.75%. According to the need of the Company on propelling state-owned enterprise reform policies and enterprise development, Beijing BOE Investment Development Co., Ltd. implemented assets restructure according to market principles and China Huarong Assets Management Corporation sold share equity of Beijing BOE Investment Development Co., Ltd. in public bidding according to debt to equity policies.

To establish encouragement mechanism platform with competitive edge, partial key management technology members working for BOE Group, embodying all key management technology members, invested and set up Beijing Intelligence Kechuang Technology Development Co., Ltd., which was assigned 43.75% share equity of Beijing BOE Investment Development Co., Ltd. sold by China Huarong Assets Management Corporation.

The share equity transfer had no material influence on business operation and management control mechanism of Beijing BOE Investment Development Co., Ltd.. Number and type of shares of the Company held by Beijing BOE Investment Development Co., Ltd. remained same. Beijing BOE Investment Development Co., Ltd. still was controlling shareholder of the Company and Beijing Electronics Holding Company was the actual controller of the Company

2. Change in share equity proportion of Top Victory Technology Co., Ltd. held by the Company

On Dec. 31, 2003, the Company accomplished purchase of 26.36% share equity of Top Victory Technology Co., Ltd.(totaled 356,033,783 shares), and became the first principal shareholder of Top Victory Technology Co., Ltd.. In the report period, Top Victory Technology Co., Ltd. implemented the purchasing share equity plan. Because the person holding purchasing right exercised purchasing right and purchased shares totaled 44,164,000 shares. The total share capital of Top Victory Technology Co., Ltd. increased from 1,350,773,264 shares in the period beginning to 1,394,937,264 shares in the period end. Therefore, the number of shares of Top Victory Technology Co., Ltd. held by the Company remained the same, but the proportion of holding shares decreased from 26.36% to 25.52%. The Company stilled kept the first principal shareholder.

XI. Subsequent events

1 . According to Notification of JFG [2004] No. 1314 Document promulgated by Beijing Municipal Commission of Development and Reform on Jul. 7, 2004, the 5th Thin Film Transistor-Liquid Crystal Display Project, which the Company invested and constructed, was approved by the State Council and National Development and

Reform Commission (FGGJ[2004] No. 1258 Document). The total investment of the project was USD 1249 million, which the subsidiary of the Company, Beijing BOE Photoelectron Technology Co., Ltd. invested and constructed. As approved by Ministry of Commerce of the People's Republic of China (approval document)SZP[2004] No. 1107 Document) Ministry of Commerce's Reply on Approving Beijing BOE Photoelectron Technology Co., Ltd. Increasing Investment and Changing Operating Scope, the Company obtained SWWZZSZ[2004] No. 0189 Approving Certificate of PRC Foreign Enterprise Investing Enterprise and QHJZZ No. 018476 Enterprise Legal Person Operating License, and the registered capital of Beijing BOE Photoelectron Technology Co., Ltd. increased from USD 2,980 to USD 500 million. Up to now, the investment and construction of the project was implemented as formerly scheduled, and The registered capital of Beijing BOE Photoelectron Technology Co., Ltd. was available and bank group loan was in the submission to be replied in line with the procedures; The construction of the 5th generation TFT-LCD assembly line factory structure and clean workshop has been accomplished. Now the Company planned to install production equipment in the beginning of September, 2004; the progress of the 5th generation TFT-LCD assembly line putting into production on the 1st quarter of 2005 would not change.

2 . According to preceding contract, Beijing Economics - Technology development zone entrusted the BoeOT, which is the subsidiary of Boe, to structure the workshop for Beijing 5G TFT-LCD Fab. But now the parties relieve from the contract and the Beijing Electronics Holding Ltd guarantees that the Boe and Boeot will repay the fund invested by Beijing Economics - Technology development Zone.,which is about RMB350million.

VII. Financial Report (Un-audited)

Financial Statement (appendix 1)

VIII. Documents Available for Reference

- (I) Interim Report signed by Chairman of the Board.
- (II) Financial Statements with signature and seal 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. 27, 2004

Appendix 1

京东方科技集团股份有限公司

2004 年 6 月 30 日合并资产负债表

(以下金额均按人民币千元列示)

((all amounts in RMB thousands))

ASSETS

Non-current assets

Property, plant and equipment

Investment Property

Intangible assets

Investment in associates

Available-for-sale investment

Held-to-maturity investment

Deferred tax assets

Other assets

Current assets

Inventories

Receivables and prepayments

Cash and cash equivalents

Total assets

EQUITY AND LIABILITIES

Capital and reserves

Ordinary shares

Share premium

Other reserves

Retained earnings

Minority interests

Non-current liabilities

Borrowings

Deferred tax liabilities

Post-employment benefit obligations

Other long-term liabilities

Current liabilities

Trade and other payables

Current tax liabilities

Borrowings

Provisions

BOE TECHNOLOGY GROUP CO.,LTD.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2004

	As at 30 June		As at 31 December	
	2004	2004	2003	2003
ASSETS				
Non-current assets				
Property, plant and equipment	4,417,305		4,331,698	
Investment Property	14,977		14,780	
Intangible assets	143,962		41,438	
Investment in associates	2,016,197		1,901,399	
Available-for-sale investment	448		66,474	
Held-to-maturity investment	178		173	
Deferred tax assets	801		10,759	
Other assets	42,689		125,547	
		6,636,557		6,492,268
Current assets				
Inventories	1,548,957		1,248,919	
Receivables and prepayments	2,893,460		2,247,804	
Cash and cash equivalents	2,790,569		2,051,459	
		7,232,986		5,548,182
Total assets		13,869,543		12,040,450
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary shares	1,463,797		659,465	
Share premium	2,284,812		1,040,984	
Other reserves	512,805		423,166	
Retained earnings	956,226		445,465	
		5,217,640		2,569,080
Minority interests		529,090		525,602
Non-current liabilities				
Borrowings	1,886,285		1,766,291	
Deferred tax liabilities	8,047		8,383	
Post-employment benefit obligations	21,006		14,643	
Other long-term liabilities	385,343		441,357	
		2,300,681		2,230,674
Current liabilities				
Trade and other payables	2,674,002		2,426,082	
Current tax liabilities	(33,494)		13,530	
Borrowings	3,135,203		4,249,483	
Provisions	46,421		25,999	

	5,822,132	6,715,094
Total liabilities	8,122,813	8,945,768
Total equity and liabilities	13,869,543	12,040,450

京东方科技集团股份有限公司

2004 年 1-6 月合并损益表

BOE TECHNOLOGY GROUP CO.,LTD.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2004

(以下金额均按人民币千元列示)

	Six-month Period ended 30 June	
	2004	2003
Sales	6,234,212	4,697,949
Cost of sales	(5,167,515)	(3,928,514)
Gross profit	1,066,697	769,435
Other operating income	24,215	20,404
Distribution costs	(128,362)	(131,500)
Administrative expenses	(517,911)	(305,056)
Other operating expenses	(22,706)	(1,850)
Profit from operations	421,933	351,433
Finance costs-net	(36,317)	(154,475)
Group profit before tax	385,616	196,958
Available-for-sale investments	7,021	-
Share of result of associates before tax	244,136	6,452
Profit before tax	636,773	203,410
Income tax expenses	(93,292)	(11,296)
Group profit before minority interest	543,481	192,114
Minority interests	(22,962)	(27,544)
Net profit	520,519	164,570

BOE TECHNOLOGY GROUP CO.,LTD.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2004

<i>(all amounts in RMB thousands)</i>	Six-month ended 30 June 2004
Cash flows from operating activities	
Net profit	520,519
Adjustments for :	
Minority interests	22,962
Tax	31,133
Depreciation	333,155
Amortisation	10,515
Impairment charge and write off	35,818
Loss on sale of property,plant and equipment	80
Finance costs	87,439
Share of result before tax of associates	(244,136)
Changes in operating capital:	
Inventories	(300,039)
Trade and other receivables	(487,510)
Pensions and other retirement benefits	6,363
Payable	247,920
Cash generated from operations	264,219
Interest received	29,679
Tax paid	(29,310)
Net cash from operating activities	264,588
Cash flows from investing activities	
Acquisition of subsidiary,net of cash acquired	(4,200)
Purchase of property,plant and equipment	(809,719)
Purchase of intangible assets	(29,039)
Purchase of available_for_sale investments	(1,573)
Purchase of association	-
Disposal of subsidiary and association,net of cash disposed	62,678
Proceeds from sale of property,plant and machinery	2,521
Dividends received	30,883
Net cash used in investing activities	(748,449)
Cash flows from financing activities	

Proceeds from convertible bonds	-	
Proceeds from issuing shares		2,072,101
Proceeds from borrowings		3,462,768
Proceeds from other financial activities		200,062
Repayments of borrowings		(4,423,973)
Dividends paid to group shareholders		(15,792)
Dividends paid to minority shareholders		(11,113)
Interest paid		(67,957)
Payment for other financing activities		(2,884)
Net cash from financing activities		<u>1,213,212</u>
Effects of exchange rate changes		<u>9,759</u>
Increase/decrease in cash and cash equivalents		739,110
Cash and cash equivalent at beginning of year		2,051,459
Cash and cash equivalent at end of year		<u>2,790,569</u>