BOER POWER HOLDINGS LIMITED
博耳電力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1685

Global Offering

Sole Sponsor

建银国际
CCB International

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

建银国际
CCB International

UBS

If you are in any doubt about any content of this prospectus, you should obtain independent professional advice.

BOER POWER HOLDINGS LIMITED
博耳電力控股有限公司

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**187,500,000 Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**18,750,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**168,750,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$6.38 per Offer Share (payable in full on application in Hong Kong dollars and subject to refund), plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%**
Nominal Value	**:**	**HK$0.10 per Share**
Stock Code	**:**	**1685**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, together with the documents specified under the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date, which is expected to be on or around 13 October 2010 (Hong Kong time) and, in any event, not later than 13 October 2010 (Hong Kong time). The Offer Price will not be more than HK$6.38 per Offer Share and is expected to be not less than HK$4.38 per Offer Share. The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK$4.38 to HK$6.38 per Offer Share) at any time prior to the morning of the last day for the lodging of applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such a reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such announcement will also be available at the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and our website at www.wuxi-power.com. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us on or before 13 October 2010, the Global Offering will not proceed and will lapse. In such circumstances, an announcement will be made in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese). Such announcement will also be available at the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and our website at www.wuxi-power.com. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

The operating subsidiaries of our Company are incorporated, and our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic, and financial systems between the PRC and Hong Kong and that there are different risk factors relating to making an investment in companies incorporated in the PRC. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the Shares. Such differences and risk factors are set out in the sections headed "Risk Factors" and "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix V to this prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise at any time prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

7 October 2010

	(Note 1)
Application lists open *(Note 2)*	11:45 a.m. on Tuesday, 12 October 2010
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Tuesday, 12 October 2010
Latest time to give **electronic application instructions** to HKSCC *(Note 3)*	12:00 noon on Tuesday, 12 October 2010
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** *(Note 4)*	11:30 a.m. on Tuesday, 12 October 2010
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, 12 October 2010
Application lists close *(Note 2)*	12:00 noon on Tuesday, 12 October 2010
Expected Price Determination Date	Wednesday, 13 October 2010
Announcement of the Offer Price, the indication of the level of interests in the International Offering, the level of application under the Hong Kong Offer Shares, the basis of allotment of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on our Company's website (www.wuxi-power.com) and the Stock Exchange's website (www.hkexnews.hk) on or before	Tuesday, 19 October 2010
Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document, where applicable) available through a variety of channels as described in the sections headed "How to Apply for the Hong Kong Offer Shares – Publication of Results" in this prospectus including the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wuxi-power.com from	Tuesday, 19 October 2010
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Tuesday, 19 October 2010
Despatch of Share certificates in respect of wholly or partially successful applications on or before *(Note 5)*	Tuesday, 19 October 2010
Despatch of White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications on or before *(Note 6)*	Tuesday, 19 October 2010
Dealings in the Shares on the Main Board expected to commence at 9:30 a.m. on	Wednesday, 20 October 2010

Notes:

1. All times refer to Hong Kong local time except where otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus. If there is any change in the above expected timetable of the Hong Kong Public Offering, an announcement in Hong Kong will be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

2. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 12 October 2010, the application lists will not open and close on that day. See the paragraph headed "Effect of bad weather on the opening of the application lists" in the section headed "How to apply for the Hong Kong Offer Shares" in this prospectus.

3. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "Applying by giving electronic application instructions to HKSCC" in the section headed "How to apply for the Hong Kong Offer Shares" in this prospectus.

4. You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

5. Share certificates will only become valid if the Global Offering becomes unconditional and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be Wednesday, 20 October 2010. No dealing should take place in the Offer Shares prior to commencement of dealing in the Shares on the Stock Exchange. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

6. e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and also in respect of successful applications in the event that the Offer Price is less than the price per Share payable on application. If you have applied for 1,000,000 Hong Kong Offer Shares or more and you have indicated in your Application Form that you wish to collect your refund cheque (where relevant) and Share certificate(s) (where relevant) personally, you may collect your refund cheque (where relevant) and your share certificate(s) (where relevant) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 19 October 2010 or any other day that we publish in the newspapers as the date of despatch of share certificates/e-Refund payment instructions/refund cheques. If you are an individual applicant and you have elected for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant and you have elected for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Uncollected share certificates and refund cheques will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant application. If you have applied for less than 1,000,000 Hong Kong Offer Shares or have applied for 1,000,000 Hong Kong Offer Shares or more but have not indicated in the Application Form that you wish to collect Share certificates and/or refund cheques, your Share certificates (if applying by using a **white** Application Form) and/or refund cheques will be sent to the address on the application on Tuesday, 19 October 2010, by ordinary post and at your own risk. For further information, you should refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

For details relating to the structure of the Global Offering, including conditions of the Hong Kong Public Offering and the mechanisms of applying for the Hong Kong Offer Shares, you should read the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not contained or made in this prospectus and the Application Forms must not be relied on by you as having been authorised by us, the Joint Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, agents or representatives or any of them or any other person or party involved in the Global Offering.

CONTENTS

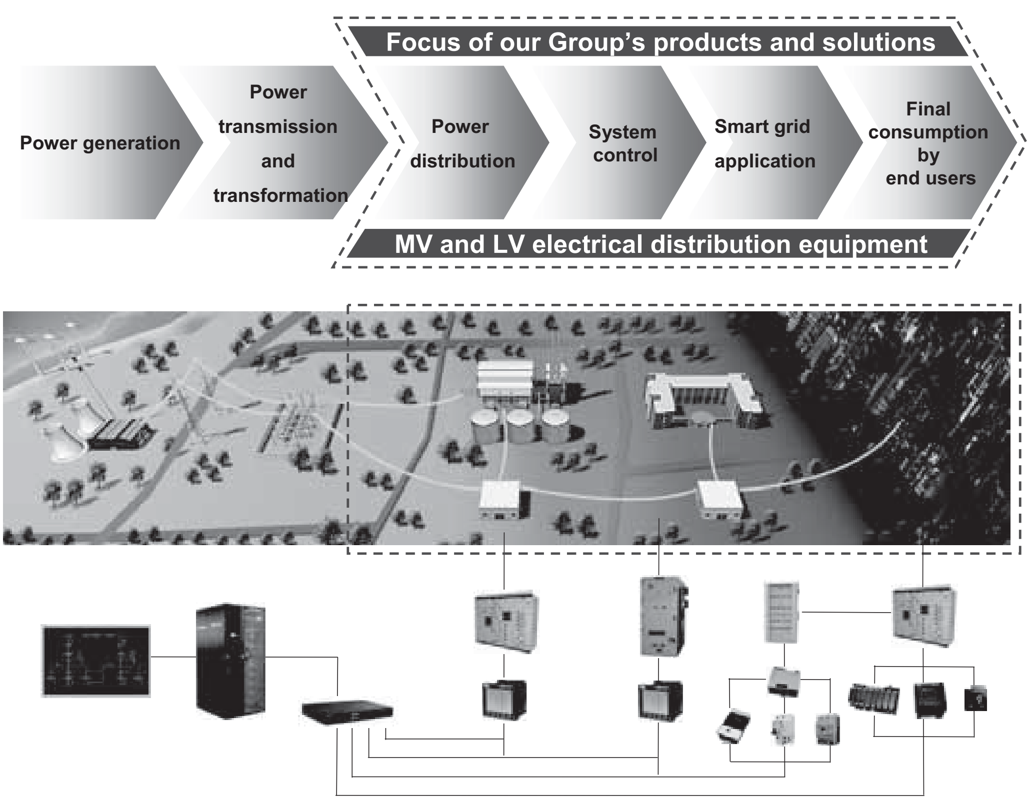
This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide whether to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors". You should read this section carefully before you decide whether to invest in the Offer Shares.

OVERVIEW

We are a leading one-stop designer, manufacturer and seller of high-quality integrated electrical distribution systems and solutions in China with over 20 years of industry experience. According to the Roland Berger Report, we are the largest pure-domestic electrical distribution systems and solutions provider in the high-end segment of the electrical distribution equipment market by revenue in China in 2008. We offer bespoke electrical distribution systems, intelligent electrical distribution systems and energy saving systems, and are one of the few suppliers who are able to offer one-stop integrated electrical distribution systems and solutions in China. Our electrical distribution systems and solutions are used for distributing a suitable volume and voltage of power from the power connection to the premises and facilities of our customers in accordance with the specific needs of their business operations. Our electrical distribution systems and solutions are custom-designed and implemented according to our clients' specific needs, and are aimed at improving the safety, stability and efficiency of their electrical distribution systems.

The value chain of power utilisation in the electricity system, as a whole, consists of power generation, power transmission and transformation, power distribution, system control, smart grid applications and final consumption by end-users. Our electrical distribution systems and solutions serve the MV and LV parts of the value chain which are applied in the stages of power distribution, system control, smart grid applications and final consumption by end-users in the electricity system. The diagram below sets out and illustrates various stages of an electricity system and shows which key products of our Group are used in the specific stage of the electricity system:

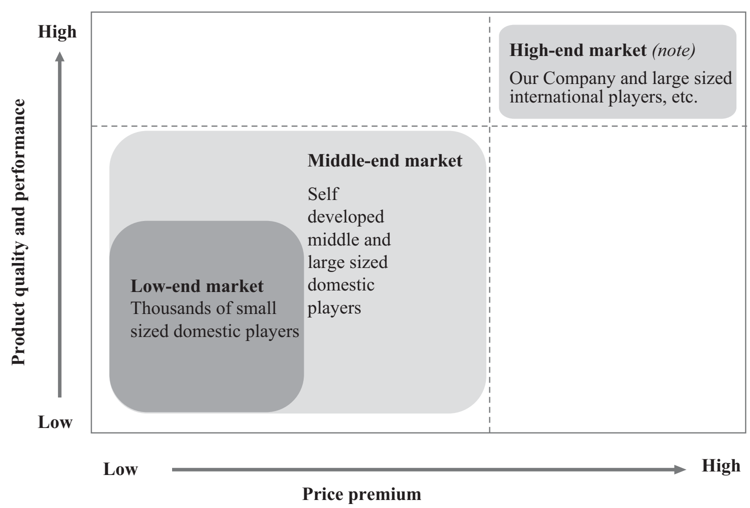


OUR MARKET POSITION

We compete in the high-end segment of the electrical distribution market and offer electrical distribution systems and solutions to leading players in a number of sectors, including infrastructure construction, telecommunications, water and waste water processing, cement and healthcare. According to the Roland Berger report, the total revenue of the high-end electrical distribution equipment market in China was estimated to have reached RMB15 billion in 2008, accounting for 4.6% of China's total electrical distribution equipment market in the same year.

Within our target market, we were ranked 6th by revenue in 2008, with the top five players being international electrical distribution players or joint ventures set up by international players in China. As such, we were the largest pure-domestic player in the high-end segment of the electrical distribution equipment market in China in 2008. The diagram below illustrates our positioning in China's electrical distribution equipment market:

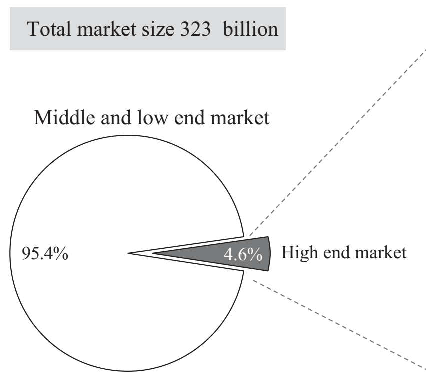
Our positioning in China's electrical distribution equipment market



Source: *Roland Berger Report*

Note: The high-end market is defined as the segment dominated by both leading global players and domestic players which are in long-term partnership with such global players and are allowed to use the brands of these international companies. From the customers' point of view, the high-end market products are perceived to be of better quality, perform better and meet with reliability requirements according to the highest standard.

Ranking of high-end MV and LV switchgear assembly producers by revenue (2008)



	COMPANY	2008 REVENUE (million RMB)
1	ABB China [(1) (2)]	5,643
2	Siemens China [(1) (2)]	3,019
3	Shanghai GE Guangdian Co., Ltd [(2)]	1,121
4	Suzhou Areva Switchgear [(2)]	616
5	Changzhou Eaton-Senyuan [(2)]	444
6	The Group	406
7	Cooper Nature (Ningbo) Electric Ltd., Co	344

Notes:

(1) The total revenues of major operating companies engaged in LV and MV electrical distribution equipment.

(2) International electrical distribution players or joint ventures set up by international players in China.

Source: Roland Berger Report

Our Directors believe that our high-end market positioning enables us to secure price premium by serving customers who demand superior product quality and performance and who are less sensitive to price. We further believe that our positioning enables us to distinguish ourselves from most domestic players who aim at the low-end market and mainly compete by selling their products at a lower price.

OUR BUSINESS SEGMENTS

Our business can be categorised into the following four segments:

- Electrical Distribution System Solutions ("**EDS Solutions**") (配電系統方案)
- Intelligent Electrical Distribution System Solutions ("**iEDS Solutions**") (智能配電系統方案)
- Energy Efficiency Solutions ("**EE Solutions**") (節能方案)
- Components and Spare Parts Business ("**Components and Spare Parts Business**") (元件及零件業務)

EDS Solutions

Our EDS Solutions business is operated through Boer Wuxi. EDS Solutions are used in power connection between the power mains and the facilities of our customers. The main purpose of an electrical distribution system is to distribute power to the end users' facilities at suitable voltage and with suitable volume according to the users' specific purposes and functions. As an integrated EDS Solutions provider, we provide design and hardware systems integration services for mainly medium and low voltage switchboards used in electrical distribution. In providing our EDS Solutions, we attach great importance to understanding the specific needs of our customers in each project. Based on our extensive project experience and electrical distribution system production capability, we believe that we can provide our customers with suitable and custom-made hardware products and solutions for their electrical distribution systems. Our EDS Solutions have been adopted in many large-scale telecommunication, infrastructure construction, healthcare and industrial projects in China.

iEDS Solutions

In addition to the provision of electrical distribution systems without automation features through our EDS Solutions, we also offer iEDS Solutions which provide certain automatic functions to our electrical distribution systems. Our iEDS Solutions business is operated through Boer Wuxi and Boer Yixing. The operation model of our iEDS Solutions is similar to that of the EDS Solutions, both of which include the provision of design of custom-made electrical distribution systems. The iEDS Solutions however are more advanced and are equipped with devices for automatic data collection and analysis, remote control and automatic fault detection to enable our customers to undertake off-site operation, control and supervision of their electrical distribution systems. Our customers that use our iEDS Solutions are also provided with data and information on the operation and performance of their electrical distribution systems, which enable them to better understand existing problems in their systems and predict potential future problems, and which in turn facilitate them to manage and utilise their systems and facilities in a more efficient manner. These functions are important to industries which require a comparatively safer, more stable and more reliable power system, for example, telecommunications companies, financial institutions, medical institutions and large supermarket chains.

EE Solutions

We leverage on our expertise and experience in our EDS Solutions and iEDS Solutions to develop our EE Solutions. Based on the data and information collected by and provided to our customers using our iEDS Solutions, we are able to analyse the performance of our customers' electrical distribution systems and hence offer solutions, proposals and measures to our customers on how the safety, stability and efficiency of their systems can be upgraded, repaired or improved, with the aim of ultimately saving energy and enhancing the energy efficiency in their operations. Therefore, our EE Solutions refer to the provision of services rather than the offering of products. Our services for EE Solutions include managing equipment maintenance for our customers and offering them a range of other value-added services. Our major tasks include site diagnostics, installation monitoring, on-site and remote maintenance, energy efficiency improvement advice, training and technical support. We offer EE Solutions through our wholly-owned subsidiary, Boer Services Co. On average, the technical staff of Boer Services Co has approximately nine years of experience in the electrical distribution industry. Our EE Solutions are a newly developed business segment and our target customers are electricity end-users in various industry sectors, in particular, our existing customers using our electrical distribution systems and equipment. We believe that we can leverage on our experience, expertise and customers gained from our EDS Solutions and iEDS Solutions business segments to promote our EE Solutions, and offer our recommendations and measures to customers to potentially generate additional business opportunities to market our products and services. Our EE Solutions have been adopted by China Mobile, a telecommunications company and by a leading international retailer in China.

Components and Spare Parts Business

In addition to providing electrical distribution systems, such as switchboards, and automation and energy efficient solutions to our customers under our EDS Solutions, iEDS Solutions and EE Solutions, we have also manufactured certain components and spare parts used in electrical distribution equipment and sold them separately to our customers since 2002. This business is not a core segment of our existing business as we consider that the mere manufacture and sale of components and spare parts will not allow us to fully leverage our advantages and value as an integrated electrical distribution systems solutions provider capable of offering value-adding design and solutions services to our customers. However, should the components and spare parts manufactured by us become more technologically advanced and become more widely accepted by the customers, the use of such components and spare parts in the manufacture of our electrical distribution systems may increase and drive the further expansion and enhancement of our component production capabilities, and contribute to the future growth and revenue from this business segment in the future. Currently, we operate our Components and Spare Parts Business through Boer Yixing and Yixing Boai.

OUR FINANCIAL HIGHLIGHTS

Track Record Period

For the year ended 31 December 2009, approximately 52.8%, 32.8%, 0.2% and 14.2% of our revenue and 51.6%, 32.6%, 0.4% and 15.4% of our gross profit were derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business, respectively. For the six months ended 30 June 2010, approximately 42.9%, 46.9%, 0.3% and 9.9% of our revenue and 42.3%, 47.6%, 0.5% and 9.6% of our gross profit were derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business, respectively.

The following table sets forth the revenue, gross profit and gross profit margin for each of our business segments for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 respectively:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
EDS Solutions	254,691	277,809	258,936	116,003	185,671
iEDS Solutions	54,465	70,522	161,017	67,130	202,890
EE Solutions	—	—	915 *(Note)*	288	1,249
Components and Spare Parts Business	48,118	57,183	69,848	30,497	42,706
Total	357,274	405,514	490,716	213,918	432,516
Gross Profit					
EDS Solutions	50,191	77,198	80,520	32,102	65,273
iEDS Solutions	16,830	26,667	50,940	22,338	73,618
EE Solutions	—	—	620 *(Note)*	169	801
Components and Spare Parts Business	12,319	19,248	24,049	11,505	14,825
Total	79,340	123,113	156,129	66,114	154,517
Gross Profit Margin					
EDS Solutions	19.7%	27.8%	31.1%	27.7%	35.2%
iEDS Solutions	30.9%	37.8%	31.6%	33.3%	36.3%
EE Solutions	—	—	67.8% *(Note)*	58.7%	64.1%
Components and Spare Parts Business	25.6%	33.7%	34.4%	37.7%	34.7%
Overall gross profit margin	22.2%	30.4%	31.8%	30.9%	35.7%

As reflected in the financial figures of our Group during the Track Record Period, we experienced a substantial increase in the revenue of our iEDS Solutions business in 2009 and a commencement of our EE Solutions business in 2009. For the six months ended 30 June 2010, our iEDS Solutions business has contributed 46.9% to our total revenue. We believe that these changes were consistent with our development plan and reflected our successful efforts in developing our iEDS Solutions and EE Solutions in order to meet customers' needs for higher automation level of electrical distribution equipment and intelligent system for effective management of electricity use data and performance. The expansion of our iEDS Solutions business is mainly attributable to the increasing demand of our customers from various industries for electrical automation solutions.

The aggregate value of projects of our EDS Solutions and iEDS Solutions in our backlog as of 31 August 2010 amounted to RMB62.0 million and RMB168.8 million, respectively. We expect that the majority of the backlog projects will be completed by December 2010.

Note: Our revenue, gross profit and gross profit margin for EE Solutions in the year ended 31 December 2009 set out in the above table do not include our EE Solutions provided for our projects with a leading international retailer in China during that year as we have booked all such revenue as derived from the provision of our EDS Solutions. As revenue generated from EDS Solutions accounted for most of our revenue from these projects, we had invoiced our customer in one lump sum for all our products and services provided during that year.

OUR PROJECT OPERATION PROCESS

Our business is predominantly project-based, and the products are custom-made to the specific needs of each individual customer. We secure our EDS Solutions and iEDS Solutions businesses by (i) entering into sales contracts with, and supply the electrical distribution systems manufactured by us directly to, the customers originated by us, or (ii) working in conjunction with Schneider, which purchases the appropriate electrical distribution systems designed and manufactured by us and subsequently provide them to the customers with whom Schneider enters into sales contracts.

Sales and Tendering Process

Most of our contracts with customers are obtained through tender. If we decide to pursue a particular project, we will tender our bid based on our custom-made design of electrical distribution systems and solutions, after having taken reference to the specifications and requirements set out by the potential customers in the tender documents. If we are awarded a bid, we will enter into a contract directly with our customers.

Implementation of Project

Once we secure a project, we will formulate a manufacturing plan to set out the production sequence of the custom-made electrical distribution systems submitted during tender, subject to any variations agreed with the customers, before the manufacturing commences to ensure an efficient production process. After delivery to and acceptance of our electrical distribution systems by our customers, we normally provide a 12 month's warranty for our products. In addition to the maintenance services during the warranty period, we also offer after-sale customer services to our customers, at their option, after the expiry of the warranty period, including on-site inspection, testing, repair and maintenance services and professional analysis of the condition and performance of our customers' power systems.

A typical project secured by us will take approximately four to six months to complete from tendering to project implementation.

BUSINESS RELATIONSHIPS WITH SCHNEIDER AND ABB

Relationship with Schneider

Our Group has established a long-term close cooperation and business relationship with Schneider since 1998. Schneider is an internationally renowned electrical components and electrical distribution solutions provider whose parent company is listed on the NYSE Euronext (previously known as the Paris Stock Exchange). We are among the first batch of companies in China to form an informal strategic alliance with Schneider. Under such alliance, we have been authorised by Schneider to manufacture electrical distribution systems under the brand of "Schneider" together with the brand of "BOER" as manufacturer pursuant to five license agreements made between Schneider and us since 1998. We have also entered into an annual supply agreement with Schneider since 2000 for the purchase of electrical parts and components from Schneider to be used in the electrical distribution systems manufactured by us.

Moreover, we have reached an informal consensus with Schneider that, rather than competing with each other on projects, we would work in cooperation with each other instead. As Schneider does not have a production base that manufactures electrical distribution systems similar to those that we provide in China, Schneider has contracted with us to buy our EDS Solutions and iEDS Solutions and then sold them to its premium customers for their projects in China during the Track Record Period.

As a result of this long-standing cooperation and business relationship, Schneider has become our largest customer and largest supplier during the Track Record Period. The amounts of revenue that we generated for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 with Schneider as our largest customer were approximately RMB45.2 million, RMB52.6 million, RMB67.6 million and RMB87.1 million, being 12.6%, 13.0%, 13.8% and 20.1% of our revenue in the same periods, respectively. The values of components we purchased from Schneider as our largest supplier for the same periods were approximately RMB84.0 million, RMB87.0 million, RMB110.3 million and RMB60.2 million, being 30.2%, 30.8%, 33.0% and 21.6% of our cost of sales in those periods, respectively.

Further details of our business relationship with Schneider and the possible risks relating to such business relationship with Schneider on our Group are set out in the sections headed "Business" and "Risk Factors" of this prospectus, respectively.

Relationship with ABB

We have been appointed by another major international leader in the electrical distribution equipment industry, ABB, as an authorised manufacturer of MV and LV electrical distribution systems under its brand pursuant to two license agreements made between ABB and us since 2006. We generated RMB8.0 million, RMB7.0 million, RMB21.6 million, RMB9.8 million and RMB12.2 million with the sale of the electrical distribution systems carrying the brand of "ABB" together with the brand of "BOER" as manufacturer for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively, which contributed 2.2%, 1.7%, 4.4%, 4.6% and 2.8% of the revenues of our Group for those periods.

Further details of our business relationship with ABB and the possible risks relating to such business relationship with ABB on our Group are set out in the paragraph headed "EDS Solutions – Our development" under the section headed "Business" and the paragraph headed "We rely on the authorisation arrangements with Schneider and ABB to generate a significant portion of our revenue" under the section headed "Risk Factors" of this prospectus, respectively.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths enable us to compete effectively:

- The largest pure-domestic company in the high-end segment, with significant advantages over domestic and foreign players
- Advanced technology capabilities and continuous effort in research and development
- Broad and high quality customer base to develop long-term relationships
- One-stop integrated solutions capability
- Nationwide and highly efficient sales network
- Experienced management team with extensive knowledge of the electrical distribution equipment industry

OUR STRATEGIES

Our strategies to achieve our goals include the following:

- Enhancing our iEDS Solutions to prepare for the implementation of smart grid
- Enhancing development of our EE Solutions business
- Furthering our research and development capability
- Expanding our production capacity
- Extending our sales coverage and promoting our products in China
- Increasing our downstream sales channel and market segment in China
- Enhancing our upstream component production capability

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following table presents a summary of our combined income statements as a group for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010. The summary of our combined income statements are derived from, and should be read in conjunction with, our combined financial statements included in the Accountants' Report set forth in Appendix I to this prospectus. Our combined financial statements have been prepared in accordance with HKFRS. Investors should also read the following selected financial data together with the discussion in the section headed "Financial Information" of this prospectus.

Combined Income Statements

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	357,274	405,514	490,716	213,918	432,516
Cost of sales	(277,934)	(282,401)	(334,587)	(147,804)	(277,999)
Gross profit	79,340	123,113	156,129	66,114	154,517
Other revenue	3,605	3,172	10,994	5,370	1,693
Selling and distribution expenses	(9,336)	(17,633)	(23,719)	(8,493)	(16,349)
Administrative expenses	(13,672)	(29,181)	(31,028)	(13,166)	(34,556)
Profit from operations	59,937	79,471	112,376	49,825	105,305
Finance expenses	(17,815)	(13,401)	(12,225)	(6,453)	(1,030)
Share of (loss)/ profit of associates	(528)	81	403	249	–
Profit before taxation	41,594	66,151	100,554	43,621	104,275
Income tax	(1,588)	(12,800)	(15,331)	(6,431)	(14,603)
Profit for the year/period	40,006	53,351	85,223	37,190	89,672
Attributable to:					
Equity shareholders of the Company	39,343	51,557	76,403	36,294	87,508
Non-controlling interests	663	1,794	8,820	896	2,164
Profit for the year/period	40,006	53,351	85,223	37,190	89,672
Earnings per share	RMB0.07	RMB0.09	RMB0.14	RMB0.06	RMB0.16

Combined Balance Sheets

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	24,360	44,270	41,981	42,458
Construction in progress	–	–	–	772
Intangible assets	4,348	3,846	24	12
Lease prepayments	5,574	6,453	20,131	20,017
Interest in associates	2,034	2,115	–	–
Other financial assets	12,431	16,307	–	–
Deferred tax assets	2,512	3,241	1,110	1,306
Total non-current assets	51,259	76,232	63,246	64,565
Current assets				
Inventories	13,127	9,589	34,379	36,057
Trade and other receivables	218,688	224,556	213,758	386,192
Amounts due from directors	305	1,303	631	78
Amounts due from related parties	161,112	174,107	177,628	3,702
Tax recoverable	–	443	–	–
Pledged deposits	28,602	39,488	94,057	41,392
Cash at bank and in hand	32,260	14,979	27,762	54,516
Total current assets	454,094	464,465	548,215	521,937
Total assets	505,353	540,697	611,461	586,502
Current liabilities				
Bank loans	169,500	145,000	50,000	70,000
Trade and other payables	198,308	198,372	323,949	290,217
Amounts due to directors	127	138	138	–
Amounts due to related parties	6,569	9,128	25,424	221
Current taxation	2,047	4,462	6,766	16,666
Total current liabilities	376,551	357,100	406,277	377,104
Net current assets	77,543	107,365	141,938	144,833
Total assets less current liabilities	128,802	183,597	205,184	209,398
Non-current liabilities				
Deferred tax liabilities	–	1,882	1,439	–
Total non-current liabilities	–	1,882	1,439	–
Total liabilities	376,551	358,982	407,716	377,104
Equity				
Paid-in capital	57,511	57,511	7,511	7,590
Reserves	67,360	118,479	164,644	197,219
Total equity attributable to equity shareholders of the Company	124,871	175,990	172,155	204,809
Non-controlling interests	3,931	5,725	31,590	4,589
Total equity	128,802	181,715	203,745	209,398
Total liabilities and equity	505,353	540,697	611,461	586,502

SILVER CREST'S INVESTMENT

On 1 March 2010, King Able and Silver Crest, among others, entered into an investment agreement (the "**Investment Agreement**"), pursuant to which Silver Crest agreed to purchase and King Able agreed to sell 80 shares of US$1.00 each in Cheer Success for a consideration of US$15 million. Upon completion of the transfer, Cheer Success was held as to 92% by King Able and 8% by Silver Crest. The consideration for Silver Crest's acquisition of the shares in Cheer Success from King Able was determined based on normal commercial negotiations at arm's length between the parties, after taking into consideration of, among other things, our Group's track record, comparables, market conditions, assessment of management capability as well as our Group's expected consolidated net profits for the financial year of 2010. The consideration of US$15 million was settled on the completion date of the Investment Agreement on 2 March 2010.

Pursuant to the Investment Agreement, King Able undertakes that (i) in the event that the consolidated net profits (after tax and non-controlling interest) of our Group as set out in the audited consolidated accounts of our Group in respect of the financial year of 2010 fall under RMB170 million, King Able and its shareholders, who are Mr. Qian Yixiang and Ms. Jia Lingxia, as guarantors (the "**Guarantors**") shall pay Silver Crest for the shortfall in cash in accordance with the terms of the Investment Agreement; and (ii) in the event that the valuation of the Listing falls under RMB2.3 billion (with reference to the bank buy currency exchange rate as quoted on The People's Bank of China as at the closing of trading on the Listing Date), the Guarantors shall compensate Silver Crest for the shortfall by payment in cash.

Silver Crest will hold 6% of the issued share capital of our Company upon Listing and Silver Crest has agreed that it will not sell the Shares held by it within 6 months from the date of Listing.

For more details regarding Silver Crest's investment, please refer to the paragraph headed "Silver Crest's Investment" in the section headed "History and Reorganisation" of this prospectus.

PROFIT FORECAST

On the bases and assumption set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we forecast that our combined profit attributable to the equity Shareholders for the year ending 31 December 2010 is expected to be not less than RMB180 million.

The profit forecast is prepared on the basis of accounting policies consistent in all material respects with those currently adopted by us as described in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

SHARE OFFER STATISTICS

	Based on the Offer Price of HK$4.38	**Based on the Offer Price of HK$6.38**
Expected market capitalisation *(Note)*	HK$3,285 million	HK$4,785 million
Unaudited pro forma adjusted net tangible assets per Share	RMB1.11	RMB1.53

Note: The market capitalisation of our Company is calculated based on the minimum and maximum Offer Price and a total of 750,000,000 Shares in issue and to be issued immediately after completion of the Global Offering. Such number of Shares does not take into account any Shares which may fall to be allotted and issued pursuant to the Over-allotment Option and any options which may be granted under the Share Option Scheme.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised), assuming an Offer Price of HK$5.38 per Share, being the mid-point of the proposed Offer Price range of HK$4.38 to HK$6.38 per Share, will be approximately HK$917.8 million. We currently intend to apply these net proceeds for the following purposes:

- approximately HK$229.5 million (approximately 25% of the net proceeds payable to our Company) for setting up and starting up the operation of new production facilities or potential acquisitions of companies in the electrical distribution business for the purposes of expanding our upstream component production capability. We do not, however, currently have any specific acquisition target;

- approximately HK$321.2 million (approximately 35% of the net proceeds payable to our Company) for setting up new companies or acquisitions of companies in the electrical distribution business to expand our downstream sales channel and market segment in China. We do not, however, currently have any specific acquisition target;

- approximately HK$137.7 million (approximately 15% of the net proceeds payable to our Company) for paying the outstanding balance of the consideration in relation to the construction and completion of our new plant situated in Zhenbei Village, Qunsheng Village, Luoshe Town, Huishan District, Wuxi City (無錫市惠山區洛社鎮鎮北村、群勝村);

- approximately HK$73.4 million (approximately 8% of the net proceeds payable to our Company) for the purchase of equipment to be installed in the aforementioned new plant situated in Zhenbei Village, Qunsheng Village, Luoshe Town, Huishan District, Wuxi City (無錫市惠山區洛社鎮鎮北村、群勝村) for the purpose of expanding our production capacity;

- approximately HK$64.2 million (approximately 7% of the net proceeds payable to our Company) for the purchase of equipment and software, for the purpose of collating a wider scope of performance data of our customers' electrical distribution systems on an ongoing basis, thus enabling us to further improve our capabilities in providing more efficient EE Solutions; and

- approximately HK$91.8 million (equivalent to 10% of the net proceeds payable to our Company) for funding of our working capital and other general corporate purposes.

In the event that the Offer Price is fixed at the highest end of the proposed Offer Price range, the net proceeds from the Global Offering to us will be approximately HK$1,097.8 million (assuming an Offer Price of HK$6.38 per Share). In the event that the Offer Price is fixed at the lowest end of the proposed Offer Price range, the net proceeds of the Global Offering to us will be approximately HK$737.8 million (assuming an Offer Price of HK$4.38 per Share). We will adjust the allocation of the net proceeds for the aforementioned purposes on a pro rata basis.

To the extent that the net proceeds from the issue of new Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of the new Shares, when combined with such alternate sources of financing, are sufficient for the users set forth above.

If the Over-allotment Option is exercised in full, we estimate we would receive net proceeds in the amount of approximately HK$856.0 million (assuming an Offer Price of HK$4.38 per Share, being the lowest end of the proposed Offer Price range), approximately HK$1,063.0 million (assuming an Offer Price of HK$5.38 per Share, being the mid-point of the proposed Offer Price range) and approximately HK$1,270.0 million (assuming an Offer Price of HK$6.38 per Share, being the highest end of the proposed Offer Price range) which we intend to apply as additional funding for the purposes above on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit them in short-term demand deposits and/or money market instruments.

DIVIDEND POLICY

Dividends may be paid out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

A decision to declare or to pay any dividends in the future, and the amount of any dividends, depend on a number of factors, including our results of operations, financial condition, the payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

Subject to the factors described above, we currently intend to recommend a distribution to all Shareholders in an amount representing not less than 25% of the distributable net profit attributable to the equity Shareholders of our Company in each of the financial years following the Global Offering. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to the Shareholders by any means which our Directors consider appropriate.

RISK FACTORS

There are numerous risks involved in our operations. These risks can be categorised into (i) risks relating to our businesses and industries in which we operate; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering. A detailed discussion of the risk factors are set forth in the section headed "Risk Factors" in this prospectus. The following is a list of the risk factors:

Risks relating to our business and industry in which we operate

- Termination of our business relationship with Schneider will affect our competitiveness.
- We rely on the authorisation arrangements with Schneider and ABB to generate a significant portion of our revenue.
- We may not be able to secure projects in the future.
- We are dependent on the contribution of our key management personnel.
- We are dependent on the contribution of our skilled workforce.
- Our future plans may not achieve the intended economic benefits.
- The constraints of our manufacturing capabilities will be detrimental to the prospect of our business.
- We may face intense competition in markets for our business segments if an increasing number of domestic competitors enter into the high-end markets.
- We may face delays in payments by our customers.
- Compliance with more stringent regulations may have negative effect on our operations.

- We may not be able to obtain the legally required certification for our products.

- Potential competition may arise between our business and the business of Shanghai Boer.

- We may not be able to adequately protect our intellectual property rights.

- The failure of our operating subsidiaries to pay us dividends would negatively affect our earnings.

- Our Controlling Shareholders may affect our businesses in ways that may not be in the best interests of other Shareholders.

- The drop in energy demand and deterioration of the electricity market in China will affect our business.

Risks relating to the PRC

- Changes in the economic, political and social conditions in China and policies adopted by the PRC government may adversely affect our business, growth strategies, operating results and financial conditions.

- Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes that we may be involved in.

- PRC laws concerning the accumulation of statutory reserves will affect our ability to pay dividends.

- We may be subject to exchange control restrictions in China in relation to our revenues in China.

- Recent PRC regulations relating to acquisition of PRC companies by foreign entities may limit our ability to acquire PRC companies.

- Our Company and our offshore holding companies may be treated as resident enterprises for PRC tax purposes under the new enterprise income tax law, which could result in the imposition of 25% PRC enterprise income tax payable on our taxable global income.

- Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under PRC tax laws.

- It may be difficult to effect service of process on, or to enforce any judgments obtained outside China against, our Directors or our senior management members who reside in China.

- Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business.

- Any change in tax rate in China may have a negative impact on our results of operations.

Risks relating to the Global Offering

- There has been no prior public market for our Shares and an active or liquid trading market for our Shares may not develop.
- The trading price of our Shares may be volatile.
- Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience dilution if we issue additional Shares in the future.
- Our Directors, officers and existing Shareholders may sell, or be perceived to sell, our Shares in the future and this may adversely affect the value of your investment.
- The industry information from official government publications contained in this prospectus should not be unduly relied upon.
- Forward-looking statements contained in this prospectus are subject to risks and uncertainties.
- You should not rely on any information contained in the press articles or other media regarding our Company and the Global Offering.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"ABB"	ABB Group (Stock Code: ABBN), whose shares are listed on the SIX Swiss Exchange, and its PRC subsidiaries, all of which are Independent Third Parties
"Appleby"	Cayman Islands attorneys-at-law engaged as legal advisers to our Company as to the Cayman Islands law in the Listing
"Areva"	Areva (Stock Code: CEI), whose shares are listed on Euronext Paris, and its PRC subsidiaries
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company adopted on 30 September 2010, which shall become effective upon the Listing and as amended from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Baosteel"	Shanghai Baosteel Group Corporation (Stock Code: 600019), whose shares are listed on the Shanghai Stock Exchange, and its PRC subsidiaries
"Board" or "Board of Directors"	the board of directors of our Company
"Boer Hong Kong"	Power Investment (H.K.) Limited (博耳投資(香港)有限公司), a company incorporated in Hong Kong on 30 March 2005 and an indirect wholly-owned subsidiary of our Company
"Boer Services Co"	Wuxi Boer Power Engineer Co., Ltd. (無錫博耳電氣工程服務有限公司), a limited liability company established in the PRC on 4 November 2008 and owned as to 100% by Boer Wuxi
"Boer Wuxi"	Boer (Wuxi) Power System Co., Ltd. (博耳(無錫)電力成套有限公司), a limited liability company established in the PRC on 11 July 2005 whose registered capital is US$13,000,000 and owned as to 100% by Boer Hong Kong
"Boer Yixing"	Boer (Yixing) Power System Co., Ltd. (博耳(宜興)電力成套有限公司), a limited liability company established in the PRC on 7 November 2005 and owned as to 100% by Boer Hong Kong
"Business Day"	a day which is not a Saturday, a Sunday or a public holiday in Hong Kong on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

"Capitalisation Issue"	the issue of Shares pursuant to the written resolutions of the sole Shareholder of the Company passed on 30 September 2010 as referred to in the section headed "Further Information about our Company and Subsidiaries – resolutions in writing of the sole Shareholder passed on 30 September 2010" in Appendix VI to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Cheer Success"	Cheer Success Holdings Limited (欣成控股有限公司), a company incorporated in BVI on 18 January 2010 and a direct wholly-owned subsidiary of our Company
"China Mobile"	China Mobile Limited, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 941) and on the New York Stock Exchange (Stock Code: CHL), and its PRC subsidiaries
"CNBM"	China National Building Material Co. Ltd. (Stock Code: 3323), whose shares are listed on the Main Board of the Stock Exchange, and its PRC subsidiaries
"Companies Law"	the Companies Law (2010 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Boer Power Holdings Limited (博耳電力控股有限公司), an exempted limited liability company incorporated in the Cayman Islands on 12 February 2010
"Connected Person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of our Company for the purposes of this prospectus, means Mr. Qian Yixiang, Ms. Jia Lingxia and King Able, who are entitled to control, in aggregate, the exercise of approximately 69% of the voting rights in the issued share capital of our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)

"Cooper"	Cooper Industries, plc. (NYSE Stock Code: CBE), whose shares are listed on the New York Stock Exchange, and its PRC subsidiaries, one of which is Cooper Nature (Ningbo) Electric Ltd., Co.
"CSRC"	China Securities Regulatory Commission
"Director(s)"	director(s) of our Company or any of them
"Eaton Corporation"	Eaton Corporation (Stock Code: ETN), whose shares are listed on the NYSE Euronext Exchange, and its PRC subsidiaries
"Fuyang Electrical"	Fuyang Electrical Appliance Plant (阜陽電氣設備總廠), a company established in the PRC, which is an Independent Third Party
"Fuyang Industry"	Fuyang Sanhuan Industry Group Co. (阜陽三環實業總公司), a company established in the PRC, which is an Independent Third Party
"General Electric"	General Electric Co. (NYSE Stock Code: GE), whose shares are listed on the New York Stock Exchange, and its PRC subsidiary
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Green Application Form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we" or "us"	our Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the business operated by its present subsidiaries or (as the case may be) its predecessor
"HKD", "HK$" or "HK dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Banking Ordinance"	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus

"Hong Kong Offer Shares"	the 18,750,000 new Shares (subject to adjustment) being offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 6 October 2010 relating to the Hong Kong Public Offering and entered into among our Company, our Controlling Shareholders, our relevant executive Directors, the Joint Global Coordinators and the Hong Kong Underwriters
"Independent Third Party(ies)"	a party (parties) who is (are) not a connected person (connected persons) of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 168,750,000 new Shares being initially offered by us for subscription pursuant to the International Offering
"International Offering"	the placing of the International Offer Shares by the International Underwriters, as further described in the section headed "Structure of the Global Offering – The International Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering, who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering, which is expected to be entered into among our Company, our Controlling Shareholders, our relevant executive Directors, the Joint Global Coordinators and the International Underwriters on or around 13 October 2010
"Joint Global Coordinators", "Joint Bookrunners" and "Joint Lead Managers"	CCB International Capital Limited and UBS
"King Able"	King Able Limited (興寶有限公司), a company incorporated in BVI on 5 January 2010 and owned as to 50% by Mr. Qian Yixiang and 50% by Ms. Jia Lingxia
"KPMG"	certified public accountants engaged as our Company's auditors and reporting accountants in the Listing
"Lafarge"	Lafarge S.A. (Stock Code: LG), whose shares are listed on Euronext Paris, and its joint venture, Lafarge Shui On Cement Limited, together with the subsidiary of the joint venture
"Latest Practicable Date"	30 September 2010, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of our Shares on the Main Board

"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	20 October 2010, being the date on which dealings in our Shares are expected to first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of Stock Exchange
"Master Agreement"	a master agreement entered into between Boer Yixing and Shanghai Boer dated 15 March 2010 for (i) the purchase of a range of products by Shanghai Boer from Boer Yixing; and (ii) the supply of parts and components manufactured by Shanghai Boer to Boer Yixing, further information of which is disclosed in the section headed "Connected Transactions" of this prospectus
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company as amended from time to time
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC
"Moeller"	Moeller GmbH and its China-Germany joint venture company, Zhenjiang Klockner-Moeller Electrical Systems Co., Ltd.
"MOFCOM"	the Ministry of Commerce of the PRC
"Mr. Jia Minghao"	the cousin of Ms. Jia Lingxia
"Mr. Qian Yixiang"	the chairman of the Board of Directors and the chief executive officer of our Company and the husband of Ms. Jia Lingxia
"Mr. Qian Zhongming"	an executive Director and the father of Mr. Qian Yixiang
"Ms. Jia Lingxia"	an executive Director and the chief operating officer of our Company and the wife of Mr. Qian Yixiang
"Ms. Qian Yiying"	the elder sister of Mr. Qian Yixiang
"OCBC Bank"	Oversea-Chinese Banking Corporation Limited (Stock Code: OCBC), a company incorporated in Singapore whose shares are listed on the SGX
"Oceanbase"	Oceanbase Group Limited (海基集團有限公司), a company incorporated in the BVI on 3 March 2004 and a wholly-owned subsidiary of Wasion Group Holdings Limited
"OEM"	original equipment manufacturer

"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of the brokerage fee of 1%, SFC transaction levy of 0.003%, and the Stock Exchange trading fee of 0.005%), which will be not more than HK$6.38 and is expected to be not less than HK$4.38, such price to be agreed and determined on the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Stabilising Manager on behalf of the International Underwriters, pursuant to which we may be required to allot and issue up to an aggregate of 28,125,000 additional Shares (in the aggregate representing 15% of the Shares initially being offered under the Global Offering) to cover over allocations in the International Offering, details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PRC" or "China" or "Mainland"	the People's Republic of China and, except where the context requires and only for the purpose of this prospectus, reference in this prospectus to the PRC or China or Mainland do not apply to Taiwan region or Hong Kong Special Administrative Region or Macau Special Administrative Region of the PRC
"PRC Government" or "State"	the central government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities, or, where the context requires, any of them
"Predecessor Entity"	Wuxi Boer Power Instrumentation Company Ltd. (無錫博耳電力儀錶有限公司), a limited liability company established in the PRC on 15 March 1990 and owned as to 80% by Mr. Qian Yixiang and 20% by Mr. Qian Zhongming
"Price Determination Date"	the date on which the Offer Price is to be fixed for the purposes of the Global Offering, which is expected to be on or around 13 October 2010 (Hong Kong time), or such later date as the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and the Company may agree
"Regulation S"	Regulation S under the US Securities Act
"Reorganisation"	the corporate reorganisation undertaken by our Group in preparation for the Listing which are more particularly described in the paragraph headed "Reorganisation" in the section headed "History and Reorganisation" of this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Roland Berger"	Roland Berger Strategy Consultants

"Roland Berger Report"	the "China Electrical Distribution Equipment Industry Study" prepared by Roland Berger dated 30 June 2010 (based on the data current in December 2009)
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SARS"	Severe Acute Respiratory Syndrome
"Schneider"	Schneider Electric SA (Stock Code: SCHN), whose shares are listed on Euronext Paris, and its PRC subsidiary, Schneider Electric China Investment Co., Ltd., all of which are Independent Third Parties
"SEARI"	Shanghai Electrical Apparatus Research Institute (Group) Company Limited (上海市電器科學研究所(集團)有限公司), a limited liability company established in the PRC on 17 January 1997 owned as to 88.69% by Shanghai Electrical Apparatus Research Venture Capital Co., Ltd., 5.02% by China Machinery Industry Federation, 3.77% by China Academy of Machinery Science & Technology, 1.26% by China Electrotechnical Society and 1.26% by China Electrical Equipment Industrial Association
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"SGX"	The Singapore Exchange Limited
"Shanghai Boer"	Shanghai Electrical Apparatus Research Institute Switch Apparatus Co., Ltd. (上海電科博耳電器開關有限公司), a limited liability company established in the PRC on 4 March 1995 and owned as to 51% by SEARI and 49% by Wuxi Boer
"Shanghai Shuanghuan"	Shanghai Shuanghuan Investment Development Co., Ltd. (上海雙歡投資發展有限公司), a company established in the PRC which was owned as to 33% and 67% by Mr. Qian Yixiang and Mr. Qian Zhongming, respectively, as at the Latest Practicable Date
"Share(s)"	ordinary share(s) of our Company with a nominal value of HK$0.10 each
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 30 September 2010, the principal terms of which are summarised under the paragraph headed "Share Option Scheme" in Appendix VI to this prospectus
"Siemens"	Siemens AG (Stock Code: SIE), whose shares are listed on the German Stock Exchange, and its PRC subsidiaries

"Sinoma"	China National Materials Co., Ltd. (Stock Code: 1893), whose shares are listed on the Main Board of the Stock Exchange, and its PRC subsidiaries
"Silver Crest"	Silver Crest Global Limited (銀輝國際有限公司), a company incorporated and registered in the BVI
"Sole Sponsor"	CCB International Capital Limited, licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Stabilising Manager"	UBS
"Stephenson Harwood"	international law firm engaged as legal advisers to our Company as to Hong Kong law in the Listing
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between King Able and the Joint Global Coordinators on or about the same date as the International Underwriting Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 2 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers
"Track Record Period"	the period comprising the three financial years ended 31 December 2009 and the six months ended 30 June 2010
"UBS"	UBS AG, Hong Kong Branch, a registered institution under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"US$", "U.S. dollars" or "USD"	United States dollars, the lawful currency of the United States
"VP"	Value Partners Limited (惠理基金管理公司), a company incorporated in the BVI in October 1991 and a wholly-owned subsidiary of Value Partners Group Limited

"WFOE"	wholly foreign owned enterprise incorporated and registered under the laws of the PRC
"White Form eIPO"	the application for the Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Wuxi Boer"	Wuxi Boer Power Instrumentation Company Ltd. (無錫博耳電力儀錶有限公司), a limited liability company established in the PRC on 15 March 1990 and owned as to 80% by Mr. Qian Yixiang and 20% by Mr. Qian Zhongming
"Wuxi Weiqi"	Wuxi Weiqi Trading Co., Ltd. (無錫為琪貿易有限公司), a limited liability company established in the PRC on 26 December 2006 and owned as to 90% by Ms. Qian Yiying and 10% by Mr. Tao Qi
"Yixing Boai"	Yixing Boai Automation Complete Sets of Equipment Co., Ltd. (宜興博艾自動化成套設備有限公司), a sino-foreign equity joint venture established in the PRC on 15 January 2004 and held as to 75% by Mr. Jia Minghao on trust for Boer Hong Kong and 25% by Wuxi Weiqi
"%"	per cent.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus are of the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, the English names of PRC nationals, companies, associations, entities, departments, facilities, certificates, titles are directly translated from their Chinese names and are furnished for identification purposes only. Should any inconsistencies between the Chinese names and the English names exist, the Chinese names shall prevail.

Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of Over-allotment Option.

This glossary contains certain definitions of technical terms used in this prospectus as they relate to us. Some of these definitions may not correspond to standard industry definitions.

"base station"	wireless communications station installed at a fixed location and used to communicate as part of a wireless telephone system
"bus bar"	a thick strip of copper or aluminum that conducts electricity within a switchboard, electrical substation or other electrical apparatus
"circuit breaker"	automatically-operated electrical switch designed to protect an electrical circuit from damage caused by overload or short circuit
"DC"	direct current
"EDS Solutions"	Electrical Distribution System Solutions (配電系統方案), our business segment covering the design, manufacture, sale and provision of custom-made electrical distribution systems and solutions mainly for medium and low voltage switchboards used in electrical distribution
"EE Solutions"	Energy Efficiency Solutions (節能方案), our business segment covering the analysis of the performance of our customers' electrical distribution systems based on the data and information collected by and provided to our customers using iEDS Solutions and the offer of solutions, proposals and measures to our customers on how the safety, stability and efficiency aspects of their systems can be upgraded, repaired or improved
"electrical substation"	a subsidiary station of an electricity generation, transmission and distribution system where voltage is transformed from high to low or the reverse using transformers
"GW"	gigawatt, equal to one million kilowatts
"iEDS Solutions"	Intelligent Electrical Distribution System Solutions (智能配電系統方案), our business segment covering the design, manufacture, sale and provision of custom-made electrical distribution systems and solutions with devices providing certain automatic functions, such as automatic data collection and analysis, remote control and automatic fault detection, so that our customers are able to undertake off-site operation, control and supervision of their electrical distribution systems
"ISO"	International Organization for Standardization, a worldwide federation of national standards bodies
"kV"	kilovolt, equal to one thousand volts
"kW"	kilowatt, equal to one thousand watts of electricity
"kWh"	kilowatt hour, a unit of energy representing the work done by one kilowatt of electric power in one hour

"LV or low voltage"	below 10 kV voltage
"mutual inductor"	equipment for measurement of electric current and relay protection in a power system
"MV or medium voltage"	10kV to 35kV voltage
"switchboard"	an assembly of panels, each of which contain switches that allow electricity to be redirected
"switchgear"	equipment used to connect and disconnect electrical circuit
"switchgear assembly"	a set of equipment combining switchgears with associated control, metering, protective and regulating devices assembled with associated interconnections, accessories, enclosures and supporting structures
"transformer"	a device for raising or lowering electric voltage using electromagnetic induction
"tWh"	trillionwatt hour, a unit of energy representing the work done by one trillionwatt of electric power in one hour

You should carefully consider all of the information set out in this prospectus before making an investment in the Offer Shares, including the risks and uncertainties described below in respect of our business and our industry and the Global Offering. You should pay particular attention to the fact that, although our Company is incorporated in the Cayman Islands, our Company's business is located almost exclusively in the PRC and our Company's operations are governed by a legal and regulatory environment which in some respects may differ from what prevails in other countries. Our business, financial condition or results of operations could be affected materially and adversely by any of these risks.

We believe that there are numerous risks involved in our operations, many of which are beyond our control. These risks can be categorised into: (i) risks relating to our businesses and the industries in which we operate; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESSES AND THE INDUSTRIES IN WHICH WE OPERATE

Termination of our business relationship with Schneider will affect our competitiveness

We have maintained a business relationship with Schneider in China. Not only do we work with Schneider as an integrated solutions provider, we also purchase components from Schneider. The amounts of revenue that we generated for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 with Schneider as our largest customer were approximately RMB45.2 million, RMB52.6 million, RMB67.6 million and RMB87.1 million, being 12.6%, 13.0%, 13.8% and 20.1% of our revenue in those periods, respectively. The values of components we purchased from Schneider as our largest supplier for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were approximately RMB84.0 million, RMB87.0 million, RMB110.3 million and RMB60.2 million, being 30.2%, 30.8%, 33.0% and 21.6% of our cost of sales in those periods, respectively. Pursuant to the annual supply agreements we have entered into with Schneider since 2000, we have been able to enjoy a discount on the base price of the parts and components which we purchased from Schneider during the Track Record Period.

We cannot assure that we will be able to maintain our business relationship with Schneider in the future. If Schneider decides to terminate its business relationship with us, our business and competitiveness will be affected. It should also be noted that a large portion of our revenue during the Track Record Period was derived from our business with Schneider, such as our projects for a leading international retailer in China. We have cooperated in 53, 70, 55 and 59 projects with Schneider in the years ended 31 December 2007, 2008 and 2009 and during the period from 1 January to 30 June 2010, respectively. We have been enjoying substantial discounts on our purchases from Schneider as we have consistently been able to meet the business volume requirement for enjoying the highest discount on the base price of the parts and components as set out in the annual supply agreements. As the actual discount we are entitled to is dependent on our business volume with Schneider, any significant reduction in business volume with Schneider will lead to a drop in the discount we have been enjoying with our purchases of parts and components from Schneider. If Schneider decides not to enter into the annual supply agreement with us and thus the discount is withdrawn, our costs may rise significantly and our profitability may be materially affected. The loss of Schneider as our major customer could materially affect our profitability and financial results.

Further details of our business relationship with Schneider are set out in the section headed "Business" of this prospectus.

We rely on the authorisation arrangements with Schneider and ABB to generate a significant portion of our revenue

We have been authorised by Schneider and ABB to manufacture electrical distribution systems that carry their brands together with the brand of "BOER" as manufacturer. We generated RMB206.4 million, RMB254.5 million, RMB317.0 million, RMB140.5 million and RMB306.3 million with the sale of the electrical distribution systems carrying the brands of "Schneider" with "BOER", and "ABB with "BOER" for the years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June

2010 respectively. In aggregate, the sale of the co-branded electrical distribution systems described above contributed 57.8%, 62.8%, 64.6%, 65.7% and 70.8% of the revenue of our Group for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010. Should Schneider and ABB terminate their authorisation arrangements with our Group, our financial condition and revenue may be materially affected. Further information of our authorisation arrangements with Schneider and ABB is set out in the paragraphs headed "EDS Solutions — Our development" in the section headed "Business" of this prospectus.

We may not be able to secure projects in the future

Our business is predominantly on projects basis and largely depends on our ability to secure contracts from our clients. It is generally very difficult to predict whether or when we will win new contracts, as many of our clients select service providers based on a lengthy and complex bidding and selection process which is affected by a number of factors, including market conditions, financing arrangements, governmental approvals, the specific terms of the bids submitted and the qualifications of the bidder. In the event that our clients' bidding process or criteria change, our ability to successfully bid for certain projects may be adversely affected. Although we are constantly bidding for new projects, we cannot assure you that we will win the contracts for any of these projects in the near future or at all. Our failure to secure new profitable projects could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on the contribution of our key management personnel

Our success depends, to a significant extent, upon the continued service of key members of our management team. If we were to lose the services of any of the existing key management members without a suitable replacement, or were unable to attract new members to join our management with suitable experience as we grow, there could be a negative impact on the operations and businesses of our Group. Mr. Qian Yixiang and Ms. Jia Lingxia, two of our executive Directors, have played a significant role in forming the business direction and promoting the growth of our Group. Mr. Qian Zhongming, the founding member of our Group, possesses a wealth of knowledge and experience in the electrical distribution equipment industry and is instrumental to the development of our Group. The loss of one or more members of our management team might pose a threat to our future business and continued growth as such member would be difficult to replace. Our expansion plans and future success depend on our ability to maintain a skilled and experienced management team. In addition, we may lose business to our competitors if any member of our management team were to join them after leaving employment with us.

We are dependent on the contribution of our skilled workforce

Our success also depends upon the continued service of our skilled workforce and on our ability to continue to attract, retain and motivate such workforce. Competition in recruiting technically competent personnel for our different business segments is intense and we have periodically experienced difficulties in recruiting suitable staff. This could limit our production capacity or affect the quality of our product, which could have an adverse impact on our profitability and limit our ability to grow.

Our future plans may not achieve the intended economic benefits

One of our plans is to expand our business segment in offering the EE Solutions, which we started marketing in 2009 and of which we had a gross profit margin of 67.8% and 64.1% for the year ended 31 December 2009 and the six months ended 30 June 2010, respectively, because we anticipate that such business segment presents great potential to our future performance in light of the increasing environmental awareness and focus of the PRC government policy on promoting energy efficiency. However, there is no assurance that our anticipation of market demand for the EE Solutions in the future is correct, and that the development of our business segment in offering EE Solutions will achieve the financial benefit to our business as expected. If the market demand for the EE Solutions does not meet our expectation, the resources we have invested in expanding and operating our EE Solutions business segment, e.g. buying equipment for carrying out maintenance and diagnostics of EDS and iEDS units, will be wasted and the revenue of the EE Solutions business segment of our Group will not grow as we expected.

The constraints of our manufacturing capabilities will be detrimental to the prospect of our business

Our ability to manufacture products is limited by the capacity of our production facilities and workforce. To expand our production capacity we must either upgrade our existing equipment or acquire new equipment and hire workers with the requisite skill to operate it. We cannot assure you that equipment will be available to us in a timely manner or at a reasonable cost, or that we will have access to a sufficient number of skilled employees to upgrade, install or operate the equipment. If we are unable to increase our production capacity effectively or in a timely manner, the results of our operations and growth prospects could be adversely affected.

In addition, we require significant capital to build, maintain and operate our production facilities. We also require significant capital to purchase production equipment, spare parts, develop new services and products and develop and implement new technologies. A substantial portion of our capital expenditure is incurred in advance of any additional sales to be generated by new or upgraded production facilities resulting from the expenditure. To the extent that our capital requirements exceed our cash resources, we will be required to seek additional debt or equity financing or to defer planned expenditures. There can be no assurance that financing for upgrading or expanding our production facilities will be available on terms acceptable to us. If we are unable to obtain financing in a timely manner and at a reasonable cost, our growth, competitive position and future profitability could be adversely affected.

We may face intense competition in markets for our business segments if an increasing number of domestic competitors enter into the high-end markets

We are currently competing in the high-end markets for our business segments, namely EDS Solutions, iEDS Solutions and EE Solutions. As the number of competitors in the high-end markets is limited, we do not need to adopt an aggressive competitive pricing policy in respect of the solutions we offer. However, if an increasing number of domestic competitors enters the high-end markets in the future, the competition we face in such markets will become intense. Intense competition may result in price reductions, reduced profit margins and loss of our market share, any of which could adversely affect our businesses.

We may face delays in payments by our customers

Most of the contracts we have signed provide for payment at different stages of a project including delivery of products, installation and testing. Moreover, customers are sometimes entitled to withhold up to 5%-10% of the contract price until the expiration of the warranty period, which usually lasts for 12 months after the installation of products. Therefore, we are required to pay in advance certain costs and expenses relating to some contracts before we receive sufficient funds to cover such costs and expenses. We may face delay in payment by our customers and such delays are adverse to our cash flow position and our ability to meet our working capital requirements.

Compliance with more stringent regulations may have negative effect on our operations

Our operations require a certain number of government approvals and we are subject to a broad range of laws and regulations governing various matters. In particular, the continuance of our operations depends upon compliance with applicable environmental, health and safety and other regulations. Any change in the scope or application of these laws, regulations or approvals may limit our production capacity or increase our costs and therefore could have an adverse effect on our financial condition and results of operations. Any failure to comply with such laws and regulations could result in fines, penalties or lawsuits. There can also be no assurance that the PRC government will not impose additional or more stringent laws or regulations, compliance with which may cause us to incur significant capital expenditures, which we may be unable to pass on to our customers.

We may not be able to obtain the legally required certification for our products

Pursuant to the Provisions on the Administration of Compulsory Product Certification (強制性產品認證管理規定) (the "**Provisions**"), products involving the health and safety of human beings, animals and plants, environmental protection and public safety are required to undergo compulsory certification. The products listed in the Catalogue of the Products under Compulsory Certification of the State (強制性產品目錄) (the "**Catalogue Products**") must be certified, issued with certification letters by designated certification organisations, and given certification signs being logos containing a pattern of "CCC" as the abbreviation of "China Compulsory Certification" before their sales, import and utilisation in business activities. Parties that sell, import and utilise Catalogue Products that have not been certified in accordance with the Provisions will be subject to a fine of not less than RMB30,000 and an order will be issued to them for their Catalogue Products to be certified within a specified time. In accordance to the Provisions issued by the State Administration of Quality Supervision, Inspection and Quarantine in 2001 and renewed in 2009, most of the products applied by our integrated solutions including switchboards and circuit breaker are listed as Catalogue Products. As a result, we need to obtain the China Compulsory Certificate to manufacture the products applied by our integrated solutions. Currently, we have obtained all the necessary China Compulsory Certificates from the China Quality Certification Centre in respect of the products we produce and offer. There is no assurance that we will be able to obtain the requisite China Compulsory Certificates from time to time. The requirement and standard in relation to the China Compulsory Certificates may also be raised in the future. The failure to obtain the necessary China Compulsory Certificates for all of our products will have an impact on our business and financial performance, as our ability to expand our product range may be restricted, our ability to compete effectively in the market will be affected.

Potential competition may arise between our business and the business of Shanghai Boer

Currently, the business of Shanghai Boer does not compete with that of our Group as Shanghai Boer is engaged in the manufacturing and sale of electrical components such as air circuit breakers and moulded case circuit breakers, which are products different from those being manufactured and sold by our Group. Although we have entered into the Master Agreement, there is no certainty that Shanghai Boer will not further expand and develop its scope of business to compete with the business of our Group. If Shanghai Boer were to develop its business to compete with that of our Group, our profitability may be affected.

We may not be able to adequately protect our intellectual property rights

We have obtained certain patents and registered our trademarks in China. There is no assurance that our patents and trademarks will not be infringed by other parties or that we have sufficient financial means to enforce our intellectual property rights. Although our intellectual property rights are protected under the PRC law, such laws may not be adequate in protecting our intellectual property rights against the violation of other parties. Any litigation regarding the infringement of our intellectual property rights will be time-consuming and costly and adverse to our financial performance.

The failure of our operating subsidiaries to pay us dividends would negatively affect our earnings

We conduct most of our operations through our operating subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our operating subsidiaries. If the earnings from our operating subsidiaries were to decline, our earnings and cash flow would be negatively affected. The ability of our operating subsidiaries to pay dividends depends on business considerations and regulatory restrictions. These restrictions could lower the amount of distributions that we receive from our operating subsidiaries, which would restrict our ability to pay dividends. We cannot assure you that our operating subsidiaries will generate enough earnings and cash flows to pay dividends to enable us to meet our obligations or declare dividends to our Shareholders.

Our Controlling Shareholders may affect our businesses in ways that may not be in the best interests of other Shareholders

Our Controlling Shareholders are King Able, Mr. Qian Yixiang and Ms. Jia Lingxia, which will hold approximately 69% of our issued share capital upon completion of the Global Offering assuming the Over-allotment Option is not exercised (or approximately 66.5% of our issued share capital upon completion of the Global Offering if the Over-allotment Option is exercised in full). Accordingly, as our Controlling Shareholders, subject to our Articles and applicable laws and regulations, King Able, Mr. Qian Yixiang and Ms. Jia Lingxia will, through its representatives on our Board, be able to influence our major policy decisions. In addition, they will be able to control the election of our Directors and, in turn, to indirectly control the selection of our senior management.

The interests of King Able, Mr. Qian Yixiang and Ms. Jia Lingxia may not always be consistent with the best interests of our Company or yours. Our Controlling Shareholders will have the ability to exert great influence over our actions and may have the ability to require us to effect corporate transactions irrespective of the desires of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that are not in the best interest of our other Shareholders, our business may be negatively affected.

The drop in energy demand and deterioration of the electricity market in China will affect our business

We derive substantially all of our revenue from the design, manufacture and sale of electrical distribution equipment and systems solutions in China. The demand for energy and electricity in China is subject to cyclical fluctuations and to a variety of factors, including macroeconomic trends, population, urbanisation, fixed assets investment in China and technology development. The demand for our electrical distribution equipment and systems solutions by our customers may be affected by factors such as their fixed assets investment plan, project budget, government policy and market trends. As a result, any economic slowdown in China may curtail demand for our equipment and solutions.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions in China and policies adopted by the PRC government may adversely affect our business, growth strategies, operating results and financial conditions

Substantially all of our revenues are derived from our operations in China. As a result, any changes in the political, social and economic environment in China will have a direct impact on the growth of the economy in China and hence our business and future prospects. In recent years, the PRC government has implemented measures emphasising market forces for economic reform. However, the PRC government continues to play a significant role in regulating industrial development, allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market-oriented.

Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes that we may be involved in

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As China's economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances.

Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still subject to policy changes. There is no assurance that the introduction of new laws, changes to existing laws and the interpretation or application thereof or the delays in obtaining approvals from the relevant authorities will not have an adverse impact on our business or prospects.

Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and unlike other common law countries such as Hong Kong, decisions on precedent cases are not binding on lower courts. As such, the outcome of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain timely enforcement of the laws in China, and it is usually impossible to obtain enforcement of judgment by a court of another jurisdiction except for those which have treaties with the PRC, such as Hong Kong.

Our intellectual property rights may be inadequately protected and there is a risk that we may be unable to enforce such rights, which would adversely affect our business.

Our future success and ability to compete depend on our ability to protect our intellectual property rights. However, as the legal system, in general, and the laws protecting intellectual property rights in China are still in a state of development, we may not be able to rely on such legal protection. In such circumstances, our business will be adversely affected.

PRC laws concerning the accumulation of statutory reserves will affect our ability to pay dividends

We are a holding company incorporated in the Cayman Islands and we operate our core business through our subsidiaries in China. Therefore, the availability of funds for us to pay dividends to our Shareholders depends upon dividends received from these subsidiaries. The PRC laws require foreign invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

We may be subject to exchange control restrictions in China in relation to our revenues in China

The PRC government imposes controls over the convertibility of RMB into foreign currencies. Although the PRC government introduced policies in 1993 which allowed greater convertibility of RMB, RMB is still not a freely convertible currency. There is no assurance that the PRC regulatory authorities will not impose further restrictions on currency exchanges that may limit our ability to utilise revenue generated in the PRC to fund our business activities outside China or to distribute dividends to our Shareholders. There can be no assurance that exchange rates will not become volatile or the exchange rate of RMB against the HK$ will not change in such a way so as to affect our financial position. Any depreciation of the RMB against the HK$ will materially and adversely affect our Group's translated net assets, earnings and any declared dividends.

Recent PRC regulations relating to acquisition of PRC companies by foreign entities may limit our ability to acquire PRC companies

The Provisions for the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (關於外國投資者併購境內企業的規定) (the "**M&A Provisions**") was issued by six PRC regulatory agencies, including the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission and the SAFE, and became effective from 8 September 2006. These provisions provide the rules with which foreign investors must comply with when they seek to purchase the equities in a domestic company or subscribe for the increased share capital of a domestic company. The provisions stipulate the business scope upon acquisition of domestic enterprise and set out takeover procedures for equity interest in domestic companies. We cannot assure you that we can successfully carry out acquisition as we want to under the M&A Provisions since there are uncertainties as to how the M&A Provisions are implemented.

Our Company and our offshore holding companies may be treated as resident enterprises for PRC tax purposes under the new enterprise income tax law, which could result in the imposition of 25% PRC enterprise income tax payable on our taxable global income

On 16 March 2007, the National People's Congress of the PRC passed the Enterprise Income Tax Law of the PRC (the "**PRC Enterprise Income Tax Law**"), which took effect as of 1 January 2008. On 6 December 2007, the Implementation Rules of Enterprise Income Tax Law of the PRC were also enacted (the "**Implementation Rules**"), and took effect as of 1 January 2008. In accordance with the aforementioned law and regulations, a unified enterprise income tax rate of 25% will be applied equally to both domestic enterprises and foreign-invested enterprises.

Under the PRC Enterprise Income Tax Law, enterprises established under the laws of foreign jurisdictions other than China may nevertheless be considered as resident enterprises in China for tax purposes if the actual institution of the management of these enterprises is located within China. Most of our Directors and the members of our senior management are domiciled in China so our Company and our other offshore holding companies may be considered PRC-resident enterprises. As a result, our global income may be subject to the PRC enterprise income tax rate of 25% pursuant to the PRC Enterprise Income Tax Law. Although dividend payments between certain "qualified PRC-resident enterprises" shall be exempt from income tax under the Enterprise Income Tax Law, and the Implementation Rules refer to "qualified PRC-resident enterprises" as enterprises with "direct equity interest", it remains unclear what the detailed qualification requirements for such exemption are, and whether dividends distributed by our PRC operating subsidiaries to our Company and its other offshore holding company will meet such qualification requirements and constitute dividend income between qualified resident enterprises which qualifies for tax exemption even if our Company and our offshore holding company are considered PRC-resident enterprises for tax purposes.

Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under PRC tax laws

Under the PRC Enterprise Income Tax Law and the Implementation Rules, PRC income tax at the rate of 10% is usually applicable to dividends payable to investors that are non-resident enterprises to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares by such investors is also usually subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If we are considered a PRC resident enterprise, the dividends we pay with respect to our Shares, or the gain our Shareholders may realise from the transfer of our Shares, would be treated as income derived from sources within China and be subject to PRC tax. If we are required under the PRC Enterprise Income Tax Law to withhold PRC income tax on our dividends payable to our foreign Shareholders who are not within China, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in your Shares may be materially and adversely affected.

It may be difficult to effect service of process on, or to enforce any judgments obtained outside China against, our Directors or our senior management members who reside in China

Substantially all of our operating assets, officers and Directors are located in China. China does not currently have treaties providing for the reciprocal recognition or enforcement of judgments of courts located in the United States, the United Kingdom, Singapore, Japan and most other Western countries. "An Arrangement between the Mainland and Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned" was executed on 14 July 2006. However, there are many restrictions on such arrangement. As a result, it may not be possible for investors to effect service of process upon our subsidiaries or our Directors pursuant to the authority of non-PRC courts. Further, the recognition and enforcement in China of judgments of courts outside China might be difficult or impossible.

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of the people of China. Some cities in China are particularly susceptible to floods, earthquakes, sandstorms and droughts. Political unrest, acts of war and terrorists attacks may cause damage or disruption to us, our employees or our facilities. The potential for war or terrorists attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict. In addition, certain Asian countries, including China, have encountered epidemics such as SARS, or incidents of the avian flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in China. A recurrence of an outbreak of SARS, avian flu, influenza A(H5N1) (swine flu) or any other similar epidemic could cause a slowdown in the levels of economic activity generally. If any of such natural disasters occurs, our business, revenue, financial condition and results of operations may be materially and adversely affected.

Any change in tax rate in China may have a negative impact on our results of operations

The rate of income tax chargeable on companies in China may vary depending on the availability of preferential tax treatment or subsidies based on their industry or location. The PRC Enterprise Income Tax Law enacted in 2007 that became effective on 1 January 2008 sets a uniform tax rate of 25% for all enterprises and terminates most of the current tax exemption, reduction and preferential treatments available under the current laws and regulations. Boer Yixing was exempt from income tax for 2006 and 2007 and is subject to income tax at 12.5% and 25% from 2008 to 2010 and from 2011 onwards, respectively. Yixing Boai did not generate taxable profits in 2007 and was exempt from income tax for 2008 and 2009, and is subject to income tax at 12.5% and 25% from 2010 to 2012 and from 2013 onwards, respectively. Boer Wuxi was exempt from income tax for 2007 and is subject to income tax at 12.5%, which is 50% of the normal income tax rate, from 2008 to 2010. Being a qualified High and New Technology Enterprise, Boer Wuxi is entitled to a preferential tax rate of 15% from 2011 onwards. If there are changes to the PRC Enterprise Income Tax Law regarding the preferential tax rate in China, our financial results will be affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active or liquid trading market for our Shares may not develop

Prior to the Global Offering, there has not been a public market for our Shares. Although application has been made for the Listing, we cannot assure you that an active public market for our Shares will develop or that the market price of our Shares will not decline below their initial Offer Price. The Offer Price of our Shares will be determined through negotiation between us and the Joint Global Coordinators and it may not be indicative of the market price of the Shares after the Global Offering is completed. You may be unable to sell your Shares at or above the Offer Price, and as a result, may lose all or part of the investment in such Shares. Failure in the development of an active and liquid public trading market may materially and adversely affect the market price and liquidity of our Shares.

The trading price of our Shares may be volatile

The trading price of our Shares following the Global Offering may be volatile and can fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations;
- changes in securities analysts' estimates, if any, of our financial performance;

- announcement by us or our competitors of new products, litigation relating to intellectual property rights, issuance of patents or registration of trademarks, acquisitions, strategic partnerships, joint ventures or capital commitments;

- changes in the economic performance or market valuations of our competitors; and

- general market conditions or other developments affecting us or our industry.

The Stock Exchange has from time to time experienced significant price and trading volume fluctuations which are not related to the operating performance of companies. As a result, investors in our Shares may experience volatility in the market price of the Shares and a decrease in the value of our Shares regardless of our operating performance or prospects.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience dilution if we issue additional Shares in the future

An investor who purchases our Shares in this Global Offering will pay more for such Shares than the amount paid by existing Shareholders for their Shares. As a result, the investors will experience immediate dilution in pro forma net tangible assets value per Share. If we issue additional Shares in order to expand our business in the future, investors of our Shares may experience further dilution.

Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would also result in the reduction in the percentage ownership of the Shareholders. There may also be a dilution in the earnings per Share and the net asset value per Share as a result of the increase in the number of Shares outstanding after the issue of such additional Shares.

Under the HKFRS, the costs of share options to be granted to employees under the Share Option Scheme will be charged to our income statement over the vesting period by reference to the fair value at the date at which the share options are granted. As a result, our profitability may be adversely affected.

Our Directors, officers or existing Shareholders may sell, or be perceived to sell, our Shares in the future and this may adversely affect the value of your investment

Prior to the Global Offering, there has not been a public market for our Shares. Future sales by our existing Shareholders after the Global Offering could adversely affect market prices prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sale or issue immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issue. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of substantial amounts of our Shares in the public market or the perception that these sales may occur could negatively impact the prevailing market price for our Shares and our ability to raise equity capital in the future.

The industry information from official government publications contained in this prospectus should not be unduly relied upon

Certain statistics in the section headed "Industry Overview" in this prospectus relating to the electrical distribution equipment industry and the fixed assets investment in China are derived from various official government publications. We believe that such official government publications are appropriate sources for these statistics and we have taken reasonable care in extracting and reproducing such information. There is no ground for us to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "anticipate", "believe", "expect", "may", "ought to", "should" or "will" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

You should not rely on any information contained in the press articles or other media regarding our Company and the Global Offering

Prior to the publication of this prospectus, there may be certain press and media coverage regarding our Company and the Global Offering which may include certain financial information, industry comparisons, profit forecasts and other information about our Company that does not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to subscribe for the Offer Shares.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong.

Since the business, operations and production facilities of our Group are primarily located, managed and conducted in China, there is no business need to appoint executive Directors in Hong Kong. All of the executive Directors, the majority of our Group's senior management and substantially all of our assets are, and will continue to be, based in the PRC. Our Company does not, and does not contemplate in the foreseeable future that it will, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

An application for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 of the Listing Rules has been made to the Stock Exchange and such waiver has been granted by the Stock Exchange.

The arrangements proposed by our Company for maintaining at all times regular, adequate and effective communication with the Stock Exchange for the purposes of Rules 3.05 and 3.06 of the Listing Rules are as follows:

(a) our Company has appointed and will continue to maintain two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal point of communication with the Stock Exchange. The two authorised representatives proposed to be appointed are Ms. Jia Lingxia (an executive Director) and Mr. To Kwong Yeung (the company secretary and the chief financial officer of our Company). The authorised representatives, and their alternate authorised representative, will have the means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. They will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary to deal with enquiries from the Stock Exchange from time to time. Each of the two authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange. Our Company will inform the Stock Exchange promptly if there is any change of the authorised representatives or the contact details of any of them;

(b) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time upon prior notice from the Stock Exchange, if required;

(c) our Company will appoint CCB International Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will also act as an additional point of contact between our Company and the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. Our Company will inform the Stock Exchange promptly of any changes of the compliance adviser;

(d) our Company will also appoint other professional advisers (including legal advisers and accountants) to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong and to ensure that there will be efficient communication with the Stock Exchange after the Listing; and

(e) each of our Directors will provide his or her respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange prior to the Listing. In the event that a Director expects to travel outside Hong Kong, he/she shall provide to the authorised representatives the phone numbers of the place of his/her accommodations outside Hong Kong or the phone numbers where he/she can be contacted outside Hong Kong.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into the Master Agreement. The transactions carried out pursuant to the Master Agreement would be regarded as continuing connected transactions and we have applied for a waiver accordingly. For more details of the Master Agreement and the waiver, please refer to the section headed "Connected Transactions — Non-Exempt Continuing Connected Transactions" in this prospectus.

This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will", "expect", "anticipate", "plan", "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate; and
- the general economic trend in the PRC.

The words "will", "expect", "anticipate", "plan", "believe", "may", "intend", "ought to", "continue", "project", "should", "seek", "potential" and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Please refer to the sections headed "Risk Factors", "Business" and "Financial Information" in this prospectus for more details.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable law, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the SFO, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information with regard to our Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus or this prospectus misleading.

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of initially 18,750,000 Hong Kong Offer Shares and the International Offering of initially 168,750,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus and, in the case of the International Offering, to any exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in the section headed "Structure of the Global Offering" in this prospectus.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Global Coordinators, on behalf of the Underwriters, and us on the Price Determination Date. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement.

If, for any reason, we and the Joint Global Coordinators, on behalf of the Underwriters, cannot agree on the Offer Price, the Global Offering will not proceed. For details of the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around 13 October 2010 (Hong Kong time), or such later date as the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and the Company may agree. If, for whatever reason, our Company and the Joint Global Coordinators (on behalf of the Underwriters) are not able to agree on the Offer Price, the Global Offering will not proceed and will lapse.

RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

We offer the Hong Kong Offer Shares solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions contained in this prospectus and the Application Forms.

Each person acquiring the Hong Kong Offer Shares will be required to confirm, or by his acquisition of the Hong Kong Offer Shares be deemed to confirm, that he is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption from applicable securities law. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in China.

APPLICATIONS FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and the Offer Shares (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and under the Share Option Scheme). We expect dealing in our Shares on the Stock Exchange to commence on 20 October 2010.

None of our Shares or loan capital are listed on or dealt in on any other exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(l) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

REGISTERS OF MEMBERS AND STAMP DUTY

All Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our branch register of members to be maintained in Hong Kong by the Hong Kong Share Registrar. Our principal register of members will be maintained by our principal share registrar, Appleby Trust (Cayman) Ltd., in the Cayman Islands.

Dealings in the Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

If you are unsure about the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposing of or dealing in them, you should consult an expert. Our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, all of their respective directors, agents or advisers or any other persons involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding or disposing of or the dealing in the Offer Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasised that none of our Group, the Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, supervisors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of or the exercise of any rights in the Shares.

OVER-ALLOTMENT AND STABILISATION

Please see details in the paragraph headed "Over-allotment Option" in the section headed "Structure of the Global Offering" in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in our Shares on the Main Board are expected to commence at 9:30 a.m. (Hong Kong time) on 20 October 2010. Shares will be traded in board lots of 1,000 each.

The stock code for the Shares is 1685.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" to this prospectus and on the relevant Applications Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Directors

Name	Address	Nationality
Executive Directors		
Mr. Qian Yixiang	No.99, Qian Road, Qian Xiang Village Luoshe Town Huishan District Wuxi City Jiangsu Province PRC	Chinese
Ms. Jia Lingxia	No.99, Qian Road Qian Xiang Village Luoshe Town Huishan District Wuxi City Jiangsu Province PRC	Chinese
Mr. Zha Saibin	Room 202, No.41 Tianjing Garden, Liang Qing Road Wuxi City Jiangsu Province PRC	Chinese
Mr. Qian Zhongming	No.99, Qian Road Qian Xiang Village Luoshe Town Huishan District Wuxi City Jiangsu Province PRC	Chinese
Independent Non-Executive Directors		
Mr. Yeung Chi Tat	Flat E, 60/F, Tower 3, Vision City 1 Yeung Uk Road Tsuen Wan Hong Kong	Chinese
Mr. Zhao Jianfeng	Room 404, Block 2, New Tower No. 2 Wenchang Street Xuanwu District Nanjing City, PRC	Chinese
Mr. Tang Jianrong	Room 602, No. 14, Hongshan Garden Wuxi City Jiangsu Province, PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	CCB International Capital Limited 34/F, Two Pacific Place 88 Queensway, Admiralty Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	CCB International Capital Limited 34/F, Two Pacific Place 88 Queensway, Admiralty Hong Kong UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
Legal Advisers to the Company	*As to Hong Kong law:* Stephenson Harwood 35/F, Bank of China Tower 1 Garden Road, Central Hong Kong *As to PRC law:* Grandall Legal Group (Shenzhen) 14/F & 24/F, Shenzhen Special Zone Press Tower 6008 Shennan Blvd, Shenzhen PRC *As to Cayman Islands law:* Appleby 8/F, Bank of America Tower 12 Harcourt Road, Central Hong Kong
Legal Advisers to the Underwriters	*As to Hong Kong law:* DLA Piper Hong Kong 17/F, Edinburgh Tower The Landmark 15 Queen's Road, Central Hong Kong *As to PRC law:* Broad & Bright Law Firm Suite 1109, Shanghai Times Square Office 93 Huaihaizhong Road, Shanghai, 200021 PRC
Reporting Accountants	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong

Receiving Bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Central Hong Kong
	China Construction Bank (Asia) Corporation Limited 16th Floor, York House, The Landmark 15 Queen's Road Central Central Hong Kong
Property Valuer	Jones Lang LaSalle Sallmanns Limited 17/F Dorset House, Taikoo Place 979 King's Road, Quarry Bay Hong Kong

CORPORATE INFORMATION

Registered Office	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters and Head Office in the PRC	National Highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province PRC
Principal Place of Business in Hong Kong	Unit No. 1805 18/F, Vicwood Plaza No. 199 Des Voeux Road Central Hong Kong
Company's Website	www.wuxi-power.com (information contained in this website does not form part of this prospectus)
Company Secretary	Mr. To Kwong Yeung *Certified Public Accountant* Flat B, 31/F Block 4, Phase 3 Belvedere Garden Tsuen Wan Hong Kong
Authorised Representatives	Ms. Jia Lingxia No.99, Qian Road Qian Xiang Village Luoshe Town Huishan District Wuxi City Jiangsu Province PRC Mr. To Kwong Yeung Flat B, 31/F Block 4, Phase 3 Belvedere Garden Tsuen Wan Hong Kong
Audit Committee	Mr. Yeung Chi Tat *(Chairman)* Mr. Zhao Jianfeng Mr. Tang Jianrong

Remuneration Committee	Mr. Yeung Chi Tat *(Chairman)* Mr. Zhao Jianfeng Mr. Tang Jianrong Mr. Qian Yixiang Ms. Jia Lingxia
Nomination Committee	Mr. Yeung Chi Tat *(Chairman)* Mr. Zhao Jianfeng Mr. Tang Jianrong Mr. Qian Yixiang Ms. Jia Lingxia
Compliance Adviser	CCB International Capital Limited 34/F, Two Pacific Place 88 Queensway, Admiralty Hong Kong
Principal Bankers	China Construction Bank Corporation Luoshe Branch No. 1 Zhongxingxi Road Huishan District, Wuxi City Jiangsu Province PRC Bank of Communications Luoshe Branch No. 183 Renminzhong Road Huishan District, Wuxi City Jiangsu Province PRC Agricultural Bank of China Luoshe Branch Xuguiqiao Huishan District, Wuxi City Jiangsu Province PRC
Principal Share Registrar and Transfer Office in the Cayman Islands	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

This section contains information and statistics relating to the PRC economy and the industry in which we operate. Unless otherwise specified, the information and statistics set out in this section have been extracted, in part, from various official government publications. No independent verification has been carried out on such information and statistics. Reasonable care has been exercised by the Directors in extracting and reproducing such information and statistics; however, none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors and advisers or any other party involved in the Global Offering make any representation as to the accuracy of such information and statistics, which may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC. Certain information set forth in this section has been extracted from an industry report we commissioned from Roland Berger, an independent industry consultancy firm. For more information on Roland Berger, please refer to the paragraph headed "Other Information — Roland Berger" in Appendix VI of this prospectus.

We engaged Roland Berger, one of the world's leading strategy consultancy firms to conduct a detailed study of the electrical distribution equipment market in China. For further information on Roland Berger, please refer to the sub-paragraph headed "Roland Berger" in the paragraph headed "Statutory and General Information" in Appendix VI to this prospectus.

The methodology adopted by Roland Berger in preparing the Roland Berger Report can be divided into three phases. During Phase I, Roland Berger defined relevant markets by product, service, system and geographical regions. During Phase II, it carried out market analysis of each of the relevant market segments, with a view to reveal the past and future market segment dynamics. During Phase III, Roland Berger conducted a cross check to verify every individual finding of Phase II.

Certain information set forth in this section and the section headed "Business" of this prospectus has been extracted from the Roland Berger Report. The consultancy fees paid by our Company to Roland Berger in connection with the preparation of the Roland Berger Report is approximately RMB950,000.

We believe that the Roland Berger Report is an appropriate source of information that has been extracted for inclusion in this section and the section headed "Business" of this prospectus and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other parties involved in the Global Offering and no representation is given as to its accuracy.

ENERGY DEMAND AND THE ELECTRICITY MARKET

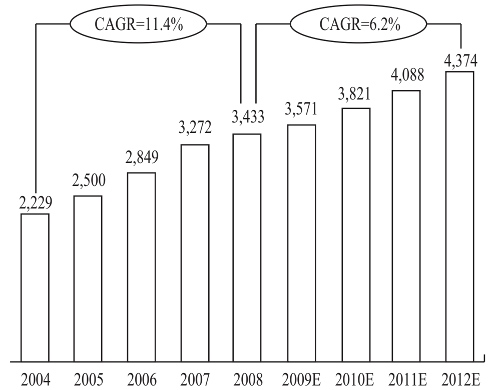
China is the second largest electricity consumer in the world, consuming more than 34 tWh in 2008. Meanwhile, the PRC saw a growth trend in electricity consumption in the past decades, with over 12.1% annual growth rate from 2004 to 2008.[1]

Different regions of China have different levels of demand for electricity. Out of the six major regions of China, east China consumes the largest proportion of electricity in China — approximately 34% of the total in 2008 while northeast China consumes the least proportion of electricity in China — approximately 8% of the total in 2008.

[1] *SERC ("**State Electricity Regulation Commission of China**") (as provided in the Roland Berger Report)*

In 2008, the global financial crisis hit heavily on electricity-dependent industries and the projected growth rate of power consumption is expected to have slowed down to lower than 4% in 2009. However, the long-term annual growth rate will still hold at 6.2% from 2008 to 2012.

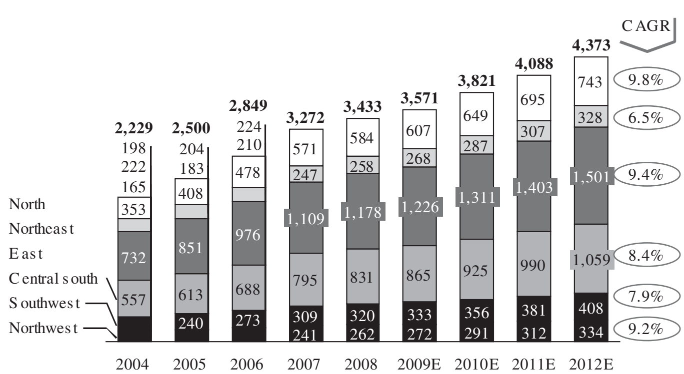
Electricity consumption in China (2004–2012)
(Unit: tWh)



Source: Roland Berger Report

Despite the financial crisis in 2008, northwest China maintained a high growth-rate of electricity consumption, averaging 8.5%.[2] east China maintained a steady growth rate of about 6.2%, while the demand for electricity of north, northeast and northwest China fell sharply to a growth rate of less than 3%. However, from 2009 to 2012, each region of China is projected to sustain a steady growth trend and east China will maintain its position as the largest electricity consumer throughout the next three years.

Electricity consumption by region in China (2004–2012)
(Unit: tWh)



Source: Roland Berger Report

To meet the huge power demand, the PRC government dedicates itself to encouraging state-owned power corporations to build power plants and to enhance their power supply capability. Although there might be occasional power shortages in some local areas, China's energy supply is able to meet its overall energy demand most of the time.

2 *SERC (as provided in the Roland Berger Report)*

CHINA'S ELECTRICAL DISTRIBUTION MARKET

1. Electrical Distribution Equipment Market

The electrical distribution equipment market signifies the EDS Solutions segment of our business, through integrating the value chain of power utilisation, the electricity system, as a whole, consists of power generation, transmission, transformation, distribution and final consumption by end-users. Specifically, within the electricity network, power transmission refers to the connection of power stations with electrical substations located at far distances via electricity mains, in order that consumption and utilisation of electric power will meet little restriction in geographic coverage. Power transformation, on the other hand, enables the boost or reduction of electric voltage according to functional purpose. Electrical distribution allocates the volume of electricity to be directly transferred to end-users.

Distribution equipment can be categorised into primary equipment, which refers to transformer, switchgear, circuit breaker, ring main units, mutual inductor, transmission line, bus bar, wires and other hardware equipment that serve the basic function of actual transmission, transformation and distribution of electricity, and secondary equipment, which refers to the combination of controlling instruments and the backend software system for the data analysis to provide relay protection, automation and monitoring system that enhance the performance of primary equipment. Switchgear assembly, as one of the most important electrical distribution devices that integrate both primary and secondary equipment, has been used extensively in the coverage of application areas. As a non-standard solution product, switchgear assembly requires a high level of customisation and is normally sold through public tender. At the same time, manufacturers formulate their production plan after they have secured sales orders and therefore there is a very high production/sales rate in the electrical distribution equipment industry.

The market value of the overall electrical distribution equipment market in China, combining MV and LV switchgear assembly markets, increased from 2004 at a CAGR of 16.1% to reach RMB323 billion in 2008. Total market value is expected to maintain the same growth rate in the coming three years. Hence by 2012, the domestic market for switchgear assembly will reach a total size of RMB586 billion.

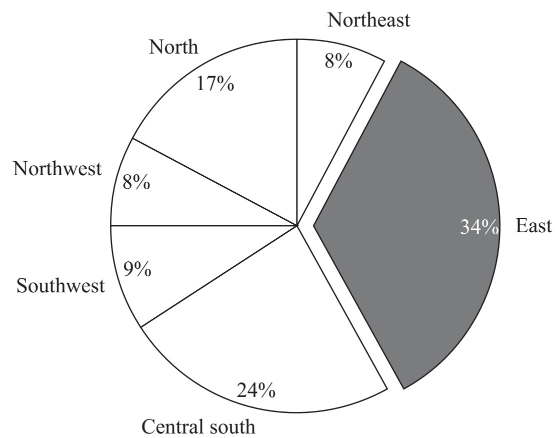
From 2004 to 2008, domestic market of MV switchgear assembly has seen a steady growth of 18.0% to reach a total market value of about RMB127 billion in 2008. From 2004 to 2008, the domestic market for LV switchgear assembly has also experienced a stable growth at 15.0% per year and reached RMB196 billion in 2008.

Prior to 2008, the MV switchgear assembly market has been growing at a higher rate of 18.0% than that of LV switchgear assembly because the former market is usually more directly influenced by government investment while the LV switchgear assembly market corresponds closely to the demand from industrial customers as end-users.

Through 2012, the market of LV switchgear assembly is expected to benefit more from the development of smart grid systems in accordance with the trend that power network development will gradually shift its focus from electricity generation to transmission and distribution. As a result, the growth rate of the MV switchgear assembly market is estimated to be at 14.2%, lower than the 17.2% growth forecasted for the LV switchgear assembly market.

The analysis of the demand for electrical distribution equipment based on geographical area in China demonstrates that east China, being the most important production base of distribution equipment, has grown to be the largest regional market in China by sales revenue.

China's electrical distribution equipment market in sales revenue by regions (2008)



Source: Roland Berger Report

2. Electrical Distribution Automation Market

The electrical distribution automation market signifies the iEDS Solutions segment of our business. Electrical distribution automation systems serve two major groups of customers: electricity system related customers and non-electricity system related customers. Electrical distribution automation devices and software systems that are used at power plants and substations for electricity dispatch are considered electricity system related; while those used for protection and control of residential electricity consumption and for application in a wide range of industries including manufacturing, construction and data process-based telecommunications and financial services are considered non-electricity system related.

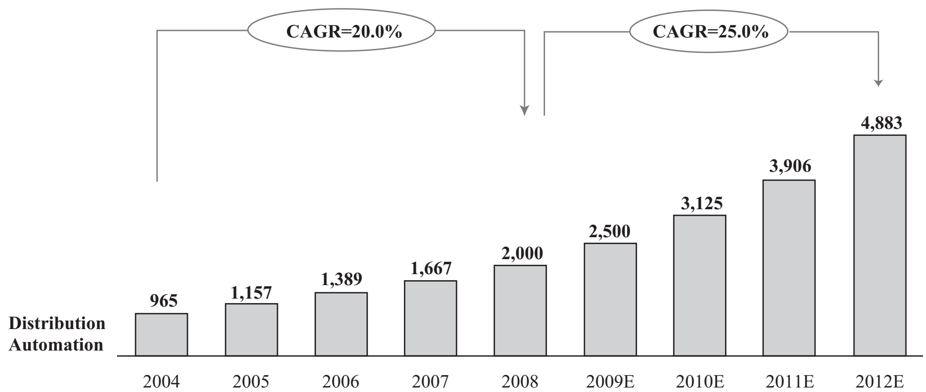
Technically, electricity system related automation solutions require rigid and more advanced application standards and thus have set high market entry barriers. In comparison, demand for non-electricity system related automation varies significantly across different industries and end-customers. High levels of customisation, together with the diversity and complexity of market demand, offer opportunities to a large number of medium-sized and small-sized providers to develop their own areas of expertise.

As an example of the different requirements, banking and retail industries with extensive networks have strict requirements for safe and stable electrical distribution but do not usually have in-house teams dedicated to ensure these requirements are met. Therefore, electrical distribution companies with capabilities in providing electrical distribution automation systems and integrated solutions are in great demand by these organisations.

Currently, the electrical automation market remains highly fragmented with the biggest corporation in the industry occupying less than 1% of the total market size. The involvement of the local companies in the local market is more active than that of the international electricity solutions providers.

Highly segmented and individualised, the market of the non-electricity system related distribution automation devices was estimated at RMB2 billion in 2008 with a 20% yearly growth since 2004 and is expected to further increase at a higher growth rate of 25%. By the end of 2012, overall market size will reach RMB4.9 billion.

China's electrical distribution automation market (2004–2012)
(Unit: million RMB)



Source: Roland Berger Report

Note: Only including non-electricity system related automation

Although the market of electrical distribution automation system is in its nascent stage of development in China compared with the MV and LV switchgear assembly market, the former is projected to maintain rapid growth in the near future in accordance with the overall trend of the electrical distribution industry. Specifically, the major factors contributing to growing demand for electrical distribution automation products are as follows:

- Overall market size of electrical distribution equipment is estimated to continue growing at 16.0% till 2012. Newly manufactured devices are expected to generate large demand for automation devices and integrated solutions.

- Demand for higher standard of safety and stability in electrical distribution system requires increasing levels of automation of existing electrical distribution equipment.

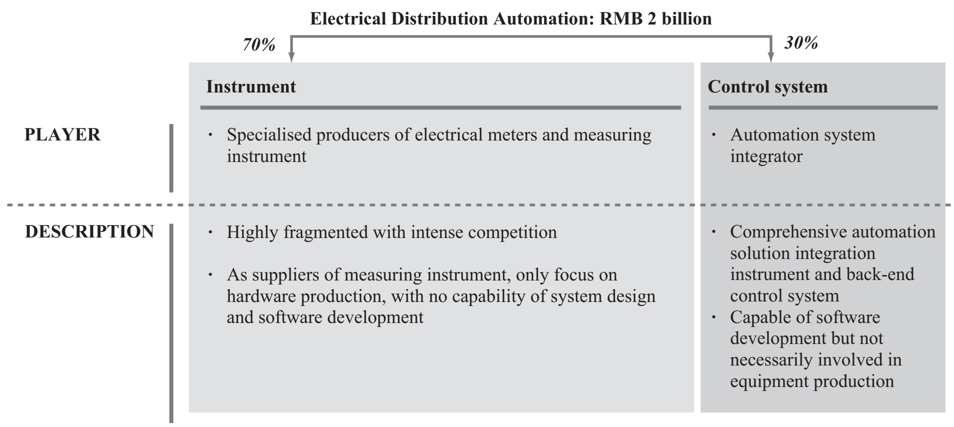
- The PRC government issued the "Measures on Power Factor Regulated Electricity Tariff" (功率因數調整電費辦法) and encouraged industrial companies to take measures to increase efficiency of electricity consumption, which requires higher levels of automation to enhance control over electrical distribution and thus reduce power loss.

- Demand for raising labour productivity can be met by improving automation level of electrical distribution system so as to reduce total staffing level and enhance management efficiency in production control.

- Automation is a prerequisite to realise energy saving and emission reduction, by collecting and analysing data of electricity consumption to identify areas of improvement. Rising costs of raw materials will be a strong incentive for industrial companies to take measures to reduce power consumption by implementing automatically-operated distribution systems.

The electrical distribution automation market is occupied by two major types of companies: namely instrument producers and system integrators, securing 70% and 30% respectively of the total electrical distribution automation market. As a one-stop provider, we operate in the role of an instrument producer as well as the role of a system integrator by offering its iEDS Solutions, which focus on providing automation features for electrical distribution equipment and system.

Overview of China's electrical distribution automation market (2008)



Source: Roland Berger Report

3. Electrical Distribution Service Market

Driven by the global efforts to combat climate change, improvement of energy efficiency by providing custom-made services, monitoring and reducing energy consumption alongside the products have become increasingly popular in recent years. Schneider estimates that around 30% of orders were linked to energy efficiency in 2008. As a result of increasing global concern over environmental protection and the rising cost of raw materials and power, electricity end users become more incentivised to adopt measures to reduce power consumption by implementing automatically operated distribution systems. International players, including Schneider, have explored and recognise this niche market, which has resulted in substantial contribution to their revenue. Schneider has been promoting its energy efficiency services since 2005 and according to the Roland Berger Report, its service revenue has been growing rapidly since, and accounted for 10% of its total revenue in 2009.

We offer services through our EE Solutions in managing equipment maintenance for our customers and offering them a range of other expert value-added services. These services include site and installation audits, diagnostics, installation monitoring, on-site and remote maintenance, training and technical support.

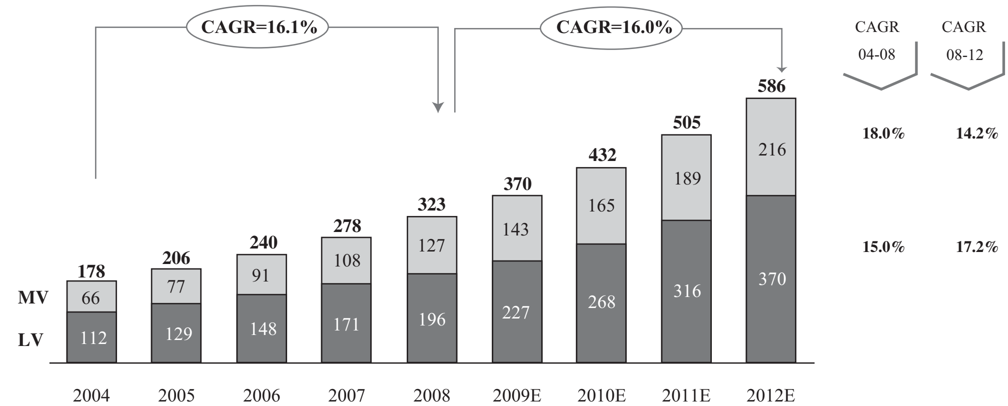
The service market in China is still at an early stage of development since the electrical distribution market is mainly driven by newly built infrastructure and customers treat service as an ancillary matter provided by the electrical distribution equipment providers. But the outlook is promising given the huge market and cultivation of service concepts in China.

FIXED ASSETS INVESTMENT AND ITS IMPACT

1. Fixed Assets Investment in China and its impact on the Electrical Distribution Equipment Market

While demand for electricity is the driver of the demand for electrical distribution equipment, fixed assets investment is the driver for the development of the electrical distribution equipment industry. There is a highly positive correlation between electricity consumptions, fixed assets investment and the growth rate of the electrical distribution equipment market.

China's electrical distribution equipment market by value (2004–2012)
(Unit: billion RMB)

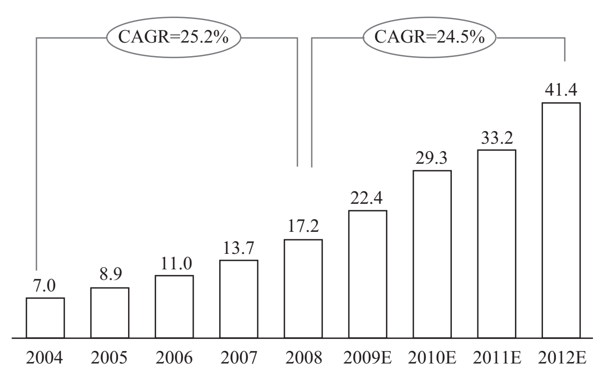


Source: Roland Berger Report

Note: Due to the rounding effect, the summation of the numbers of MV and LV switchgear assembly market segments may not be equivalent to the total number shown in the chart above

Fixed assets investment in China has been experiencing fast growth since 2004. The total nominal amount of fixed assets investment reached RMB17.2 trillion in 2008 and the annual growth rate of the value of fixed assets investment was approximately 25.2% from 2004 to 2008. According to the research of the State Information Centre in China, China's fixed assets investment will grow to about RMB22.4 trillion in 2009, RMB29.3 trillion in 2010, and RMB41.4 trillion in 2012.

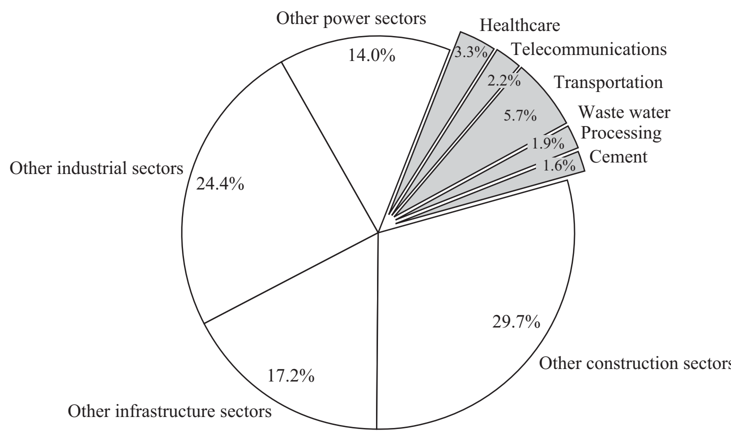
China's fixed assets investment (2004–2012)
(Unit: trillion RMB)



Source: Roland Berger Report

The analysis of the overall electrical distribution equipment market by industry sectors shows that healthcare, telecommunications, transportation, waste water processing and cement account for 14.7% of the market. These industry sectors were also those where we have focused on with our EDS Solutions and iEDS Solutions. Below are brief details of fixed investments in these industries.

China's electrical distribution equipment market by industry sector (2008)



Source: Roland Berger Report

Note: Transportation includes railway, port and airport sectors, accounting for 2.5%, 1.6% and 1.6% of the total market respectively

2. Fixed Assets Investment in Different Industries in the PRC

(a) Infrastructure Construction Industry

(i) Railway Industry

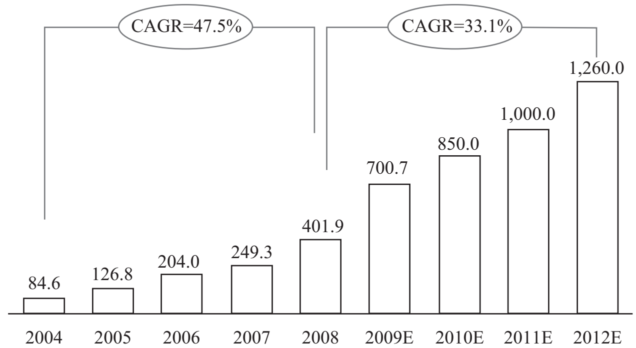
From 2004 to 2008, the PRC government initiated a large amount of fixed assets investment in railway transportation, with annual investment increased from RMB84.6 billion in 2004 to RMB401.9 billion in 2008, amounting to an annual growth rate of 47.5%.

Although China made significant progress improving the transportation system in the past few years, it still has a lot of room for further improvement. In terms of total length of railway lines, China is still far behind developed countries. As for quality of the railway system, China is even further behind.

In 2009, there was an estimated RMB700.7 billion invested in railway construction. New lines laid out were projected to reach 5,148 kilometers and new lines put into operation should be 5,849 kilometers, of which new complex lines laid out were 3,462 kilometers and new complex lines put into operation should be 4,662 kilometers. From 2010 to 2020, the heavy investment in railway construction will continue, although slightly lower than that of 2004–2008.[3] Still, from 2010 to 2012, more than RMB3 trillion will be invested in the railway segment.

[3] *Interview with the Ministry of Railways of China (as provided in the Roland Berger Report)*
[4] *The Ministry of Transport of China*

China's fixed assets investment in railway construction (2004–2012)
(Unit: billion RMB)



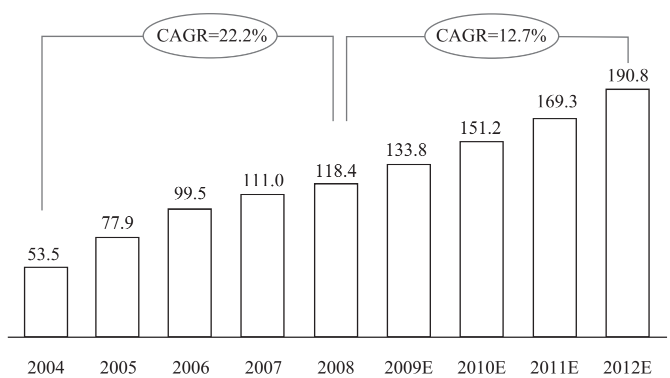
Source: Roland Berger Report

(ii) Port Industry

To meet the great transportation demand for coal and container transportation, the ports in China, whether coastal or inland, have witnessed a period of rapid construction since 1978. From 2004 to 2008, the annual growth rate climbed to nearly 22%. In the case of coastal port investment, the total fixed assets investment for the period from 1997 to 2002 was RMB40 billion and the amount of fixed assets investment in 2004 alone was equivalent to the sum of the fixed assets investment of the previous five years.[4] In 2006, the investment reached RMB60 billion, while in 2007, the investment increased another 33% percent, to RMB80 billion.

The official figure to be released showing the amount of investment in port construction in China is expected to rise in 2010 as compared to 2009. Taking investment in coastal ports for example, according to the 11th Five Year Plan of Transportation, [5] by the end of 2010, the throughput of seaports should reach 4.6 billion tons, representing an increase of more than 0.3 billion tons compared to that of 2008; and the increased throughput for containers should be 79.6 million Twenty-foot Equivalent Units, which is 55% more than that of 2008. To meet the targets set out in the 11th Five Year Plan of Transportation, the official figures to be released regarding fixed assets investment in the construction of coastal port should be at least RMB80 billion per year in 2009 and 2010.

China's fixed assets investment in port construction (2004–2012)
(Unit: billion RMB)



Source: Roland Berger Report

[5] *The Ministry of Transport of China (as provided in the Roland Berger Report)*

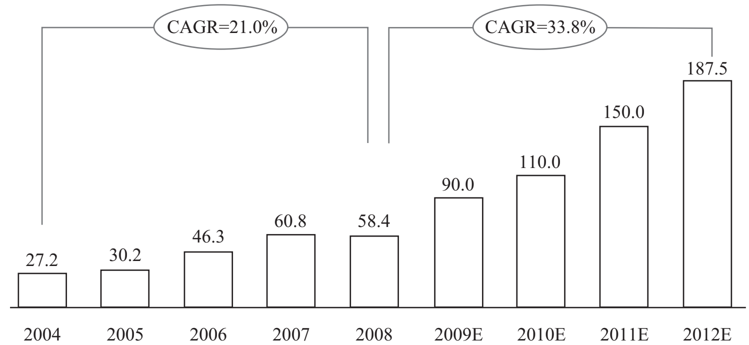
(iii) Airport Industry

Compared with the rapid growth of the aviation and airline industry in the past few years, the supporting airport industry fell behind. Although it achieved large incremental investments each year from 2004 to 2008, with an annual growth rate of 21%, which is even higher than the growth rate of the aviation industry in China, it remains inadequate not only in terms of the scale and quality of each airport, but also in terms of the total number of airports. In addition, there remains a shortage of airports in the under-developed areas.

To further improve the standard of the airports in China, more than RMB450 billion will be invested into the construction of airports within the next few years. More than 60 regional airports will be built during the period from 2009 and 2010, most of which will be located in west China. By the end of 2020, the total number of airports in China will reach 244. This represents a 66% increase from the number of airports in 2006.

In 2009, RMB80 billion to RMB100 billion was invested in airport construction, with a year-on-year growth rate of 55%, which is the highest of the past five years.

China's fixed assets investment in airport construction (2004–2012)
(Unit: billion RMB)



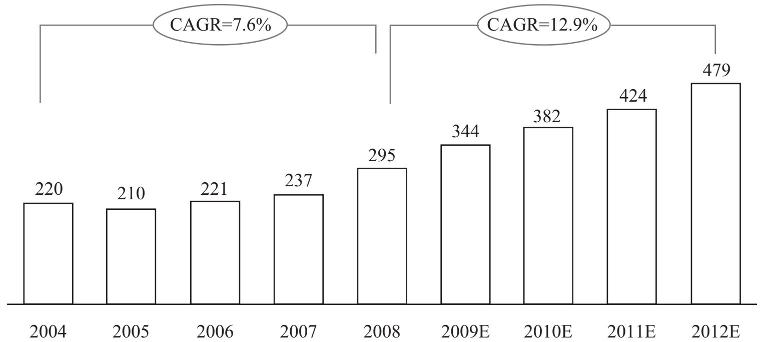
Source: Roland Berger Report

(b) Telecommunications Industry

Between 2004 and 2008, the telecommunications sector saw a steady growth of fixed assets investment, which facilitated the growth of the telecommunications sector. With a CAGR of 7.6% from 2004 to 2008, the telecommunications sector could expect a higher growth rate of fixed assets investment because of the construction of 3G networks from 2009 to 2012. According to the Ministry of Industry and Information Technology of China, the official figure to be released representing the year-on-year growth rate of 15% to 18% could be expected in 2009 with slightly lower rates in 2010, 2011 and 2012 of about 10% to 13%.[6]

[6] *Ministry of Industry and Information Technology of China, 2009; industry expert interviews (as provided in the Roland Berger Report)*

China's fixed assets investment in telecommunications (2004–2012)
(Unit: billion RMB)



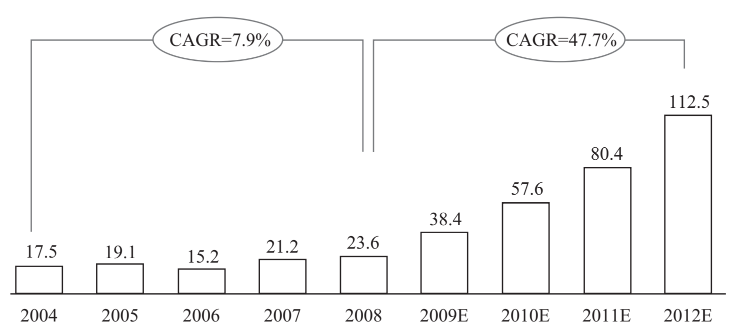
Source: Roland Berger Report

(c) Waste Water Processing Industry

Three factors lead to the fast growth of fixed assets investment in the waste water processing industry in China. Firstly, water shortage has been a problem in China. Out of 100 cities in China, 60 cities face the problem of water shortage. In addition, the overall surface water in the country is moderately polluted. Therefore, waste water treatment is of great importance. Secondly, the PRC government has adopted a policy of reducing chemical oxygen demand, which is an indicator in evaluating the pollution of water. Thus, the development of waste water processing is inevitable. Finally, economic factors such as urbanisation also contribute to the demand for waste water processing.

China is dedicated to increasing investment in the waste water processing segment in the late 11th Five Year Plan period and 12th Five Year Plan period. According to the 11th Plan, China's central and provincial governments would invest RMB156 billion across 2,662 projects involving industrial waste water treatment, municipal waste water treatment and river basin water pollution control by the end of 2010.[7] By the end of 2008, only 868 projects were being put in operation and the accumulative investment was RMB60 billion, accounting for 38.5% of the total amount. More than 61% of the projects will be initiated during the period from 2009 and 2010, involving large amounts of fixed assets investment.

China's fixed assets investment in waste water processing industry (2004–2012)
(Unit: billion RMB)



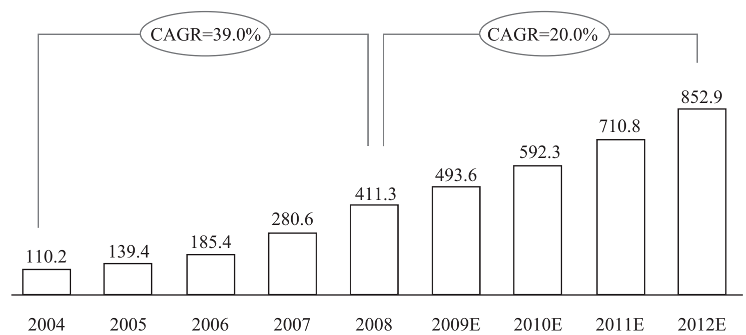
Source: Roland Berger Report

7 *Ministry of Environmental Protection of China (as provided in the Roland Berger Report)*

(d) Cement & Building Materials Industry

Benefiting from the growth of the infrastructure construction industry, the cement and building material industry also experienced fast growth between 2004 and 2008. In terms of sales value, the cement and building material industry increased from RMB229 billion in 2004 to RMB476 billion in 2008, with an annual growth rate of 20%. Strong development trend attracted considerable fixed assets investment, totaling RMB110.2 billion in 2004 and soaring to RMB411.3 billion in 2008, with an annual growth rate of 39%. The fixed assets investment on infrastructure construction industry is expected to grow by 20% CAGR between the period from 2008 to 2012 and reached RMB852.9 billion in 2012.

China's fixed assets investment in cement & building materials industry (2004–2012)

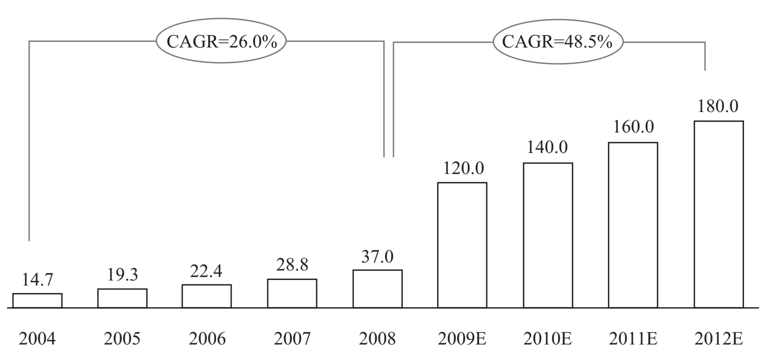


Source: Roland Berger Report

(e) Healthcare Industry

The healthcare industry in China improved its facilities steadily between 2001 and 2008. The total investment in healthcare increased from RMB41.9 billion in 2004 to RMB105.6 billion in 2008, with an annual growth rate of 26.0%. According to the National Development and Reform Commission, about 35% of the total investment was invested in healthcare infrastructure. Although the total number of healthcare institutions has declined as a number of low-end local health centers were eliminated, the number of high-quality healthcare institutions, such as hospitals, experienced a stable growth. The fixed assets investment on healthcare infrastructure is expected to grow between the period from 2008 to 2012 at a CAGR higher than that of the growth between the period from 2004 to 2008.

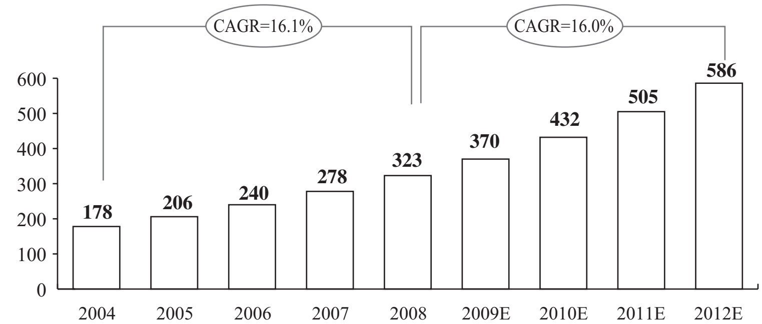
China's fixed assets investment in healthcare infrastructure (2004–2012)
(Unit: billion RMB)



Source: Roland Berger Report

Since electricity consumption is growing at 5.6% from 2009 to 2012 and fixed assets are invested at an average annual growth rate of 24.5%,[8] we can estimate the total electrical distribution equipment market size will be RMB370 billion in 2009, RMB432 billion in 2010, RMB505 billion in 2011 and RMB586 billion in 2012, accounting for 1.72%, 1.57%, 1.52%, 1.42% of the total investment respectively.

China's electrical distribution equipment market size (2004–2012)
(Unit: billion RMB)



Source: Roland Berger Report

INDUSTRY TRENDS AND MARKET ENVIRONMENT

1. Technical and Product Trends for Electrical Distribution Equipment Market

(a) MV electrical distribution equipment

- More new energy-saving products such as transformers with amorphous cores, pre-fabricated substations and combinational transformers will be adopted to improve the operational efficiency of electrical distribution system. In addition, the development in urban and rural grids in response to energy efficiency and consumption reduction requires more advanced energy-saving technology. For example, a new type of transformer with a triangle configuration round section roll-core will be widely used.

- For MV switchgear assembly, the current relay protection equipment, transformer and voltage transformer are designed based on the principle of electromagnetic induction and are more prone to breakdown. In the future, more intelligent PC relay protection devices, photoelectric sensors and electron sensors should be used.

- The size of the switchgear equipment will be generally reduced with the use of 24kV and 40.5kV cubicle type indoor gas insulated switchgear.

(b) LV electrical distribution equipment

- More 660V low-voltage lines are constructed instead of 380V lines. Compared to 380V lines, 660V lines are better in transferring energy and reducing energy loss.

- With the improving quality of components in the electrical distribution system, declining prices and maturing technology, the application of electricity distribution devices will accelerate the development automation in the LV area.

- Intelligent LV air circuit breaker and moulded-case circuit breakers are focused on reducing the flashover distance in pursuit of miniaturisation.

[8] *Roland Berger Report*

2. Industrial Trends for Electrical Distribution Equipment Market

- Following the announcement of the plan for developing smart grids in China by State Grid Corporation of China (國家電網公司) ("**State Grid**") in 2009, State Grid further announced the "Smart Grid Key Equipment (System) Research and Development Plan" (智能電網關鍵設備(系統)研製規劃) (the "**Research and Development Plan**") and the "Smart Grid Technology Standard System Plan" (智能電網技術標準體系規劃) (the "**Standard System Plan**") on 29 June 2010. The Research and Development Plan provides the guidelines for those enterprises engaged in the research, development and manufacture of electrical equipment for smart grid applications including the scopes, objectives and plans in respect of the development and manufacture of various smart grid equipment, while the Standard System Plan provides the guidelines for State Grid to formulate the national and industry standards for the different stages of smart grid implementation, including intelligent electrical generation, intelligent electrical transmission, intelligent electrical transformation, intelligent electrical distribution, intelligent electrical usage and adjustment.

  According to State Grid, the total equipment investment of State Grid in 2010 had reached RMB250 billion, among which less than 10% was injected in the development of smart grids. It was expected that the amount of the investment of State Grid in smart grids will steadily increase in the future and will bring immense business opportunities of more than RMB1 trillion to the related industries. In preparation for the implementation of smart grids, we will further enhance our iEDS Solutions to ensure that our products and solutions are compatible with the standards and requirements for smart grids in China. Further details relating to our research and development plan and strategy for improving our electrical distribution systems for smart grid applications are set out in the paragraphs headed "Our Strategies – Enhancing our iEDS Solutions to prepare for the implementation of smart grids" and "Our Strategies – Furthering our research and development capability" in the "Business" section of this prospectus.

- Many companies specialised in the MV and LV electrical distribution equipment markets are seeking to extend their market to the upstream components market, which require the mastering of core technology in vacuum circuit breakers. To gain access to such core technology, companies specialised in the MV and LV electrical distribution equipment markets can establish long-term relationships with research institutes to raise their research and development capability or acquire other companies with appropriate technology. For example, General Electric cooperated with Shanghai Guangdian Electric Group (上海廣電電氣(集團)股份有限公司) to manufacture vacuum circuit breakers, while China XD Group (中國西電集團) acquired Baoguang Group Co., Ltd. (寶光集團有限公司), one of the largest vacuum vessel manufacturers in China.

- Although the main activities of city power bureaus are to provide electricity and manage local electricity, most of them also manufacture electrical distribution equipment and dominate the local electrical distribution equipment market because of their more capable financial means. Since 2009, city power bureaus have gradually shifted their focus back to their core activities and thus it is expected that more opportunities are available to commercial companies in the electrical distribution equipment market. State Grid has planned to put up projects relating to electrical distribution and transmission for tender, which presents great opportunity for companies unrelated to the government.

- Small companies in the electrical distribution equipment market specialised in low-end technology or non-differentiated products or services will either be eliminated or consolidated due to the increasingly intense market competition. As a result, the number of medium-size companies in the market will increase. Companies specialised in high-end product offerings and integrated solutions can effectively differentiate themselves, and are well positioned to take a larger market share from other competitors.

3. Entry Barriers to the Electrical Distribution Equipment Market

We believe that the main entry barriers for new entrants to the electrical distribution equipment market in China are as follows:

- China's high-end MV and LV electrical distribution equipment market is dominated by leading international players, such as Schneider, ABB, General Electric and Siemens, as well as domestic players, like our Group.

- The manufacture of electrical distribution equipment and systems in the high-end market, especially those with automation technologies and intelligent control functions, cannot be easily carried out by manufacturers without requisite experience and expertise.

- We believe that in general, the supplier-customer relationships in the electricity distribution equipment market are relatively long-term. Such long-term relationships are established through suppliers investing time and resources in understanding customers' requirements amidst a changing environment. Through the provision of after-sales maintenance services to the electrical distribution system, a supplier can further enhance its understanding of, and respond more readily and efficiently to, the new needs and requirements of the customers. New entrants need to invest significantly more resources and time to gain the recognition and confidence to secure contracts with a customer who has established such a long-standing business relationships with its existing supplier. Normally, a customer who has installed an electrical distribution system in its business premises or operation facilities is less likely to engage a new supplier and replace its whole system due to cost factors as it is more cost effective to rely on upgrades. As a result, it is hard for a new entrant to establish its position and gain market share from the predominant players in the market.

- The further development of industry standards and requirements, such as the China Compulsory Certification, in relation to the product quality of electrical distribution systems will raise the cost of production and further increase the entry barrier for new entrants to the electrical distribution equipment market.

- As a top domestic player in the high-end segment of the electrical distribution equipment market in China, we enjoy economies of scale in our production process that we believe can only be achieved and replicated by our competitors through significantly higher investment in resources over a long period of time.

This section summarises certain aspects of the PRC laws and regulations, which are relevant to our Group's operation and business.

THE ESTABLISHMENT, OPERATION AND MANAGEMENT OF FOREIGN-INVESTED ENTERPRISES

The establishment, operation and management of companies in China shall comply with the Company Law of the PRC (the "**PRC Company Law**"). The PRC Company Law was promulgated on 29 December 1993 and came into force on 1 July 1994. The current PRC Company Law has been amended on 27 October 2005 and effective as of 1 January 2006. According to the PRC Company Law, there are two types of companies: limited liability company and joint stock limited company. The PRC Company Law is applicable to Chinese-foreign equity joint-ventures, cooperative joint-ventures, and wholly foreign owned enterprises (together referred to as "**Foreign-invested Enterprises**"). Where the laws governing foreign-invested enterprises provide otherwise, such provisions shall apply.

Issues relating to wholly foreign owned enterprises such as procedures of establishment and approval, registered capital, limitation of foreign exchange, accounting principles, tax and employment shall comply with the Law of PRC on wholly foreign owned enterprises which was promulgated on 12 April 1986, revised and came into effect on 31 October 2000, and also comply with the Implementing Regulations for this Law which was promulgated on 12 December 1990, and revised on and effective as of 12 April 2001.

Issues relating to Chinese-foreign equity joint-ventures such as procedures of establishment and approval, registered capital, limitation of foreign exchange, accounting principles, tax and employment shall comply with the Law of the People's Republic of China on Chinese-Foreign Equity Joint-Ventures which was promulgated on 8 July 1979, revised on 4 April 1990 and effective as of 15 March 2001, and also comply with the Implementing Regulations for this Law which was promulgated on 20 September 1983, and revised on and effective as of 22 July 2001.

Conducting investment by foreign investors and foreign enterprises in China shall comply with the Industrial Guidance Catalogue for Foreign Investment (the "**Industrial Guidance Catalogue**"). The Industrial Guidance Catalogue was revised on 31 October 2007 by the Ministry of Commerce and the National Development and Reform Commission, and came into effect on 1 December 2007. The Industrial Guidance Catalogue is a long-term instrument adopted by Chinese policy constitutors for managing and guiding foreign investments. The Industrial Guidance Catalogue classifies all the industries into three categories: encouraged, restricted and prohibited. Except for those specially prohibited by other Chinese laws and regulations, any foreign investment project not included in the Industrial Guidance Catalogue is normally permitted. Foreign investors are generally approved to establish Foreign-invested Enterprises in various forms to engage in encouraged industries category. In some circumstance, foreign investors are only allowed to establish equity joint ventures or cooperative joint ventures to engage in restricted industries, with their Chinese partners being the majority equity holders. Moreover, foreign investments in restricted industries are subject to additional scrutiny by higher government authorities. Foreign investors are prohibited from having investments in industries that fall into the prohibited category. Our PRC legal advisers, Grandall Legal Group (Shenzhen), have confirmed that we are not engaged in any industry falling into the three categories set out in the Industrial Guidance Catalogue and therefore we are engaged in an industry which is permitted in the PRC.

Our PRC legal advisers, Grandall Legal Group (Shenzhen), have also advised that the establishment, operation and management of our subsidiaries that are regarded as foreign-invested enterprises are in compliance with the relevant PRC laws, rules and regulations.

TAX

(a) Income Tax

Before 1 January 2008, income tax on Foreign-invested Enterprises in China shall be paid in accordance with the provisions of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (the "**Income Tax Law for Enterprises with Foreign Investment**") which was promulgated on 9 April 1991 and effective as of 1 July 1991, and also in accordance with the Implementing Regulations of this Law. According to the Income Tax Law for Enterprises with Foreign Investments, unless a lower tax rate is stipulated in the laws and regulations, the income tax on Foreign-invested Enterprises shall be paid at the rate of 30%, and local income tax shall be paid at the rate of 3%. The income tax on Foreign-invested Enterprises established in Special Economic Zones, on foreign enterprises which have establishments or places in Special Economic Zones engaged in production or business operations, and on Foreign-invested Enterprises of a production nature in Economic and Technological Development Zones, shall be levied at the reduced rate of 15%. The income tax on Foreign-invested Enterprises of a production nature established in coastal economic open zones or in the old urban districts of cities where the Special Economic Zones or the Economic and Technological Development Zones are located shall be levied at the reduced rate of 24%. Any Foreign-invested Enterprises of a production nature scheduled to operate for a period of not less than ten years shall, from the year beginning to make profit, be exempt from income tax in the first and second years (after deducting all the tax losses carried forward from prior years), and be allowed a fifty percent reduction in the third to fifth years.

According to the Enterprises Income Tax Law of the People's Republic of China which was promulgated on 16 March 2007 and effective as of 1 January 2008 (the "**New Tax Law**"), since 1 January 2008, the income tax on both domestic enterprises and enterprises with foreign investment shall be levied at a uniform rate of 25%. To clarify some of the provisions of the New Tax Law, the Implementing Regulations was promulgated on 6 December 2007 and came into effect as of 1 January 2008. Pursuant to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax which was promulgated on and effective from 26 December 2007, the New Tax Law provides certain tax concessions during the transitional period for enterprises established before 16 March 2007, as follows: (1) As of 1 January 2008, enterprises that previously enjoying the preferential policies of low tax rates shall be gradually transited to be subject to the statutory tax rate within 5 years after the implementation of the New Tax Law. Among them, enterprises that used to enjoy the income tax rate of 15% shall be subject to the tax rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the enterprises that enjoyed the income tax rate of 24% shall be subject to the tax rate of 25% as of 2008. (2) As of 1 January 2008, enterprises that have been granted the tax concessions of "two-year exemption and three-year half deduction" and "five-year exemption and five-year deduction" shall continue to enjoy the tax concessions until the expiry day in accordance with the tax preferential policies under the old Income Tax Law for Enterprises with Foreign Investment, regulations and relevant provisions. Where the tax preferences have not been granted due to the fact that the enterprises have not made any profits, the tax preferential period shall commence as of 2008.

(b) Value-added Tax

Pursuant to the Interim Regulation of the People's Republic of China on Value-added Tax that came into force as of 1 January 1994 (amended on 5 November 2008 and effective as of 1 January 2009) and its implementing regulations, all units and individuals engaged in sales of goods, provisions of processing, repair and replacement services, and the importation of goods in the PRC shall pay value-added tax ("**VAT**"). The tax payable shall be the balance of the output tax for the period after deducting the input tax for the period. The VAT rate is 17%, except that in some specific circumstance the VAT rate is 13%, depending on the category of goods.

(c) Business Tax

Pursuant to the Interim Regulation of People's Republic of China on Business Tax that came into force as of 13 December 1993 (amended and adopted at the 34th executive meeting of the State Council on 5 November 2008, and effective as of 1 January 2009) and its implementing regulations, all units and individuals engaged in the provision of services, the transfer of intangible assets or the sale of real estates in the PRC shall pay business tax. The tax payable shall be computed according to the turnover and the prescribed tax rate. The tax rate shall be 3% or 5%, depending on the category of business, except that the tax rate for entertainment industry shall be 5% to 20%.

(d) Real Estate Tax

Before 1 January 2009, the payment of real estate tax on Foreign-invested Enterprises, foreign enterprises and organisations, and foreign individuals was governed by the Provisional Regulations of the People's Republic of China on Urban Real Estate Tax (the "**Provisional Regulations on Urban Real Estate Tax**", which came into effect as of 8 August 1951 and was abolished on 1 January 2009), while the payment of real estate tax on domestic enterprises and individuals was governed by the Provisional Regulations of the People's Republic of China on Real Estate Tax (the "**Provisional Regulations on Real Estate Tax**", which came into effect as of 1 October 1986). According to the Abolition of the Provisional Regulations of the People's Republic of China on Urban Real Estate Tax, etc. (order No.546 of the State Council) announced by the State Council on 31 December 2008, since 1 January 2009, foreign-invested enterprises, foreign enterprises and organisations, and foreign individuals shall pay real estate tax in accordance with the Provisional Regulations on Real Estate Tax. Therefore, since 1 January 2009, Foreign-invested Enterprises, foreign enterprises and organisations, foreign individuals and domestic enterprises and individuals shall pay real estate tax in accordance with the Provisional Regulations on Real Estate Tax. Real estate tax shall be paid by the owner of the property rights. The tax shall be calculated on the residual following the subtraction of between 10% and 30% of the original value of the property. Details of the scope of the subtraction shall be determined by the provincial, autonomous region or directly administered municipal people's government. The tax shall be calculated on the residual value of the property at a rate of 1.2%, or on the rental income from the property at a rate of 12%.

(e) City Maintenance and Construction Tax

According to the Provisional Regulations of the People's Republic of China on City Maintenance and Construction Tax that came into effect on 1 January 1985, all units and individuals who are tax payers of value-added tax, business tax and excise tax shall pay city maintenance and construction tax. The computation of city maintenance and construction tax shall be based on the amount of value-added tax, business tax and excise tax actually paid by tax payers, and the tax shall be paid together with the payment of value-added tax, business tax and excise tax. The rates of city maintenance and construction tax are as follows: for tax payers located in urban areas, the rate is 7%; for tax payers located in counties or townships, the rate is 5%; for tax payers located in areas other than urban area, counties and townships, the rate is 1%.

(f) Educational Surtax

According to the Interim Provisions on the Collection of Educational Surtax that came into effect as of 1 July 1986 (amended on 20 August 2005 and effective from 1 October 2005), all units and individuals who are tax payers of value-added tax, business tax and excise tax shall pay educational surtax. The computation of educational surtax shall be based on the amount of value-added tax, business tax and excise tax actually paid by tax payers. The rate of educational surtax is 3%, and the tax shall be paid together with the payment of value-added tax, business tax and excise tax. Only those units who shall pay rural educational expenditure surtax in accordance with the Notice of the State Council on Raising Funds for Rural Schools are exempted from educational surtax.

Our PRC legal advisers, Grandall Legal Group (Shenzhen), have advised that all our PRC subsidiaries, including Yixing Boai, Boer Yixing, Boer Wuxi and Boer Services Co, had duly satisfied all their PRC tax obligations and none of the subsidiaries had been penalised for violating any PRC tax laws, rules and regulations during the Track Record Period.

FOREIGN CURRENCY EXCHANGE AND DIVIDEND DISTRIBUTION

(a) Foreign Currency Exchange

The main regulation supervising foreign currency exchange in China is the Regulations of People's Republic of China on Foreign Exchange Control ("the **Regulations on Foreign Exchange Control**"). The Regulations on Foreign Exchange Control was promulgated by the State Council on 29 January 1996 and entered into force as of 1 April 1996. The current effective Regulations on Foreign Exchange Control has been amended and entered into force as of 5 August 2008. According to the Regulations, Renminbi can be freely converted into foreign currencies under current accounts (such as foreign exchange transactions involved in trade and service, and dividend distribution), while Renminbi cannot be freely converted into foreign currencies under capital accounts (such as capital transfer, direct investment, securities investment, derivatives or loans) before obtaining the approval from the SAFE.

According to the Regulations on Foreign Exchange Control, Foreign-invested Enterprises in China can purchase foreign exchange for payment of dividend through providing certain documentary evidence (such as decision of the board of directors, tax certificate, etc.), or for foreign exchange transactions involved in trade and service through providing commercial documents to prove the relevant transactions, without any approval from the SAFE. Such enterprises are permitted to retain foreign exchange (within the upper limit stipulated by the SAFE) for the repayment of the foreign exchange debts. In addition, foreign exchange transactions relating to overseas direct investment, securities investment or exchange, overseas derivatives must be registered at the SAFE, and shall acquire approval by or filing with relevant government agencies if necessary.

(b) Dividend Distribution

The main regulations governing dividend distribution of Foreign-invested Enterprises include the Law on Wholly Foreign Owned Enterprises and the Implementing Regulations for this Law and the Law on Chinese-Foreign Equity Joint Ventures and the Implementing Regulations thereof.

Before the New Tax Law, Foreign-invested Enterprises in China can distribute dividends only from accumulated after-tax profit (if have) determined in accordance with PRC accounting standards and regulations. The dividends paid to foreign investors are exempt from withholding tax. However, the New Tax Law has abolished this provision. The New Tax Law provides that dividends and other passive income of non-resident enterprises obtained from China shall be subject to standard withholding tax at the rate of 20%, while the Implementing Regulations thereof, which came into effect as of 1 January 2008, lowered that tax rate from 20% to 10%.

On 21 August 2006, the PRC and Hong Kong governments signed the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Arrangement**"). According to the Arrangement, if the beneficial owner of the dividends is a resident of Hong Kong which is a company directly owning at least 25% of the capital of a PRC company which pays the dividends, the tax so charged shall not exceed 5% of the gross amount of the dividends.

(c) Foreign Exchange Registration by Domestic Residents

According to the Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies ("**SAFE Circular 75**") which was released on 21 October 2005 by the SAFE and came into effect on 1 November 2005, a domestic resident who establishes or controls overseas special purpose companies, or contributes the assets or equity of a domestic enterprise it owns into a special purpose company, or engages in equity financing abroad after contributing assets or equity into a special purpose company, shall apply to the SAFE for completing the procedures for foreign exchange registration of overseas investments. Where there is a major capital modification event in the special purpose company such as capital increase or decrease, share transfer or exchange, merger or division, investment with long-term equity or credits, provision of guaranty to a foreign party, etc., the domestic resident shall, within 30 days of the major event, apply to the SAFE for completing the procedures for modification or archival filing of the foreign exchange registration of the overseas investments.

In addition, according to the Notice of Implementation Guidelines on the SAFE Circular 75 of the SAFE (the "**Implementation Notice 106 of the SAFE**") issued by the SAFE on 29 May 2007, where a domestic resident enterprise has completed return investment via the overseas special purpose company (i.e. the enterprise receiving return investment has obtained the Foreign Exchange Registration Certificate), but fails to undergo foreign exchange registration of the overseas investments for the existing special purpose company, it shall complete the procedures of the foreign exchange retroactive registration of the overseas investments.

The industries we engage in do not fall into the restricted or prohibited category included in the Industrial Guidance Catalogue and the investment that we will make in the future will be in accordance with the national industry development policy. From the foregoing, the transfer by our Company of the funds to China from the issue of Shares and the use of such funds in China will not conflict with relevant PRC laws.

(d) Tendering and Bidding

Some of our products will be sold by tender or competitive bidding. Tender and bidding are governed by the Invitation and Submission of Bids Law of The People's Republic of China ("the **Invitation and Submission of Bids Law**") which was promulgated on 30 August 1999 and came into force as of 1 January 2000. According to the Invitation And Submission of Bids Law, bids must be invited for the following construction projects undertaken in the PRC: surveying for, and design, construction and supervision of the projects, as well as the procurement of important equipment, materials, etc. for the construction of: (1) projects with a bearing upon the public interest and public safety such as large-scale infrastructure projects, public utility projects, etc.; (2) projects that are totally or partially funded by the investment of State-owned funds or financed by the State; (3) projects using loans from international organisations or foreign governments, or aid funds. A bidder shall prepare its bid documents according to the requirements of the bid invitation documents. The bid documents shall respond to the substantive requirements and conditions put forward in the bid invitation documents. The winning bidder shall be determined by the bid inviting party on the basis of the written bid evaluation report submitted, and the candidates recommended, by the bid evaluation committee. Alternatively, the bid inviting party may authorise the bid evaluation committee to directly determine the winning bidder.

(e) Product Quality

The principal law governing product liability in the PRC is the Product Quality Law (產品質量法) promulgated by the Standing Committee of the National People's Congress on 22 February 1993 and as amended on 8 July 2000.

Pursuant to the Product Quality Law, a seller is obliged to, among other things, adopt measures to keep products for sale in good quality, not sell defective or damaged products, comply with regulations regarding the labelling of products, not forge the origin of a product, not forge or use another manufacturer's authentication marks without authorisation, not substitute a fake product for a genuine product or a defective product for a high-quality product.

Violation of the Product Quality Law may result in the imposition of fines, suspension of business operations, revocation of business licenses and criminal liability. Aggrieved consumers may seek compensation from both the manufacturer and the retailer. A retailer may seek reimbursement from the manufacturer where the defect is caused by the manufacturer.

(f) Quality Certificate

Some of the products produced by our Company require quality certification. Product quality certification is governed by the Provisions on the Administration of Compulsory Product Certification which was promulgated by the State Administration for Quality Supervision and Inspection and Quarantine on 3 July 2009 and entered into force as of 1 September 2009. Manufacturers and dealers of the products listed in the Catalogue of Products Subject to Compulsory Certification (the "**Catalogue of Certification**") shall have the products they produce, sell, or import certified by certification organisations designated by Certification and Accreditation Administration of China. The products listed in the Catalogue that are not certified shall not be sold, imported, or utilised in other business activities.

(g) Environmental Protection

The Environment Protection Law of the People's Republic of China (the "**Environment Protection Law**") was promulgated on and 26 December 1989, and became effective on the date of promulgation. According to the Environment Protection Law:

(1) any entity discharging pollutants shall establish environmental protection rules and adopt effective measures to control or duly handle the waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation and other harms caused by it;

(2) any entity discharging pollutants must report to and register with the relevant environmental protection department; and

(3) any entity discharging pollutants in excess of the prescribed national or local discharge standards shall pay a fee for excessive discharge.

The State Environmental Protection Administration shall conduct unified supervision and management of the environmental protection work throughout the country, and establish the national standards for the discharge of pollutants. The relevant departments of environmental protection administration of the local people's governments at or above the county level shall conduct unified supervision and management of the environmental protection work within areas under their jurisdiction. Government agencies will impose different sanctions on individuals or other entities that violate the Environment Protection Law according to the circumstances of the case and the pollution level. The sanctions include warnings, and fines. Entities that violate the Environment Protection Law may be ordered to rectify their pollution problems within a prescribed period of time, and to suspend activities that cause pollution.

The statutory requirements relating to environmental protection applicable to our Group are set out in the Quality Standard of Wastewater Emitted to Urban Sewage (污水排入城市下水道水質標準), Comprehensive Emission Standard of Wastewater (污水綜合排放標準) and Industrial Enterprises Plant Premise Noise Standard (工業企業廠界噪聲標準). Based on the confirmation letters issued by the relevant local environmental bureaus, our PRC legal advisers, Grandall Legal Group (Shenzhen), have confirmed their opinion that all the PRC operating entities of our Group have complied with all relevant PRC environmental laws, rules and regulations. Grandall Legal Group (Shenzhen) have also confirmed that we are in full compliance with all relevant environmental laws, rules and regulations, have obtained all required permits and environmental approvals for our business and operations in the PRC, and no notice of environmental pollution was received by and no administrative penalty was imposed on our Group for violation of environmental rules and regulations during the Track Record Period.

(h) Loan and Guarantee

Lending activities involving financial institutions within the territory of China are governed by the Lending General Provisions ("the **General Provisions**") which was promulgated on 28 June 1996 and became effective as of 1 August 1996. The General Provisions regulates the types, term and interest rates of loans, rights and obligations of borrowers, rights and obligations of lenders, and lending procedures, etc.

The provision of security in the PRC is governed by the Property Right Law of the People's Republic of China which was promulgated on 16 March 2007 and became effective as of 1 October 2007 and the Guarantee Law of the People's Republic of China which was promulgated on 30 June 1995 and became effective as of 1 October 1995. These two Laws regulate the security activities involving guarantee, pledge, mortgage, lien etc. In case of any conflict between these two Laws, the Property Right Law of the People's Republic of China shall prevail.

(i) Land and Real Estate Administration, Premises Lease

Land administration in the PRC is governed by the Land Administration Law of the Peoples Republic of China (adopted at the 16th Session of the Standing Committee of the 6th National People's Congress on 25 June 1986, amended for the first time in pursuance of the Decision of the 5th Session of the Standing Committee of the 7th National People's Congress on Amending the Land Administration Law of the People's Republic of China on 29 December 1988, revised at the 4th Session of the Standing Committee of the 9th National People's Congress of the People's Republic of China on 29 August 1998, and amended for the second time in pursuance of the Decision of the 11th Session the Standing Committee of the 10th National People's Congress on Amending the Land Administration Law of the People's Republic of China on 28 August 2004), and the Implementing Regulations of this Law, which regulates ownership and right of use of land, general plans for the utilisation of land, protection of cultivated land, and acquisition of land for construction purpose, etc.

Urban real estate administration in the PRC is governed by the Law of the People's Republic of China on Urban Real Estate Administration (adopted at the 8th Session of the Standing Committee of the 8th National People's Congress of the People's Republic of China on 5 July 1994, and amended according to the Decision of the 29th meeting of the standing committee of the 10th National People's Congress on Amending the Law of the People's Republic of China on Urban Real Estate Administration on 30 August 2007), and its Implementing Regulations. This Law regulates the acquisition of the right to use the State-owned land within the designated urban area of the PRC for real estate development, the engagement in real estate development or transactions of real estate, and real estate administration.

Premises lease within the PRC shall comply with the Administration of the Leasing of Urban Premises Procedures (the "**Procedures**") which was promulgated by the Ministry of Construction and effective as of 1 June 1995. The Procedures regulate lease contract of owners of premises that lease out their premises to lessees for residence, provide their premises to other parties for engaging in business activities or use their premises for engagement in business activities in cooperation with other parties, lease registration, rights and obligations of the parties, subleasing of premises, etc. Local government may formulate regulatory document on standardizing premises lease according to local specific situation.

(j) Labor, Employment Contract and Social Insurance

Labor management in the PRC is governed by the Labor Law of the People's Republic of China (adopted at the 8th Session of the Standing Committee of the 8th National People's Congress on 5 July 1994 and effective as of 1 January 1995), and its Implementing Regulations of this Law, which regulates the making of labor contracts and collective contracts, and other matters like working hours, rests and leaves, wages, labor safety and sanitation, special protection for female staff and workers and juvenile workers, professional training, social insurance and welfare treatment, and labor disputes management, etc.

Employment contract management in the PRC is governed by the Law of People's Republic of China on Employment Contract (adopted at the 28th Session of the Standing Committee of the 10th National People's Congress on 29 June 2007 and effective as of 1 January 2008), which governs the establishment of employment relationships between organisations such as enterprises, individual economic organisations and private non-enterprise units within the territory of China and laborers, and the conclusion, performance, amendment, termination and ending of employment contracts, etc.

Social insurance in the PRC is governed by the Interim Regulation on the Collection and Payment of Social Insurance Premiums (effective as of 22 January 1999). Enterprises and individuals shall pay basic pensions, basic medical insurance premiums, unemployment insurance premiums and maternity insurance premiums in pursuance of this Interim Regulation. Payments in detail shall be carried out according to payment standards set forth by local governments from time to time.

(k) Intellectual Property Rights

The protection of exclusive trademark rights in the PRC is governed by the Trademark Law of the PRC (adopted at the 24th Session of the Standing Committee of the 5th National People's Congress on 23 August 1982, amended for the first time according to the Decision of the 30th Session the Standing Committee of the 7th National People's Congress on Amending the Trademark Law of the People's Republic of China of on 22 February 1993, and amended for the second time according to the Decision of the 24th Session of the Standing Committee of the 9th National People's Congress on Amending the Trademark Law of the People's Republic of China on 27 October 2001), and its Implementing Regulations. The aforementioned piece of legislation governs application for trademark registration, examination and approval of trademark registration, renewal, assignment and licensing of registered trademarks, ruling of disputes concerning registered trademarks, administration of the use of trademarks, and the protection of the right to exclusive use a registered trademark, etc.

The protection of patent right in the PRC is governed by the Patent Law of the People's Republic of China (adopted at the 4th Session of the Standing Committee of the 6th National People's Congress on 12 March 1984; amended for the first time by the Decision of the 27th Session of the Standing Committee of the 7th National People's Congress on Amending the Patent Law of the People's Republic of China on 4 September 1992; amended for the second time by the Decision of the 17th Session of the Standing Committee of the 9th National People's Congress on Amending the Patent Law of the People's Republic of China on 25 August 2000; amended for the third time by the Decision of the 6th Session of Standing Committee of the 11th National People's Congress on Amending the Patent Law of the People's Republic of China on 27 December 2008), and and its Implementing Regulations. The aforementioned piece of legislation governs the conditions for granting patents, application for patents, examination and approval of patent applications, duration, termination and invalidation of patents, compulsory license for exploitation of patents, and protection of the patent rights, etc.

Our PRC legal advisers, Grandall Legal Group (Shenzhen), have confirmed that we are in full compliance with all relevant intellectual property laws, rules, and regulations and that there had been no incident of infringement or alleged infringement of a third party's intellectual property rights during the Track Record Period.

OUR HISTORY AND DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2010 in anticipation of the Listing. Our Group is principally engaged in the design, manufacture and sale of electrical distribution equipment and the provision of electrical distribution systems solutions services.

Origin of our Group

The business of our Group originated from Wuxi Boer which was established as a collectively owned enterprise (集體企業) by Luoshe Town Zhongxin Primary School (洛社鎮中心小學) in Wuxi on 18 October 1988 and was then known as Wuxi Instrumentation System No. 2 Factory (無錫縣第二儀錶成套廠). Its name was changed to Wuxi City Power Instrumentation System Works (無錫市電力儀錶成套廠) on 15 March 1990. On 30 July 1998, Wuxi Boer obtained the approval from the relevant PRC authorities for it to be converted into a joint stock cooperative enterprise (股份合作制企業). In that conversion, Mr. Qian Zhongming, Mr. Qian Yixiang, Mr. Tao Qi and Luoshe Town Zhongxin Primary School respectively contributed RMB5.2 million, RMB4.8 million, RMB1.4 million and RMB0.6 million into Wuxi Boer and respectively obtained ownership interest of 43%, 40%, 12% and 5% in the registered capital of Wuxi Boer. All the capital contributed by Mr. Qian Zhongming and Mr. Qian Yixiang came from their own personal fund. Mr. Qian Zhongming and Mr. Qian Yixiang invested in Wuxi Boer as it was being converted into a joint stock cooperative enterprise because (i) they were then members of the senior management of Wuxi Boer, (ii) they had been in the industry for a long time and (iii) they were familiar with the operations of Wuxi Boer and its development potential. In 2003, the registered capital of Wuxi Boer was increased from RMB12 million to RMB50 million and Ms. Qian Yiying became one of the equity holders of Wuxi Boer. Immediately following such increase, the registered capital of Wuxi Boer was owned as to 51%, 42.8%, 2.8%, 2.2% and 1.2% by Mr. Qian Zhongming, Mr. Qian Yixiang, Mr. Tao Qi, Ms. Qian Yiying and Luoshe Town Zhongxin Primary School, respectively.

On 13 November 2006, Luoshe Town Zhongxin Primary School transferred its entire interest in Wuxi Boer to Mr. Qian Yixiang at a consideration of RMB730,164, which was determined based on its contribution to and interest in the registered capital of Wui Boer. Immediately upon completion of the transfer, Wuxi Boer was owned as to 44%, 51%, 2.8% and 2.2% by Mr. Qian Yixiang, Mr. Qian Zhongming, Mr. Tao Qi and Ms. Qian Yiying, respectively. On the same date, Wuxi Boer obtained the approval from the relevant PRC authorities to be converted into a limited liability company.

On 18 January 2007, an equity holders' resolution of Wuxi Boer was passed in respect of the transfer of equity interest in Wuxi Boer by Ms. Qian Yiying and Mr. Tao Qi to Mr. Qian Yixiang at an aggregate consideration of RMB2.5 million based on their contributions to and interests in the registered capital of Wuxi Boer. Following the completion of registration with the relevant PRC authority of the aforesaid transfer on 8 February 2007, Wuxi Boer was owned as to 49% and 51% by Mr. Qian Yixiang and Mr. Qian Zhongming respectively. Since the passing of an equity holders' resolution of Wuxi Boer on 12 June 2007 and the completion of registration in respect of a transfer of 31% equity interest in Wuxi Boer from Mr. Qian Zhongming to Mr. Qian Yixiang on 27 June 2007, Wuxi Boer has been owned as to 80% and 20% by Mr. Qian Yixiang and Mr. Qian Zhongming, respectively. Following a number of changes in the registered capital and transfer of equity interests in Wuxi Boer, the registered capital of Wuxi Boer, as at the Latest Practicable Date, was RMB50 million, which was fully paid on 17 October 2006.

Since its incorporation, Wuxi Boer has been engaged in the design, manufacture and sale of electrical distribution equipment and systems. Wuxi Boer has been jointly operated and managed by Mr. Qian Yixiang, Ms. Jia Lingxia and Mr. Qian Zhongming since 1994. Mr. Qian Yixiang, Ms. Jia Lingxia and Mr. Qian Zhongming, via Wuxi Boer, commenced the development of our Group's EDS Solutions business which has been gradually succeeded and further expanded and developed by Boer Wuxi and Boer Yixing since their incorporation in 2005.

In preparation for the Listing, Wuxi Boer, Boer Hong Kong, Mr. Qian Yixiang, Mr. Qian Zhongming and Ms. Jia Lingxia entered into a business restructuring agreement (the "**Business Restructuring Agreement**") on 18 May 2005, pursuant to which Wuxi Boer agreed that all of Wuxi Boer's business in the design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solutions services (collectively, the "**Assumed Business**") would be assumed by Boer Wuxi and Boer Yixing by the end of 2009. In accordance with the Business Restructuring Agreement, the Assumed Business had been gradually assumed by Boer Wuxi and Boer Yixing since their incorporation on 11 July 2005 and 7 November 2005, respectively. As part of the restructuring arrangement under the Business Restructuring Agreement, Wuxi Boer also entered into lease agreements for leasing the properties located beside National Highway No. 312, Luoshe Town, Huishan District, Wuxi City to Boer Wuxi and Boer Services Co as their offices and workshop. Details of the lease agreements are set out in the paragraphs headed "Exempt Continuing Connected Transactions Under Rule 14A.33(3)(A)" under the section headed "Connected Transactions" of this prospectus.

The whole business restructuring process was completed on 31 December 2009 and since then, Wuxi Boer has ceased to carry on all the Assumed Business and all substantive business operations of Wuxi Boer have been assumed by our Group. Wuxi Boer's remaining activities are the leasing of the aforesaid properties, the holding of certain intangible assets used by our Group and investment holdings in Shanghai Boer. Since Wuxi Boer has ceased and will not carry on any Assumed Business, it is not included as one of the companies now comprising our Group. Our Directors are of the view that all substantive business operations of Wuxi Boer have been assumed by our Group and that the remaining activities are not significant to our Group's operations. Pursuant to the business reorganisation process, a majority portion of the business of Wuxi Boer had been assumed by our Group prior to 31 December 2009.

The assumption of the business of Wuxi Boer by Boer Wuxi and Boer Yixing is not subject to the Provisions for the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (the "**M&A Provisions**") as the Business Restructuring Agreement was entered into on 18 May 2005, which was before the date on which the M&A Provisions came into effect. The M&A Provisions do not have retrospective effect.

Our Operating Subsidiaries

Boer Wuxi

Boer Wuxi was established as a sino-foreign equity joint venture on 11 July 2005 with a registered capital of US$1.0 million and a total investment of US$1.42 million. Its registered capital was contributed as to 70% by Wuxi Boer (formerly known as Wuxi City Power Instrumentation System Works) and 30% by Boer Hong Kong and was fully settled in cash on 30 November 2005.

In accordance with the board resolutions of Boer Wuxi passed on 1 June 2007, it was resolved that the total investment and registered capital of Boer Wuxi would be increased from US$1.42 million to US$31.42 million, and from US$1.0 million to US$13.0 million, respectively. Such changes were approved by the foreign trade and economic authority of Jiangsu Province (江蘇省對外貿易經濟合作廳) on 14 June 2007. Boer Wuxi then submitted an application to the same authority to amend the proposed total investment and reduce it to US$29.8 million which was approved on 6 September 2007.

On 27 September 2009, Wuxi Boer and Boer Hong Kong entered into an agreement, pursuant to which the capital contribution of Boer Hong Kong to Boer Wuxi would be settled by the total profits distributed from Boer Yixing and Boer Wuxi to Boer Hong Kong in the two years of 2006 and 2007 and part of the total profits distributed from Boer Wuxi to Boer Hong Kong for the year of 2008 and Boer Wuxi submitted its application to the Committee for Management of the Use of Foreign Capital of Wuxi City (無錫市利用外資管理委員會). Such application was approved on 5 November 2009 and the increased registered capital was fully settled accordingly on 13 November 2009. As a result, the registered capital of US$13.0 million of Boer Wuxi was contributed as to 15% by Wuxi Boer and 85% by Boer Hong Kong.

Boer Yixing

Boer Yixing was incorporated as a sino-foreign equity joint venture by Yixing Boai (formerly known as Wuxi Boer Automation System Company Limited (無錫博耳自動化系統有限公司)) and Boer Hong Kong on 7 November 2005 with a registered capital and a total investment of US$1.25 million and US$1.78 million, respectively. The registered capital was fully paid in cash and contributed as to 20% by Yixing Boai and 80% by Boer Hong Kong on 29 November 2005.

Yixing Boai

Yixing Boai was incorporated as a domestic limited liability company in Yixing, Jiangsu Province on 15 January 2004 with a registered capital of RMB10 million. At its incorporation, the name of Yixing Boai was Wuxi Boer Automation System Company Limited (無錫博耳自動化系統有限公司). The registered capital was fully settled in cash on 6 January 2004 and the entire equity interest in Yixing Boai was owned as to 50% by Mr. Qian Yixiang, 20% by Mr. Zha Saibin, 5% by Ms. Jia Lingxia, 5% by Mr. Yao Yunliang (姚雲良), 5% by Ms. Ding Huifang (丁惠芳), 5% by Mr. Huang Jian (黃健), 5% by Mr. Wu Chang (吳昶) and 5% by Mr. Shen Weizu (沈偉祖). Mr. Qian Yixiang, Mr. Zha Saibin and Ms. Jia Lingxia are our Directors. The name of Yixing Boai was changed to Yixing Boai Automation Complete Sets of Equipment Co., Ltd. (宜興博艾自動化成套設備有限公司) on 7 December 2006.

On 2 January 2007, all the equity holders of Yixing Boai entered into an equity transfer agreement, pursuant to which Mr. Qian Yixiang, Mr. Yao Yunliang, Ms. Jia Lingxia, Ms. Ding Huifang, Mr. Huang Jian and Mr. Wu Chang transferred an aggregate of 75% of the equity interest in Yixing Boai to Mr. Jia Minghao at a total consideration of RMB7.5 million, while Mr. Zha Saibin and Mr. Shen Weizu transferred an aggregate of 25% of the equity interest in Yixing Boai to Wuxi Weiqi at a total consideration of RMB2.5 million. Such transfers were approved by the Foreign Trade and Economic Cooperation Authority of Jiangsu Province (江蘇省對外貿易經濟合作廳) on 30 January 2007 and all the registration process with the local administration for industry and commerce authority was completed on 8 March 2007. Upon such registration, Yixing Boai was converted into a sino-foreign equity joint venture, the equity interest in which was held as to 75% by Mr. Jia Minghao and 25% by Wuxi Weiqi.

Pursuant to a trust agreement (股權代持協議) dated 5 March 2007 and entered into between Mr. Jia Minghao and Boer Hong Kong under the laws of Hong Kong (which was supplemented by a supplemental agreement between Mr. Jia Minghao and Boer Hong Kong dated 19 January 2010), Mr. Jia Minghao has been holding the 75% equity interest in Yixing Boai on trust for Boer Hong Kong, and Boer Hong Kong has been the beneficial owner of such equity interest, since the completion of the above equity transfer. As advised by our Company's Hong Kong legal advisers, Stephenson Harwood, the trust agreement (as supplemented by the supplemental agreement) is legal, valid and enforceable under the laws of Hong Kong.

Boer Services Co

Boer Services Co was incorporated as a limited liability company in Wuxi, Jiangsu Province on 4 November 2008 and was solely owned by Boer Wuxi. Its registered capital of RMB5 million was fully settled by Boer Wuxi in cash on 27 October 2008. Since its incorporation, Boer Services Co has not experienced any change in its registered capital and equity holding.

REORGANISATION

In preparation for the Listing, the companies in our Group underwent certain reorganisation which is set out below:

1. Transfer of 15% equity interest in Boer Wuxi

On 12 January 2010, Wuxi Boer entered into an equity transfer agreement with Boer Hong Kong to transfer 15% equity interest in Boer Wuxi to Boer Hong Kong at a consideration of US$1.95 million which was determined based on the registered capital of Boer Wuxi. Upon completion of the transfer, Boer Wuxi was converted into a WFOE wholly owned by Boer Hong Kong. The transfer of equity interest in Boer Wuxi and the conversion of it into a WFOE were approved by Wuxi Use of Foreign Capital Management Committee (無錫市利用外資管理委員會) on 25 January 2010 and an approval certificate was issued by the People's Government of the Jiangsu Province on 26 January 2010. On 1 February 2010, Wuxi Administration for Industry and Commerce of the Jiangsu Province (江蘇省無錫工商行政管理局) issued a new business license to Boer Wuxi.

2. Termination of the trust arrangement and change of equity holder in respect of the 75% equity interest in Yixing Boai

Prior to 5 March 2007, Mr. Qian Yixiang and Ms. Jia Lingxia held in aggregate 55% of the equity interest in Yixing Boai.

Since 5 March 2007, our Group has had a beneficial interest and control in 75% of the equity in Yixing Boai via the trustee, Mr. Jia Minghao.

Boer Hong Kong and Mr. Jia Minghao entered into a termination and equity transfer agreement on 20 May 2010, pursuant to which both parties agreed to (a) transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at a nominal consideration and (b) terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group submitted the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong to the Foreign Trade and Economic Cooperation Department of Jiangsu Province for approval and the application was still being processed as at the Latest Practicable Date.

3. Transfer of 20% equity interest in Boer Yixing

On 8 January 2010, Yixing Boai entered into an equity transfer agreement with Boer Hong Kong to transfer Yixing Boai's 20% equity interest in Boer Yixing to Boer Hong Kong at a consideration of US$250,000 which was determined based on the registered capital of Boer Yixing. Upon completion of the transfer, Boer Yixing was converted into a WFOE wholly owned by Boer Hong Kong. The transfer of equity interest in Boer Yixing and the conversion of it into a WFOE were approved by Yixing Bureau of Foreign Trade & Economic Cooperation (宜興市對外貿易經濟合作局) on 26 January 2010 and an approval certificate was issued by the People's Government of the Jiangsu Province on 29 January 2010. On 2 February 2010, Yixing Municipal Administration for Industry and Commerce of the Wuxi Municipal (無錫市宜興工商行政管理局) issued a new business license to Boer Yixing.

4. Establishment of King Able and Cheer Success

King Able was incorporated in the BVI on 5 January 2010 with 50 shares of US$1.00 each being issued and allotted to Mr. Qian Yixiang and 50 shares of US$1.00 each being issued and allotted to Ms. Jia Lingxia on 29 January 2010. Cheer Success was incorporated in the BVI on 18 January 2010 with 100 shares of US$1.00 each being issued and allotted to King Able on 29 January 2010.

5. Allotment and transfer of shares in Boer Hong Kong

Boer Hong Kong was incorporated in Hong Kong on 30 March 2005 and was then owned by Mr. Qian Yixiang and Ms. Jia Lingxia as to 50% each. The authorised share capital of Boer Hong Kong was increased from HK$10,000 to HK$100,000 on 29 January 2010. On 29 January 2010, Boer Hong Kong issued and allotted to Cheer Success 90,000 new shares of HK$1.00 each at a subscription price of HK$90,000. After such issue and allotment of new shares, Cheers Success acquired the 10,000 shares held by Mr. Qian Yixiang and Ms. Jia Lingxia in Boer Hong Kong at a total consideration of HK$10,000 on 31 January 2010. Upon completion of the subscription and transfer, Boer Hong Kong became a wholly-owned subsidiary of Cheer Success.

6. Investment of Silver Crest in Cheer Success

On 1 March 2010, Cheer Success issued and allotted 900 shares of US$1.00 each to King Able. Following such issue and allotment, the issued share capital of Cheer Success was increased from 100 shares to 1,000 shares of US$1.00 each.

On 1 March 2010, Silver Crest and, among others, King Able entered into an investment agreement, pursuant to which Silver Crest agreed to acquire and King Able agreed to sell 80 shares of US$1.00 each in Cheer Success, representing 8% of the entire issued share capital of Cheer Success, for a consideration of US$15 million. The transfer of the 80 shares was completed on 2 March 2010.

7. Establishment of our Company

Our Company was incorporated in the Cayman Islands on 12 February 2010 as an exempted limited liability company. As at the date of incorporation, our Company had an authorised share capital of HK$390,000 divided into 3,900,000 Shares of HK$0.10 each, of which one Share was issued and then transferred from the subscriber to our Company to King Able and 999 Shares were issued and allotted to King Able as fully paid. On 30 September 2010, our Company increased its authorised share capital to HK$200,000,000 divided into 2,000,000,000 Shares of HK$0.10 each.

On 30 September 2010, our Company acquired Cheer Success by entering into a share swap agreement with King Able and Silver Crest, pursuant to which our Company acquired from King Able and Silver Crest the entire issued and paid up share capital of Cheer Success comprising 1,000 ordinary shares of US$1.00 each of Cheer Success. The consideration for the shares of Cheer Success was satisfied by the allotment and issue of 8,200 new Shares of HK$0.10 each and 800 new Shares of HK$0.10 each in the capital of our Company, credited as fully paid, to King Able and Silver Crest, respectively. Immediately after completion of the share swap agreement, Cheer Success became a wholly-owned subsidiary of our Company and our Company became the holding company of our Group. King Able and Silver Crest in turn became shareholders of our Company holding 92% and 8% of the then issued share capital of our Company, respectively.

SILVER CREST'S INVESTMENT

On 1 March 2010, King Able and Silver Crest, among others, entered into an investment agreement (the "**Investment Agreement**"), pursuant to which Silver Crest agreed to purchase and King Able agreed to sell 80 shares of US$1.00 each in Cheer Success for a consideration of US$15 million. Upon completion of the transfer, Cheer Success was held as to 92% by King Able and 8% by Silver Crest. The consideration for Silver Crest's acquisition of the shares in Cheer Success from King Able was determined based on normal commercial negotiations at arm's length between the parties, after taking into consideration of, among other things, our Group's track record, comparables, market conditions, assessment of management capability as well as our Group's expected consolidated net profits for the financial year of 2010. The consideration of US$15 million was settled on the completion date of the Investment Agreement on 2 March 2010.

Silver Crest's investment cost per Share (based on the number of Shares in issue on the Listing Date) is HK$2.59 which is a discount of 40.9% to the Offer Price (assuming an Offer Price of HK$4.38 per share, being the lowest point of the indicative Offer Price range) and a discount of 59.4% to the Offer Price (assuming an Offer Price of HK$6.38 per share, being the highest point of the indicative Offer Price range) and at a premium of 9.26 times of the latest audited net asset value per share of HK$0.28. Proceeds from the transfer were used to settle all sums due to the related parties appearing in our Group's consolidated accounts dated 31 December 2009 and all other similar sums outstanding after 31 December 2009 other than those incurred in or arising from the ordinary course of business of our Group, in the furtherance of the business carried on by our Group, the expansion of our Group's operations and for general working capital of the companies within our Group and not for other purposes.

Silver Crest is wholly owned by Leon Capital L.P. I ("**Leon Capital**") of which OCBC Bank is the anchor investor. Prior to entering into the Investment Agreement, Silver Crest and Leon Capital were Independent Third Parties to us. Leon Capital is a private equity fund with a primary investment focus on opportunities in Greater China and Singapore.

Pursuant to the Investment Agreement, King Able undertakes that (i) in the event that the consolidated net profits (after tax and non-controlling interest) of our Group as set out in the audited consolidated accounts of our Group in respect of the financial year of 2010 fall under RMB170 million, King Able and its shareholders, who are Mr. Qian Yixiang and Ms. Jia Lingxia, as guarantors (the "**Guarantors**") shall pay to Silver Crest the shortfall in cash in accordance with the terms of the Investment Agreement; and (ii) in the event that the valuation of the Listing falls below RMB2.3 billion (with reference to the bank buy currency exchange rate as quoted on The People's Bank of China as at the closing of trading on the Listing Date), the Guarantors shall compensate Silver Crest for the shortfall by payment in cash.

Pursuant to the Investment Agreement, King Able and the Guarantors undertake to Silver Crest, inter alia, that none of them will, create any encumbrance, over, transfer or otherwise dispose of the whole or any part of their interest in or grant any option over any shares of any companies within our Group to any person or otherwise enter into any arrangement to deal with any interest in any such shares within 12 months after Listing unless otherwise agreed by Silver Crest in writing. Pursuant to the Investment Agreement, a charge over the then entire issued share capital in Boer Hong Kong was created in favour of Silver Crest and the share charge was to be released before the Global Offering.

Silver Crest will hold 6% of the issued share capital of our Company upon Listing and Silver Crest has agreed it will not sell the Shares held by it within six months from the date of Listing.

Details regarding Silver Crest's investment are also disclosed in paragraph headed "Silver Crest's Investment" in the section headed "Summary" of this prospectus.

SAFE REGISTRATION

According to the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicle (the "**SAFE Circular 75**"), which was issued by the SAFE on 21 October 2005, and became effective on 1 November 2005:

- domestic residents who plan to establish or control an overseas special purpose vehicle must conduct foreign exchange registration with the local foreign exchange authority;

- domestic residents who have contributed their assets or shares of a domestic enterprise into an overseas special purpose vehicle, or have raised funds overseas after such contribution, must conduct foreign exchange registration for the modification of the record concerning the overseas special purpose vehicle with the local foreign exchange authority; and

- domestic residents who are the shareholder of an overseas special purpose vehicle are required to go through registration for the modification of the record with the local foreign exchange authority within 30 days from the date of any major capital change event, such as an increase/decrease of capital, share transfer, share swap, merger or division, long-term equity or debt investment or foreign guarantee where no round-trip investment is involved.

As advised by our PRC legal advisers, Grandall Legal Group (Shenzhen), the SAFE Circular 75 applies to our Group's historical changes and reorganisation steps set out in the paragraphs headed "Our History and Development" and "Reorganisation" in this section of this prospectus and the Global Offering as Mr. Qian Yixiang and Ms. Jia Lingxia are domestic residents. In accordance with the SAFE Circular 75, Mr. Qian Yixiang and Ms. Jia Lingxia respectively completed all formalities for the registration and filing of the overseas investments with the Jiangsu Provincial Office of SAFE in respect of their offshore investments on 29 October 2009.

OUR REORGANISATION AND THE RULES ON THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

Under the Provisions for the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (關於外國投資者併購境內企業的規定) (the "**M&A Provisions**"), a foreign investor is required to obtain approvals when (i) a foreign investor acquires equity in a domestic company thereby converting it into an foreign-invested enterprise, or subscribes for new equity via an increase of registered capital thereby converting it into a foreign-invested enterprise; (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. The acquisition shall be based on the appraisal result on the equity or assets to be acquired. According to Article 15 of the M&A Provisions, where parties to an acquisition are related including where the control is only de facto, the parties must "provide an explanation on the purpose of the acquisition and whether the appraisal result is consistent with fair market value". Avoiding this requirement by using trusts, nominees, or other means is prohibited.

Our PRC legal advisers, Grandall Legal Group (Shenzhen), have advised us that the M&A Provisions are not applicable to our Group's historical changes and reorganisation steps set out in the paragraphs headed "Our History and Development" and "Reorganisation" in this section of the prospectus and the Global Offering because:

(a) the M&A Provisions do not explicitly state whether the M&A Provisions apply to any corporate restructuring steps which (i) commenced before and have been continuing after 8 September 2006 and (ii) are not carried out by means of an equity acquisition or assets acquisition under the M&A Provisions (like the assumption of Wuxi Boer's business by Boer Wuxi and Boer Yixing). According to the Legislation Law of the PRC, laws in the PRC have no retrospective effect unless it is specifically stated in the law that such law has retrospective effect. In the absence of any explicit provision, our Company's PRC legal advisers consider that the M&A Provisions do not apply to the assumption of business of Wuxi Boer;

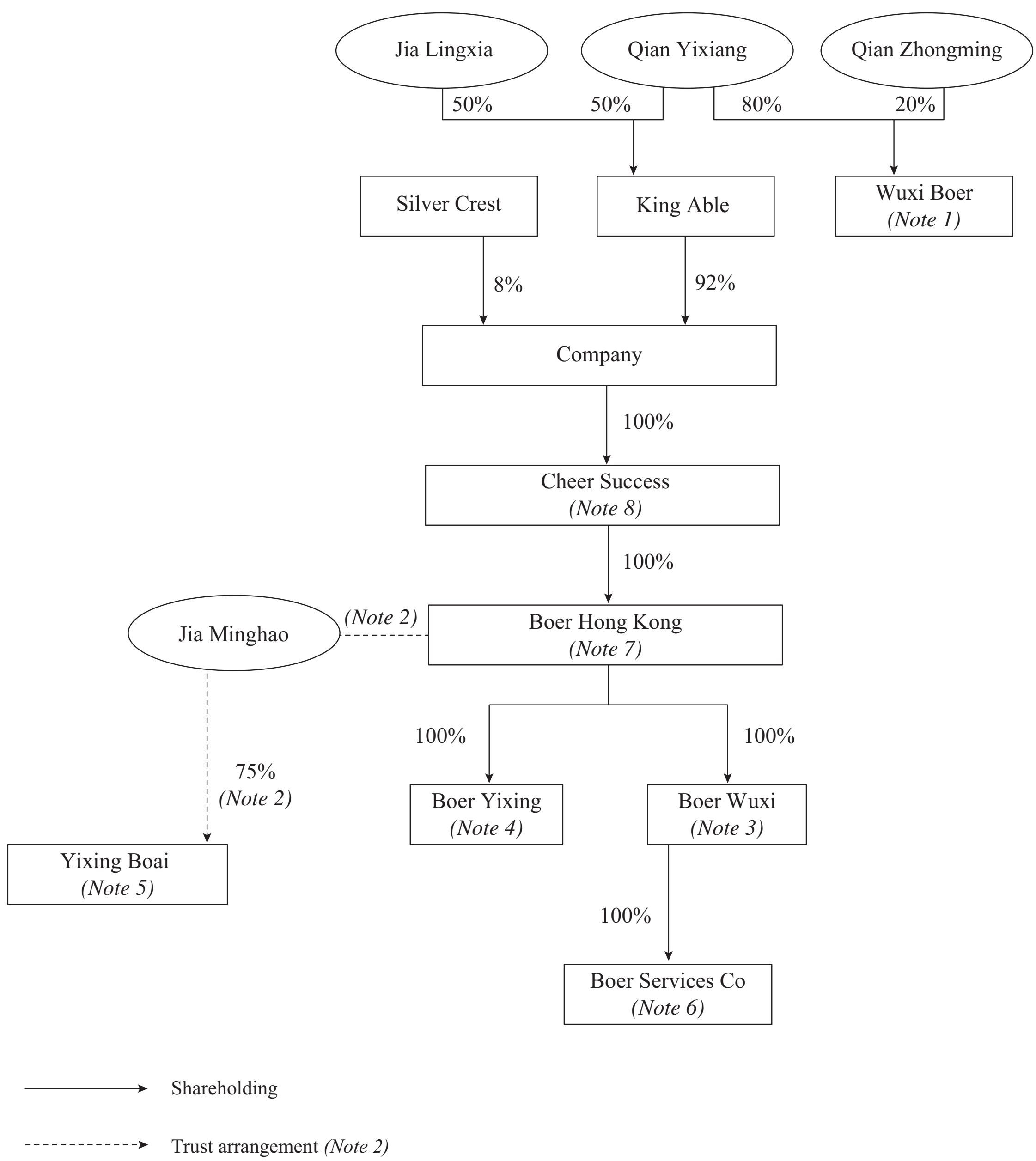
(b) as the legal owner, Jia Minghao has the right to transfer the 75% equity interest in Yixing Boai to Boer Hong Kong. Such transfer is not an acquisition of domestic company under Article 2 of the M&A Provisions because Yixing Boai is already a foreign-invested enterprise, and therefore is not subject to the approval requirements under the M&A Provisions; and

(c) the approval of China Securities Regulatory Commission as required under relevant provisions of the M&A Provisions only applies to an acquisition of domestic companies after 8 September 2006 with the consideration settled by share swap. If the target company of an acquisition is a foreign-invested enterprise or the consideration of which was settled in cash, such as the acquisitions of the 15% equity interest in Boer Wuxi and the 20% equity interests in Boer Yixing by Boer Hong Kong as mentioned in the paragraph headed "Reorganisation" in this section of this prospectus, approval of China Securities Regulatory Commission will not apply.

Our PRC Legal Advisers, Grandall Legal Group (Shenzhen), have also advised us that the trust arrangement whereby Mr. Jia Minghao holds 75% of the equity interests in Yixing Boai on trust for Boer Hong Kong is not subject to the M&A Provisions. The M&A Provisions apply to arrangements which involve domestic companies, enterprises or natural person and which are implemented within the territory of the PRC. The aforesaid trust arrangement is not governed by the M&A Provisions because neither Mr. Jia Minghao nor Boer Hong Kong is a domestic party in the PRC and the trust arrangement was not entered into for implementation in the PRC.

CORPORATE STRUCTURE

The following chart depicts the structure of our Group immediately following completion of the Reorganisation:



Notes:

1. Wuxi Boer is not a part of our Group. However, it is under the common control of one of our Controlling Shareholders, Mr. Qian Yixiang, and therefore its financial results were combined in the financial statements of our Group during the Track Record Period.

2. Mr. Jia Minghao holds 75% of the equity interest in Yixing Boai on trust for Boer Hong Kong. On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement, pursuant to which both parties agreed to (a) transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at a nominal consideration and (b) terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group had submitted the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong to the Foreign Trade and Economic Cooperation Department of Jiangsu Province for approval and the application was still being processed as at the Latest Practicable Date.

3. The principal business activities of Boer Wuxi are the design, manufacture and sale of custom-made electrical distribution systems with or without automatic functions and the provision of electrical distribution system solution services.

4. The principal business activities of Boer Yixing are the manufacture and sale of (i) spare parts used in electrical distribution systems with automatic functions, mainly being digital current meter, power monitoring meter and multi circuit monitoring unit, and (ii) other electrical components, including contactor, mini circuit breaker, power supply auto transfer system, medium voltage breaker, intelligent motor protection relay and electrical networks multi-functional protections relay.

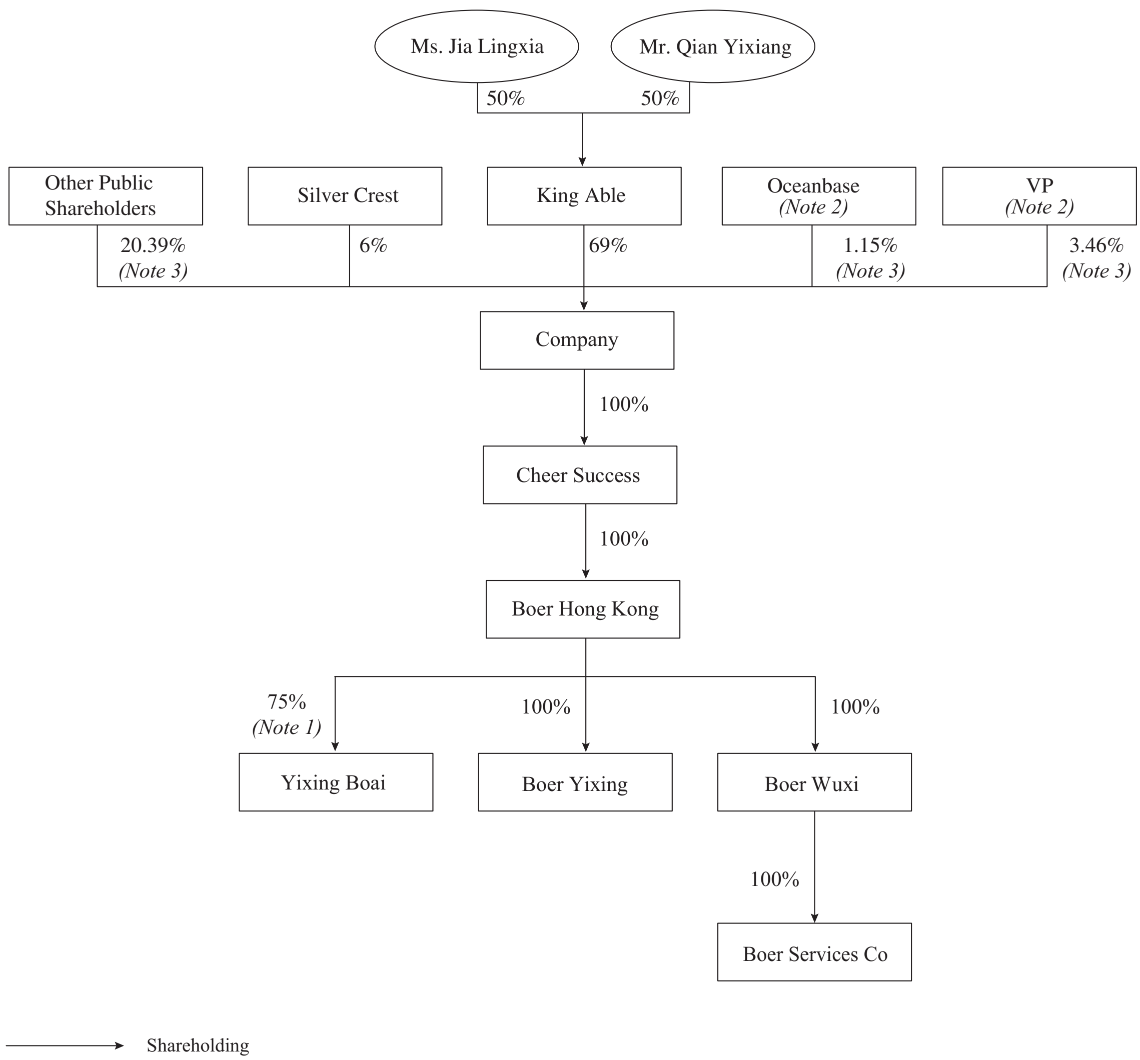
5. The principal business activities of Yixing Boai are the manufacture and sale of spare parts based on the specific requirements of the customers, such as electrical switchgear and control gear, and the metal enclosures for electrical switchgear and control gear and compressor, etc.

6. The principal business activities of Boer Services Co are the provision of site diagnostics, installation monitoring, on-site and remote maintenance, energy efficiency improvement advices, training and technical support for electrical distribution systems.

7. Boer Hong Kong is an investment holding company and holds the equity interests in Boer Yixing and Boer Wuxi.

8. Cheer Success is an investment holding company and holds the shares in Boer Hong Kong.

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option will not be exercised, no options will be granted under the Share Option Scheme and no Shares will be alloted and issued and/or repurchased by our Company under the general mandates as referred to in the paragraph headed "Resolutions in writing of the sole Shareholder passed on 30 September 2010" under the section headed "Further Information about our Company and Subsidiaries' in Appendix VI to this prospectus), the shareholding and corporate structure of our Group will be as follows:



Notes:

1. On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement, pursuant to which both parties agreed to transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at nominal consideration and terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group had submitted to the Foreign Trade and Economic Cooperation Department of Jiangsu Province the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong for approval and the application was still being processed as at the Latest Practicable Date.

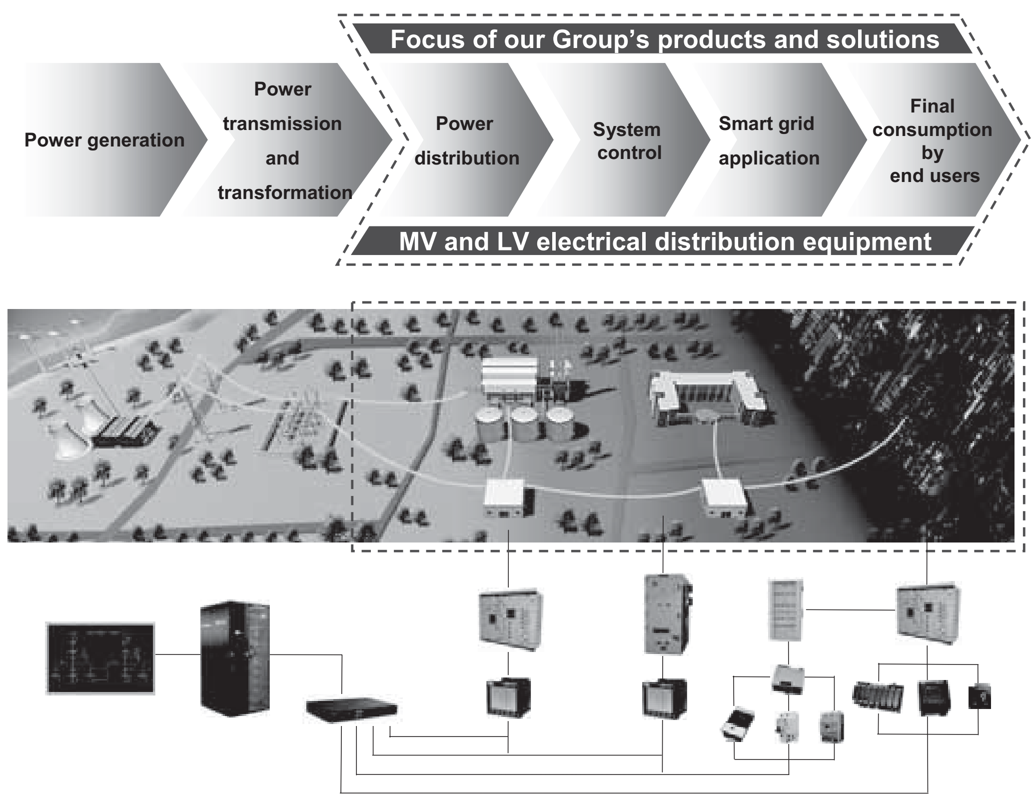
2. The Shares to be subscribed by each of Oceanbase and the investment or collective investment funds managed or advised by VP or its subsidiaries will form part of the International Offering.

3. The shareholding figures are calculated based on an Offer Price of HK$5.38 per Share, being the mid point of the proposed Offer Price range of HK$4.38 to HK$6.38 per Share.

OVERVIEW

We are a leading one-stop designer, manufacturer and seller of high-quality integrated electrical distribution systems and solutions in China with over 20 years of industry experience. According to the Roland Berger Report, we are the largest pure-domestic electrical distribution systems and solutions provider in the high-end segment of the electrical distribution equipment market by revenue in China in 2008. We offer bespoke electrical distribution systems, intelligent electrical distribution systems and energy saving systems, and are one of the few suppliers who are able to offer one-stop integrated electrical distribution systems and solutions in China. Our electrical distribution systems and solutions are used for distributing a suitable volume and voltage of power from the power connection to the premises and facilities of our customers in accordance with the specific needs of their business operations. Our electrical distribution systems and solutions are custom-designed and implemented according to our clients' specific needs, and are aimed at improving the safety, stability and efficiency of their electrical distribution systems.

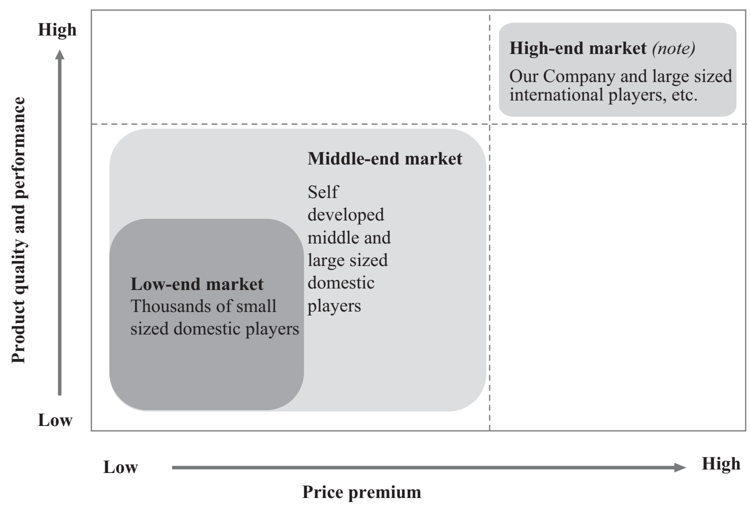
The value chain of power utilisation in the electricity system, as a whole, consists of power generation, power transmission and transformation, power distribution, system control, smart grid applications and final consumption by end-users. Our electrical distribution systems and solutions serve the MV and LV parts of the value chain which are applied in the stages of power distribution, system control, smart grid applications and final consumption by end-users in the electricity system. The diagram below sets out and illustrates various stages of an electricity system and shows which key products of our Group are used in the specific stage of the electricity system:



We compete in the high-end segment of the electrical distribution market and offer electrical distribution systems and solutions to leading players in a number of sectors, including infrastructure construction, telecommunications, water and waste water processing, cement and healthcare. According to the Roland Berger Report, the total revenue of the high-end electrical distribution equipment market in China was estimated to have reached RMB15 billion in 2008, accounting for 4.6% of China's total electrical distribution equipment market in the same year.

Within our target market, we were ranked 6th by revenue in 2008, with the top five players being international electrical distribution players or joint ventures set up by international players in China. As such, we were the largest pure-domestic player in the high-end segment of the electrical distribution equipment market in China in 2008. The diagram below illustrates our positioning in China's electrical distribution equipment market:

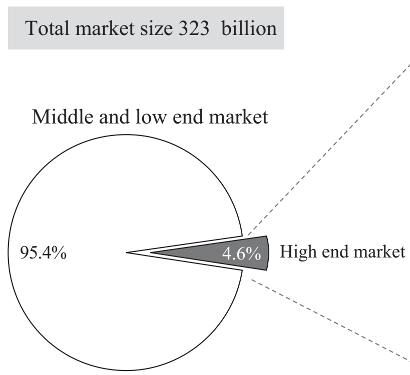
Our positioning in China's electrical distribution equipment market



Source: Roland Berger Report

Note: The high-end market is defined as the segment dominated by both leading global players and domestic players which are in long-term partnership with such global players and are allowed to use the brands of these international companies. From customers' point of view, the high-end market products are perceived to be of better quality, perform better and meet with reliability requirements according to the highest standard.

Ranking of high-end MV and LV switchgear assembly producers by revenue (2008)



	COMPANY	2008 REVENUE (million RMB)
1	ABB China (1) (2)	5,643
2	Siemens China (1) (2)	3,019
3	Shanghai GE Guangdian Co., Ltd (2)	1,121
4	Suzhou Areva Switchgear (2)	616
5	Changzhou Eaton-Senyuan (2)	444
6	The Group	406
7	Cooper Nature (Ningbo) Electric Ltd., Co	344

Notes:

(1) The total revenues of major operating companies engaged in LV and MV electrical distribution equipment.

(2) International electrical distribution players or joint ventures set up by international players in China.

Source: Roland Berger Report

Our Directors believe that our high-end market positioning enables us to secure price premium by serving customers who demand superior product quality and performance and who are less sensitive to price. We further believe that our positioning enables us to distinguish ourselves from most domestic players who aim at the low-end market and mainly compete by selling their products at a lower price.

Our business can be categorised into the following four segments:

- Electrical Distribution System Solutions ("**EDS Solutions**") (配電系統方案)
- Intelligent Electrical Distribution System Solutions ("**iEDS Solutions**") (智能配電系統方案)
- Energy Efficiency Solutions ("**EE Solutions**") (節能方案)
- Components and Spare Parts Business ("**Components and Spare Parts Business**") (元件及零件業務)

We secure our EDS Solutions and iEDS Solutions businesses in the following manner:

(i) Customers originated by us

– We enter into sales contracts with, and supply the electrical distribution systems manufactured by us directly to, the customers originated by us. Based on the requirements of the customers, we will recommend electrical distribution systems of appropriate specifications to the customers. Such electrical distribution systems will typically carry the "BOER", "Schneider" or "ABB" brand depending on the systems chosen. The electrical distribution systems solely designed and developed by our Group will carry the brand of "BOER", while the electrical distribution systems which use the structural layout of Schneider or ABB products as the basic platform and are further designed, augmented and manufactured by us as their authorised manufacturer will carry the brands of "Schneider" or "ABB" (as the case may be) together with the brand of "BOER" as manufacturer. For such systems, we would purchase certain key components from Schneider pursuant to the license agreements and annual supply agreements made between our Group and Schneider, or from ABB pursuant to the license agreements made between our Group and ABB, (as the case may be). Schneider and ABB are not a party to our contracts with our customers and are not involved in the manufacture of such systems.

(ii) Customers originated with Schneider

– Based on market information gathered by us or provided by Schneider, we will work in conjunction with Schneider to secure a contract with us being the principal party responsible for providing customers with the appropriate electrical distribution systems that meet their requirements. In those cases, Schneider will enter into sales contracts with the customers and be responsible for dealing with the customers, while we will enter into contracts with Schneider for designing, manufacturing and selling to Schneider the appropriate electrical distribution systems which Schneider will subsequently provide to their customers. The electrical distribution system typically carries the brand of "Schneider" together with the brand of "BOER" as the manufacturer.

The table below sets forth the breakdown of our revenue generated from our EDS Solutions and iEDS Solutions businesses with customers originated by us and with Schneider during the Track Record Period:

	Year ended 31 December			**Six months ended 30 June**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Customers originated by us	263,980	295,709	352,348	173,901	301,459
Customers originated with Schneider	45,176	52,622	67,605	9,232	87,102
	309,156	348,331	419,953	183,133	388,561

The table below sets forth the breakdown of our sales of EDS Solutions and iEDS Solutions carrying (i) the brand of "Schneider" together with the brand of "BOER" as manufacturer and (ii) the brand of "ABB" together with the brand of "BOER" as manufacturer, during the Track Record Period:

	Year ended 31 December			**Six months ended 30 June**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
EDS Solutions and iEDS Solutions carrying the brand of "Schneider" together with the brand of "BOER" as manufacturer	198,397	247,445	295,419	130,700	294,110
EDS Solutions and iEDS Solutions carrying the brand of "ABB" together with the brand of "BOER" as manufacturer	8,038	7,049	21,627	9,809	12,226
	206,435	254,494	317,046	140,509	306,336

Our business is predominantly project-based, and the products are custom-made to the specific needs of each individual customer. A typical project secured by us will take approximately four to six months to complete from tendering to project implementation. The table below sets forth an analysis of the project value of our Group by business segments during the Track Record Period:

Project Value *(RMB)*	**Year ended 31 December 2007**		**Year ended 31 December 2008**		**Year ended 31 December 2009**			**Six months ended 30 June 2009**			**Six months ended 30 June 2010**		
	EDS Solutions	**iEDS Solutions**	**EDS Solutions**	**iEDS Solutions**	**EDS Solutions**	**iEDS Solutions**	**EE Solutions** *(Note)*	**EDS Solutions**	**iEDS Solutions**	**EE Solutions**	**EDS Solutions**	**iEDS Solutions**	**EE Solutions**
10 million or above	10.07%	20.53%	4.01%	–	9.55%	43.12%	–	12.87%	24.86%	–	12.59%	42.35%	–
5 million or above but less than 10 million	22.01%	11.03%	10.04%	30.49%	25.04%	3.36%	–	23.87%	–	–	10.92%	37.97%	–
1 million or above but less than 5 million	48.51%	51.48%	64.45%	58.38%	44.36%	46.56%	–	42.12%	64.42%	–	51.50%	16.55%	–
Less than 1 million	19.41%	16.96%	21.50%	11.13%	21.05%	6.96%	100.00%	21.14%	10.72%	100.00%	24.99%	3.13%	100.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: We started offering EE Solutions to our customers in 2009.

We commenced our cooperation business relationship with Schneider and ABB in 1998 and 2006, respectively. Details of our cooperation and business relationship with Schneider are set out in the paragraphs headed "EDS Solutions", "Major Customers", "Major Suppliers" and "Our Cooperation Relationship with Schneider" of this section.

EDS Solutions

Our products and services

Our EDS Solutions business is operated through Boer Wuxi. EDS Solutions are used in power connection between the power mains and the facilities of our customers. The main purpose of an electrical distribution system is to distribute power to the end users' facilities at suitable voltage and with suitable volume according to the users' specific purposes and functions. As an integrated EDS Solutions provider, we provide design and hardware systems integration services for mainly medium and low voltage switchboards used in electrical distribution. In providing our EDS Solutions, we attach great importance to understanding the specific needs of our customers in each project. Based on our extensive project experience and electrical distribution system production capability, we believe that we can provide our customers with suitable and custom-made hardware products and solutions for their electrical distribution systems. Our EDS Solutions have been adopted in many large-scale telecommunication, infrastructure construction, healthcare and industrial projects in China. The following sets out a number of key products used in our EDS Solutions in which we offer design, manufacture, installation and after-sales maintenance services:

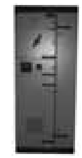
Key products:

LV Switchboards:

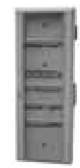
- Low voltage switchgear assemblies (低壓配電成套設備)

Key products (continued):

- Low voltage power factor correction assemblies (低壓無功功率補償裝置)



- Power distribution board (動力配電櫃)



- Final distribution box (終端配電箱)

- Isolated switch box (隔離箱)

MV Switchboards:

- Medium voltage switchgear assemblies (中壓開關成套設備)

- Medium voltage ring unit switchgear assemblies (中壓環網設備)

- Medium voltage power factor correction assemblies (中壓電容補償成套裝置)

Our development

We commenced our EDS Solutions business in 1990. The major products and services of our EDS Solutions are design and manufacture of switchboards for low and medium voltage and other electrical distribution equipment in accordance with our customers' needs and requirements. As a non-standard solution product, switchboard requires high level of customisation and therefore our Company has acted not only as a hardware integrator, but also a solutions provider since the early stage of our business development. We have been authorised by Schneider pursuant to five license agreements made between Schneider and us to manufacture MV and LV electrical distribution systems under the brand of "Schneider" together with the brand of "BOER" as manufacturer since 1998 and 2001, respectively, ("**Schneider Authorisation Arrangements**") and we have established a long-term and close cooperation and business relationship with them. Under the Schneider Authorisation Arrangements, our Group is authorised to manufacture, assemble, sell, maintain and repair electrical distribution systems under five different structural layouts of Schneider. Except in two of the five license agreements, we are not required to pay a license fee to Schneider under the terms of the license agreements. However, pursuant to the license agreements, we are, in most cases, required to purchase from Schneider a minimum amount or number of certain components which have to be used in such electrical distribution systems. If we fail to meet such minimum purchase amounts or numbers, Schneider shall have the right to withdraw the licenses from us. During the Track Record Period, our purchases from Schneider had consistently exceeded the minimum purchase amounts or numbers as required under the license agreements. The terms of those license agreements usually range from two to four years. Renewal of the license agreements is, in most cases, subject to our payment of a fixed renewal fee to Schneider.

We have been appointed by another major international leader in the electrical distribution equipment industry, ABB, as an authorised manufacturer of MV and LV electrical distribution systems under its brand pursuant to two license agreements made between ABB and us since 2006. Under the license agreements with ABB, we are authorised to manufacture and sell electrical distribution systems under two structural layouts of ABB. Our Group is required to pay fixed license fees and certain royalties based on the number of products manufactured pursuant to the license agreements. Pursuant to the license agreements, we are required to purchase components from suppliers approved by ABB or in other cases to purchase from ABB minimum amounts or numbers of certain components, which have to be used in such electrical distribution systems, failing which our Group may not be able to renew the licenses with ABB. During the Track Record Period, our purchases from ABB had consistently exceeded the minimum purchase amounts or numbers as required under the license agreements. The terms of those license agreements range from one to two years.

Although we have been authorised by Schneider and ABB to manufacture under their brands, we are not an OEM of either Schneider or ABB as we are a designer, manufacturer, solutions provider and seller of electrical distribution systems that are principally responsible for or has a significant part in the design of the electrical distribution systems manufactured by us. As an authorised manufacturer, we are free to sell the MV and LV electrical distribution systems that carry the brand of "Schneider" or "ABB" (as the case may be) together with the brand of "BOER" as manufacturer to the customers originated by us pursuant to the contracts directly made between our Group and such customers.

As a result of our cooperation with such globally renowned manufacturers, we were able to enter into the high-end electrical distribution equipment market and establish our own business relationships with the top-tier customers in various industry sectors. After over 20 years of development and the experience of cooperating with international market leaders, we have gained extensive experience in providing EDS Solutions in a large number of notable projects, and we believe we have built up a strong and competitive position in the MV and LV electrical distribution system market in China. The need for our EDS Solutions is not only limited to local projects, we have been retained to supply EDS Solutions to oversea projects. For example, we have recently entered into a contract with contract value of over RMB10 million with Harbin Power Engineering Company Limited to supply electrical distribution systems to the Bin Qasim Combined Cycle Power Station Project in Pakistan.

The table below sets forth some of our notable EDS Solutions projects during the Track Record Period:

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Infrastructure Construction				
Phase II, 2 x 600MW Power Plant of Datang Hancheng No. 2 Power Generation Co., Ltd. (大唐韓城第二發電有限責任公司二期工程2*600MW空冷機組)	5 July 2007	3 April 2008	5,040,000	Supplying LV electrical distribution systems to motor control centre for main electrical substation
Qingdao Railway Station Project for China Railway No. 10 Group (中鐵十局集團青島客站改造工程)	20 October 2007	11 March 2008	3,502,000	Supplying LV electrical distribution systems for Qingdao Railway Station
Passenger transport center building of Shanghai International Port Co., Ltd. (上海港國際客運中心港務大樓)	22 April 2008	6 November 2008	3,070,000	Supplying LV electrical distribution systems
Shanghai Bailonggang project (上海白龍港)	22 April 2009	18 August 2009	4,920,000	Supplying high voltage and LV electrical distribution systems for the sludge treatment of Shanghai Bailonggang project

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Six station houses of Fuxia Railway (福廈線六站房)	16 September 2009	9 February 2010	5,676,071	Supplying LV electrical distribution systems for six stations of Fuxia Railway
China Railway Group Limited (中國中鐵股份有限公司)	16 March 2010	28 June 2010	12,460,000	Supplying electrical distribution system used in tunnel drilling machines of China Railway Group Limited
Telecommunications				
Anhui Co., Ltd. of China Mobile Communication Group (中國移動通信集團安徽有限公司)	10 September 2008	30 December 2008	7,800,000	Supplying LV electrical distribution systems for Weiwu Road No. 1 building, Huangshan Road No. 2 building, Weiwu Road No. 1860 building
Steel and Metal				
135KA electrobath energy saving project for Baotou Aluminium (Group) Co., Ltd. (包頭鋁業股份有限公司135KA電解槽系列環境質量及置換產能技術改造工程)	5 May 2008	17 September 2008	2,361,546	Supplying MV electrical distribution systems
No. 3 Cold Roll Plant of Wuhan Iron and Steel (Group) Co. (武鋼三冷軋工程酸軋機組)	25 September 2008	13 July 2009	4,368,000	Supplying LV electrical distribution systems to main substation

iEDS Solutions

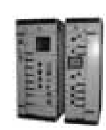
Our products and services

In addition to the provision of electrical distribution systems without automation features through our EDS Solutions, we also offer iEDS Solutions which provide certain automatic functions to our electrical distribution systems. Our iEDS Solutions business is operated through Boer Wuxi and Boer Yixing. The operation model of our iEDS Solutions is similar to that of the EDS Solutions, both of which include the provision of design of custom-made electrical distribution systems. The iEDS Solutions however are more advanced and are equipped with devices for automatic data collection and analysis, remote control and automatic fault detection to enable our customers to undertake off-site operation, control and supervision of their electrical distribution systems. Our customers that use our iEDS Solutions are also provided with data and information on the operation and performance of their electrical distribution systems, which enable them to better understand existing problems in their systems and predict potential future problems, and which in turn facilitate them to manage and utilise their systems and facilities in a more efficient manner. These functions are important to industries which require a comparatively safer, more stable and more reliable power system, for example, telecommunications companies, financial institutions, medical institutions and large supermarket chains.

As an all-round iEDS Solutions provider, we offer design, manufacture, installation and after-sales maintenance of the following products which perform the automatic features of our iEDS Solutions and which possess the relevant functions and capabilities to integrate into smart grids when implemented in China:

Key products:

- Intelligent power distribution switchgear assemblies (智能配電設備)



- Power monitoring system (配電自動化監控系統)

Currently, our Group's products which possess the relevant functions and capabilities to integrate into smart grids when implemented in China are provided under our iEDS Solutions.

Our development

Electricity automation systems serve two major groups of customers: electricity system related customers and non-electricity system related customers. Automation devices and software systems that are used in power plants and substations for electricity dispatch are considered electricity system related, while those for the protection and control of residential consumption of electricity and for application in a wide range of industries including manufacturing, construction and data process-based telecommunications and financial services fall into the non-electricity system related category. Our current addressable market is defined as non-electricity system related distribution automation, where suppliers provide an integrated product set including both measuring devices and back-end software systems to apply on private dispatch equipment or at industrial customers' manufacturing plant sites. Demand for non-electricity system related automation varies significantly across different industries and end-customers, which gives rise to high levels of customisation, diversity and complexity of market demand.

In view of the increasing demand of electricity end users in various industries for higher standard of safety and stability in electrical distribution, we developed and launched our iEDS Solutions in 2003 in order to meet our customers' need for a higher automation level of their existing electrical distribution equipment and an intelligent system that allows effective collection of data and systematic analysis of electricity use and performance. For our future development, we will endeavour to strengthen our competitiveness in our focused industry sectors through improving our products and solutions in accordance with the specific needs and requirements of such industry sectors. Moreover, we will enhance our iEDS Solutions with functions and capabilities that enable our customers to upgrade their electrical distribution systems when required. With our ability to cater to the need of different customers, we are not only engaged to supply iEDS Solutions to local but also oversea projects. For example, we have recently entered into a contract with a contract price of approximately RMB30 million with SEPCO III Electric Power Construction Corporation to provide iEDS Solutions to facilitate the construction of an electrical substation in Rabigh in Saudi Arabia. For details of our focused industry sectors and our strategy in connection with the implementation of smart grids in China, please refer to the paragraphs headed " Sales and Marketing – Focused industry sectors for our sales and marketing" and "Our Strategies – Enhancing our iEDS Solutions to prepare for the implementation of smart grids" in this section of the prospectus.

The table below sets forth some of our notable iEDS Solutions projects during the Track Record Period:

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Infrastructure Construction				
Ningbo Port Beilun Second Terminal Co., Ltd. electrical substation modification project (寧波港北輪第二港埠分公司變電站項目)	23 December 2008	22 August 2009	1,713,547	Modifying electrical substation and providing intelligent MV electrical distribution systems
Dayawan Conventional Island intelligent LV electrical distribution systems upgrading and modification project (大亞灣常規島低壓配電盤升級改造項目)	28 August 2008	31 July 2010	4,496,631	Modifying the smart grid electrical distribution system for Dayawan Nuclear Power Station

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Telecommunications				
Zhoushan Xincheng telecommunication building project of China Mobile (舟山新城移動通信大樓工程)	31 May 2008	27 January 2009	4,106,544	Providing intelligent MV and LV electrical distribution systems
Cement				
Vietnam Dien Bien Cement Project (越南奠邊水泥項目)	13 December 2007	6 July 2008	3,900,000	Providing intelligent MV and LV electrical distribution systems
Steel and Metal				
Brazil GERDAU ACOMINAS 63K t/a project (巴西焦化項目)	17 July 2006	10 January 2007	13,100,000	Providing intelligent low voltage power distribution panel and PLC
Others				
China Petro CPECC ALGERIA Project (中石油阿爾及利亞項目)	17 May 2007	21 December 2007	11,014,369	Providing MV and LV Sepeam protection relay and all MV spare parts

EE Solutions

Our services

We leverage on our expertise and experience in our EDS Solutions and iEDS Solutions to develop our EE Solutions. Based on the data and information collected by and provided to our customers using our iEDS Solutions, we are able to analyse the performance of our customers' electrical distribution systems and hence offer solutions, proposals and measures to our customers on how the safety, stability and efficiency of their systems can be upgraded, repaired or improved, with the aim of ultimately saving energy and enhancing the energy efficiency in their operations. Therefore, our EE Solutions refer to the provision of services rather than the offering of products. Our services for EE Solutions include managing equipment maintenance for our customers and offering them a range of other value-added services. Our major tasks include site diagnostics, installation monitoring, on-site and remote maintenance, energy efficiency improvement advice, training and technical support. We offer EE Solutions through our wholly-owned subsidiary, Boer Services Co. On average, the technical staff of Boer Services Co has approximately nine years of experience in the electrical distribution industry. Our EE Solutions are a newly developed business segment and our target customers are electricity end-users in various industry sectors, in particular, our existing customers using our electrical distribution systems and equipment. We believe we can leverage on our experience, expertise and customers gained from our EDS Solutions and iEDS Solutions business segments to promote our EE Solutions, and offer our recommendations and measures to customers to potentially generate additional business opportunities to market our products and services. Our EE Solutions have been adopted by China Mobile, a telecommunications company and by a leading international retailer in China.

Our development

We believe that energy saving, automation and intelligentisation will be the major technical and product trend for electrical distribution equipment market. Driven by the efforts of various countries over the world to combat climate change, improve energy efficiency and reduce energy consumption, we believe that this global trend will spur the sale of our iEDS Solutions and will promote the growth of our EE Solutions. In addition, as a result of the increasing global concern over environmental protection and the rising cost of raw materials and power, electricity end users have become more incentivised to adopt measures to reduce power consumption by implementing automatic electrical distribution systems. International players, including Schneider, have explored and recognised the importance of this niche market, which has resulted in contribution to their revenue. Schneider has been promoting its energy efficiency services since 2005 and according to the Roland Berger Report, its service revenue reached approximately 10% of its total revenue in 2009.

In view of this market trend, we began developing our EE Solutions in 2007, based on our experience and expertise in iEDS Solutions, and started marketing them to our customers in 2009. Equipped with our established research and development capability in automation software design and development as well as our range of product offerings covering both distribution equipment and automation systems, we believe that we are well-positioned as a service provider to satisfy customers' needs. Our Directors believe that although our EE Solutions business is currently only at a nascent stage and amounted to only 0.2% of our total revenue in 2009, the share is likely to be enhanced in the coming years given our unique competitive strength as an EDS Solutions and iEDS Solutions provider. Our current EE Solutions projects are small in absolute contract value when compared to the contract value of EDS Solutions or iEDS Solutions projects. However, our Directors believe the market for potential EE Solutions projects is large and will provide us with the benefits of economies of scale and strong recurring cashflows if sufficient projects are secured.

Currently, we are also working as an informal partner of Schneider for its projects with a leading international retailer in China which Schneider has secured a contract with to provide different electrical distributions systems services for over 90 shops of that international retailer located all over China. Schneider has sourced EE Solutions services from us on a case-by-case basis for its projects with that international retailer and since the beginning of 2009 and up to the Latest Practicable Date, we have provided our EE Solutions to about 60 shops of that international retailer. Although we provided EDS Solutions and EE Solutions services in each of such projects for that international retailer, we invoiced Schneider in one lump sum for all our products and services provided without separating the contract values for our EDS Solutions and EE Solutions as the revenue for our EDS Solutions in such projects accounted for most of the contract values. Consequently, we have booked all our revenue for projects with that international retailer in China in 2009 as part of our revenue for EDS Solutions during that year. We expect that if we continue our cooperation with Schneider in the remaining projects with that international retailer, they will bring a revenue of not less than RMB5 million to us in 2010. We have separated the revenue for our EDS Solutions and EE Solutions in the projects with that international retailer since 2010.

As at the Latest Practicable Date, we are in the process of finalising and execution of a number of EE Solutions contracts for customers, such as China Mobile. We have been engaged by McDonald's (China) Co., Ltd. ("**McDonald's**") to carry out a pilot program to improve the energy efficiency and reduce energy cost of several McDonald's outlets in Shanghai. Under the pilot program, we have provided custom-made energy-saving management system, employing real-time on-line monitoring techniques to monitor and manage electricity load in response to the customer's specific requirements of each outlet. Upon the completion of the pilot program and upon meeting the requirements of McDonald's, McDonald's intends to extend the pilot program to all McDonald's outlets in Shanghai and as at the Latest Practicable Date, we are still negotiating with McDonald's for the agreement relating to such project.

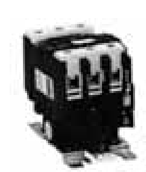
Components and Spare Parts Business

In addition to providing electrical distribution systems, such as switchboards, and automation and energy efficient solutions to our customers under our EDS Solutions, iEDS Solutions and EE Solutions, we have also manufactured certain components and spare parts used in electrical distribution equipment and sold them separately to our customers since 2002. This business is not a core segment of our existing business as we consider that the mere manufacture and sale of components and spare parts will not allow us to fully leverage our advantages and value as an integrated electrical distribution systems solutions provider capable of offering value-adding design and solutions services to our customers. However, should the components and spare parts manufactured by us become more technologically advanced and become more widely accepted by the customers, the use of such components and spare parts in the manufacture of our electrical distribution systems may increase and drive the further expansion and enhancement of our component production capabilities, and contribute to the future growth and revenue from this business segment in the future. Currently, we operate our Components and Spare Parts Business through Boer Yixing and Yixing Boai.

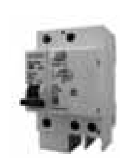
The following are the key components and spare parts which we manufacture and sell to our customers:

Key products:

- Contactor (交流接觸器)



- Mini circuit breaker (小型斷路器)



- Power supply auto transfer system (雙電源自動轉換裝置)

- Medium voltage breaker (中壓斷路器)

- Digital current meter (單、三相電流、電壓表)

- Multi circuit monitoring unit
  (多回路數據採集器)

Key products (continued):

- Power monitoring meter (綜合電力測控儀)

- Intelligent motor protection relay
  (智能電機保護裝置)

- Electrical networks multi-functional protection relay
  (微機保護裝置)

Track Record Period

For the year ended 31 December 2009, approximately 52.8%, 32.8%, 0.2% and 14.2% of our revenue and 51.6%, 32.6%, 0.4% and 15.4% of our gross profit were derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business, respectively. For the six months ended 30 June 2010, approximately 42.9%, 46.9%, 0.3% and 9.9% of our revenue and 42.3%, 47.6%, 0.5% and 9.6% of our gross profit were derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business, repectively.

The following table sets forth the revenue, gross profit and gross profit margin for each of our business segments for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 respectively:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
EDS Solutions	254,691	277,809	258,936	116,003	185,671
iEDS Solutions	54,465	70,522	161,017	67,130	202,890
EE Solutions	—	—	915 *(Note)*	288	1,249
Components and Spare Parts Business	48,118	57,183	69,848	30,497	42,706
Total	357,274	405,514	490,716	213,918	432,516
Gross Profit					
EDS Solutions	50,191	77,198	80,520	32,102	65,273
iEDS Solutions	16,830	26,667	50,940	22,338	73,618
EE Solutions	—	—	620 *(Note)*	169	801
Components and Spare Parts Business	12,319	19,248	24,049	11,505	14,825
Total	79,340	123,113	156,129	66,114	154,517
Gross Profit Margin					
EDS Solutions	19.7%	27.8%	31.1%	27.7%	35.2%
iEDS Solutions	30.9%	37.8%	31.6%	33.3%	36.3%
EE Solutions	—	—	67.8% *(Note)*	58.7%	64.1%
Components and Spare Parts Business	25.6%	33.7%	34.4%	37.7%	34.7%
Overall gross profit margin	22.2%	30.4%	31.8%	30.9%	35.7%

As reflected in the financial figures of our Group during the Track Record Period, we experienced a substantial increase in the revenue of our iEDS Solutions business in 2009 and a commencement of our EE Solutions business in 2009. For the six months ended 30 June 2010, our iEDS Solutions business has contributed 46.9% to our total revenue. We believe that these changes were consistent with our development plan and reflected our successful efforts in developing our iEDS Solutions and EE Solutions in order to meet customers' needs for higher automation level of electrical distribution equipment and intelligent system for effective management of electricity use data and performance. The expansion of our iEDS Solutions business is mainly attributable to the increasing demand of our customers from various industries for electrical automation solutions.

The aggregate value of projects of our EDS Solutions and iEDS Solutions in our backlog as of 31 August 2010 amounted to RMB62.0 million and RMB168.8 million, respectively. We expect that the majority of the backlog projects will be completed by December 2010.

Note: Our revenue, gross profit and gross profit margin for EE Solutions in the year ended 31 December 2009 set out in the above table do not include our EE Solutions provided for projects with a leading international retailer in China during that year as we have booked all such revenue as derived from the provision of our EDS Solutions. As revenue generated from EDS Solutions accounted for most of our revenue from these projects, we had invoiced our customer in one lump sum for all our products and services provided during that year.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths enable us to compete effectively:

The largest pure-domestic company in the high-end segment, with significant advantages over domestic and foreign players

China's economic boom has driven rapid growth in fixed assets investment in various industry sectors, including infrastructure construction, telecommunications, water and waste water processing, cement and healthcare which are the major target markets of our electrical distribution systems and solutions, in China since 2004. Such growth in fixed assets investment has also given rise to a huge demand for electrical distribution equipment in those industry sectors. Further details of the growth in fixed assets investment in those industry sectors are set out in the section headed "Industry Overview – Fixed Assets Investment and its Impact" of this prospectus.

As the largest pure-domestic provider of electrical distribution systems and solutions in the high-end segment by revenue in China in 2008, we are well positioned to take advantage of the fast growth in each of our focused industry sectors and have the following competitive advantages according to the Roland Berger Report:

(i) Over domestic players

- We have built our reputation as a supplier of high-end electrical distribution systems and solutions and distinguished ourselves from the majority of cost-driven domestic producers in the low-end MV and LV electrical distribution system market.

- We have demonstrated stronger sales capabilities, stronger customer recognition and better service quality, which is evidenced by our ability to establish direct customer relationships with premium customers, such as China Mobile, Sinoma and CNBM, as their independent qualified domestic supplier.

- We are positioned in the high-end market with higher product quality and are able to charge premium price. We were ranked as the top pure-domestic electrical distribution systems and solutions provider in the high-end market in China, with the highest profit margin compared with other listed comparable domestic players in China in 2008.

- Leveraging on our experience in cooperating with global players, we have developed a more customer-oriented attitude and we fully appreciate the importance of after-sales services. We believe that these attributes have been identified as the key success factors in the global markets but are seriously lacking among the majority of the domestic manufacturers.

(ii) Over foreign players

- At the premium market level, we gain customer satisfaction by offering more competitive prices compared with global players, including ABB and Siemens, for products of comparable quality standard.

- We have the clear advantage of being able to offer competitive product price due to our lower manufacturing costs, both in terms of operating costs and labour costs, and being closer to the market.

- We have also been acknowledged in the industry for our superior service attitude, both in terms of quick response to customer's demands and willingness to offer solutions with a high level of customisation tailoring to individual customer's needs.

- We have a better understanding of the local product trends and the needs of domestic customers, and are therefore able to adapt promptly to the local market and provide more customised electrical distribution systems and solutions for our customers.

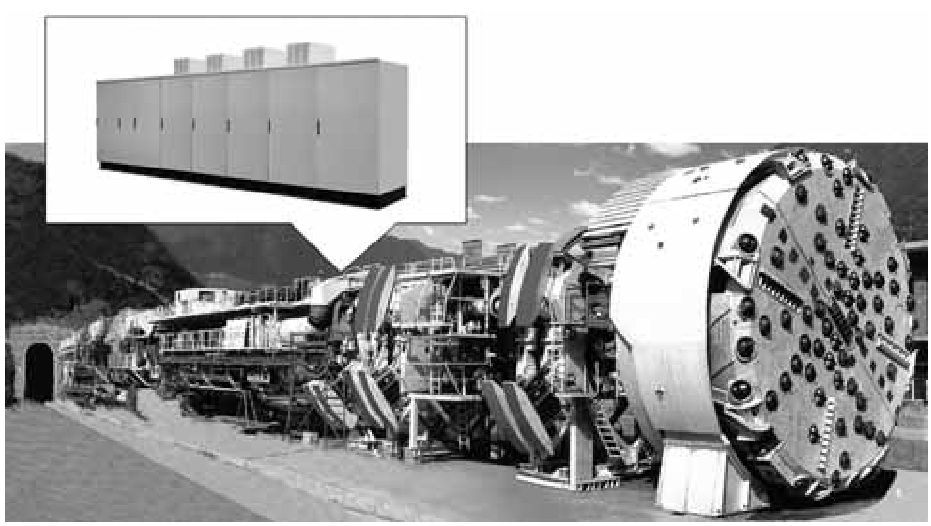
- We are more familiar with the operating and regulatory environment in China.

- The Chinese government tends to encourage the development of domestic enterprises, especially in industries which are sensitive in nature or in which certain restrictions are imposed on the investment by foreign investors.

Advanced technology capabilities and continuous effort in research and development

Our research and development team, managed by Mr. Zha Saibin, had 81 employees as at the Latest Practicable Date. Mr. Zha received a bachelor's degree in Electrical Engineering from Hefei University of Technology in China in 1990 and has worked in relation to the development of new products and quality control in the electrical distribution equipment industry for about 20 years. He joined us in 2000 and is currently the head of our research and development department and also an executive Director. Our Group now holds 15 registered patents and has submitted application for registration of eight patents in China. All these registered patents and the patent in application were invented and developed by our own research and development team. We have widely used and implemented all our registered patents in our business.

Our established research and development team enables us to develop new products efficiently to meet our customers' specific needs in various industries and projects. For example, we were able to develop the electrical distribution systems for use in tunnel drilling machines within three months for a project with China Railway Group Limited (shown in the picture below).



To further enhance our research and development capability, we plan to establish a hi-tech research and development centre in China in the next three years. Further details relating to our plan for the new research and development centre are set out in the paragraph headed "Furthering our research and development capability" in the "Business" section of this prospectus.

Moreover, we are authorised by two international leading and renowned electrical distribution systems and solutions providers, Schneider and ABB, to manufacture and provide our customers with MV and LV electrical distribution systems manufactured by us that carry the brands of "Schneider" or "ABB" (as the case may be) together with the brand of "BOER" as manufacturer. Under such authorisation arrangements, we have received extensive technical support from both Schneider and ABB to improve the management and quality control of our manufacturing process which has further enhanced the technology capabilities of our production. Further details about our cooperation relationship with Schneider are set out in the paragraph headed "Our Cooperation Relationship with Schneider" in this section of the prospectus.

In addition to our own research capability, we have established a long-term research relationship with Jiangnan University in Wuxi, through which we have jointly developed a number of new products and technology. We entered into a cooperation agreement with Dongnan University in Nanjing in January 2010, through which we have set up a joint research centre for development of intelligent electrical distribution equipment and energy efficient equipment. Under such research programmes, some of the intellectual property rights of the jointly developed products and technology belong to us while some are licensed to us and have been applied in our operations. Further details of our research cooperation with Jiangnan University and Dongnan University are set out in the paragraph headed "Business – Research and Development" of this prospectus.

Broad and high quality customer base to develop long-term relationships

While we serve a large variety of customers, we are selective in identifying infrastructure construction, telecommunications, water and waste water processing, cement and healthcare as the focused industry sectors of our business development. We have targeted the aforementioned industries because of their stricter demand for safe, stable and efficient power supply and electrical distribution systems. By focusing on those industries, we have developed expertise in satisfying specific customer needs and have secured a stable sales network and customer relationship, from which we have attained an unparallel advantage to offset market volatility and unpredictable changes in governmental policies. Although we have not entered into any long-term agreement with our customers, we managed to secure contracts for projects of many of our premium domestic and foreign customers in our focused industry sectors, including the following:

Foreign customers	Industry	Products/services provided
McDonald's	Food and beverage	• Supply of electrical distribution systems to some of the McDonald's outlets in the PRC
Veolia OTV	Water and waste water treatment	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at water treatment projects in China to monitor and regulate power usage for the purpose of improving energy usage efficiency
Degremont	Water and waste water treatment	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at water treatment projects in China to monitor and regulate power usage for the purpose of improving energy usage efficiency

Foreign customers	Industry	Products/services provided
Lafarge	Cement	• Tailored-made intelligent electrical distribution systems for its global invested cement projects
A leading international retailer	Consumer	• Installed electrical distribution systems in about 30 stores of a leading international retailer in China to improve electrical usage safety, reliability and reduce energy cost • Cooperation with Schneider on its projects with this leading international retailer. Schneider secured contracts from this leading international retailer to provide different electrical distribution services to over 90 stores in China

Domestic customers	Industry	Products/services provided
China Mobile	Telecommunications	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at base stations and mobile transmission towers in Jiangsu, Zhejiang, Anhui, Beijing, Hunan, Hebei and Shandong to improve safety and reliability of those systems • Provision of ongoing maintenance and upgrade services in Zhejiang
China Railway No. 10 Group	Infrastructure construction	• Supply of low voltage switchboards installed at Qingdao Railway Stations

Domestic customers		Industry	Products/services provided
	Baosteel	Steel	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at production facilities to monitor and regulate power usage
	Sinoma	Cement	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at multiple overseas EPC cement projects to monitor and regulate power usage
	Ningbo Port	Infrastructure construction	• Supply of iEDS Solutions to monitor and regulate power usage

We believe our ability to establish long-term and recurring business relationships with our premium customers, such as China Mobile and Sinoma, has provided a key growth momentum of our Group and contributed to the consistent rise in our revenue in the past three years, and we are convinced that this strategy will continue to contribute positively to our future financial performance.

One-stop integrated solutions capability

Other than the leading global players, such as ABB and Siemens, we believe we are among the very few domestic companies in China that both manufacture electrical distribution equipment and provide automation products with self-developed automation control systems.

Unlike a number of our China listed competitors that only focus on selective parts of the market and solely provide hardware products for electrical distribution systems, we offer integrated solutions to our customers with regard to their electrical distribution systems.

We also have the following competitive advantages[1]:

(i) compared with automation hardware producers, we possess more advanced research and development capability and are highly capable in automation software system design and development. Our self-developed PMW-series of intelligent electric meters and monitoring instruments have been successfully applied in the electric energy management systems in various industry sectors;

(ii) compared with automation system integrators that specialise in software development, our winning position lies in our comprehensive product offering in switchboard equipment by integrating automation systems into our own devices and thus providing solution-based distribution products catering to customised demand in different industrial application areas; and

[1] *Roland Berger Report*

(iii) from the customer development perspective, we can leverage on the resources of existing customers of switchboard equipment to identify advanced demand for automation solutions. Excellent customer networks and market reputation for high-quality products have been a great enabler for us to quickly develop our electrical distribution automation business.

The integrated products and solutions services offered by us range from product design, manufacture, installation and testing to after-sales services, repair and maintenance. With a comprehensive range of products and services, our customers can solely engage and rely on us as a one-stop provider of equipment and systems custom-made for their specific needs, to collate professional data, information analysis and advice on the performance of their electrical distribution systems which enable them to manage their power systems efficiently and effectively.

Nationwide and highly efficient sales network

We have two representative offices, located in Beijing and Nanjing, responsible for the sales and marketing of our products and services in northern and southern China, respectively. Under the management of the two representative offices, we have set up points of sales in 27 cities all over China and have our sales representatives stationed in each of these cities. We are also planning to expand our market coverage to the central and western regions of China. As at the Latest Practicable Date, we have 61 employees in our sales team covering southern China and 43 employees in our sales team for northern China. In addition, we have also established one team to market our EE Solutions business, two teams to market our components and spare parts, and one team to market our products to China Mobile. China Mobile was one of our top five customers during the Track Record Period and contributed 2.9%, 4.6%, 8.9%, 11.2% and 8.8% of our total sales for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively. Both Mr. Zhang Jiaqing, supervisor of our sales and marketing offices in southern China, and Ms. Zhang Jianqi, supervisor of our sales and marketing offices in northern China, have over 15 years of experience in sales and marketing and had previously worked for Schneider in related field for over five years. Our sales representatives are employed from various regions of China and possess extensive experience in sales of electrical distribution systems and solid client connection. Some of them had worked at international manufacturers, such as Schneider, ABB, General Electric and Moeller. Moreover, our sales strategy which places strong emphasis on our EE Solutions and after-sales maintenance services enables us to gain traction and develop ongoing business relationship with our existing customers, and as a result, build a brand loyalty among our customers and further enhance our sales capability. We believe our extensive geographic sales coverage, our successful sales strategy and our experienced team of marketing personnel, with the requisite industry and marketing knowledge and expertise, are instrumental to the success of our business.

Experienced management team with extensive knowledge of the electrical distribution equipment industry

We have a strong management team that possesses extensive management skill, operating experience and industry knowledge and expertise. Mr. Qian Yixiang, the chairman of our Board and the chief executive officer of our Company, has over 15 years of experience in the electrical distribution equipment industry and is responsible for the overall management and strategic development of our Group. Ms. Jia Lingxia, an executive Director and the chief operating officer of our Company, who also has over 15 years of experience in the electrical distribution equipment industry, is responsible for the overall management of the daily operations of our Group. Other than Mr. Qian and Ms. Jia, we have a team of senior management with extensive experience in electrical distribution industry to assist our Board in the daily management of our business. Under the strong leadership of Mr. Qian and Ms. Jia, the management team has led our Group to become a leading one-stop designer, manufacturer and seller of high-quality integrated electrical distribution systems and solutions in China with over 20 years of industry experience.

OUR STRATEGIES

We seek to enhance shareholder value by expanding and enhancing our current position in China's electrical distribution systems and system solutions market, and strengthening our competitiveness through expanding our EE Solutions business segment. The strategies that we have adopted to attain this goal principally include the following:

Enhancing our iEDS Solutions to prepare for the implementation of smart grids

China has embarked on a 10-year project in 2009 to build a "strong smart grid" by modernising power transmission, securing electricity supplies and boosting energy conservation. Smart grids deliver electricity from suppliers to consumers using digital technology, such as two-way communications, advanced sensors and specialised computers that save energy, reduce costs and increase reliability. The establishment of the smart grids with the relevant digital network will enable utilities, consumers and alternative sources of renewable energy to instantaneously communicate with one another and direct electricity to where it is needed most. Smart grids will also be capable of handling alternative energy sources, such as wind and solar power, more effectively. China's smart grids will be built based on the existing grid, including ultra-high voltage power transmission lines.

In order to allow our customers the opportunity to take part in the initiative, we intend to enhance our iEDS Solutions with functions and capabilities that enable our customers to upgrade their electrical distribution systems when required, and be connected to the smart grids when it is implemented. We will enhance and develop our iEDS Solution, including smart grid products, for such purposes through our own research and development team. Our Directors expect smart grids to be a boon to companies that supply equipment and technology to the power industry.

Enhancing development of our EE Solutions business

We believe our EE Solutions business will be one of the main focus of our business development and Boer Services Co, our subsidiary which operates our EE Solutions business segment, will become one of the substantial contributors to our future profit growth. We also believe that our development plan is consistent with the global trend and the national policy of China to encourage energy saving and environmental protection. In 2006, the State Council and the relevant authorities of China enacted certain guidelines and plans to formulate an examination mechanism for evaluating the energy consumption of all provincial governments and thousands of major high energy-consuming enterprises in accordance with the standards and objectives set out by those relevant authorities. The provincial government or enterprise, which cannot fulfill such standards and objectives, will be subject to sanction. We believe that this policy will provide a strong incentive to the local government and companies in various industry sectors to improve the energy efficiency in their operations and hence further facilitate the expansion of the electrical distribution systems market and the potential development of our EE Solutions business.

With us as an informal partner, Schneider has sourced EE Solutions services from us on a case-by-case basis for its projects with a leading international retailer in China (the "**International Retailer Contract**"). Based on the understanding of our Directors, the International Retailer Contract requires Schneider to provide a range of different electrical distribution systems services for over 90 shops of that international retailer located all over China. Before providing any services to those shops, we will negotiate with Schneider and that international retailer about the scope of our services and our fees based on the technical requirements of that shop. Once an agreement is reached by all parties, we will enter into contract with Schneider and will invoice Schneider for the services provided. Since the beginning of 2009 and up to the Latest Practicable Date, we have provided our EE Solutions to about 60 shops of that international retailer.

At present, our Group is actively negotiating with other large enterprises to provide our EE Solutions to them. Our EE Solutions have particular appeal to those customers which have high electricity consumption, for example, organisations and companies with a large number of branches and stores, such as banks, telecommunications companies, water and waste water processing plants, supermarkets and department stores.

To further strengthen our capability in this business segment, we plan to purchase more advanced equipment and software which will enable us to collate a wider scope of performance data of our customers' electrical distribution systems on an ongoing basis, thus enabling us to further improve our capabilities in providing more efficient EE Solutions to our customers. In the meantime, we will also further increase manpower in Boer Services Co and provide more training to its staff.

Furthering our research and development capability

To strengthen our market position, we will continue to increase investment in our research and development team so as to improve our capability to develop new technologies for our iEDS Solutions and EE Solutions. In light of increasing environmental concerns and move towards improving efficiency in the use of electricity, we believe the global demand for efficient electrical distribution systems will continue to rise in the future. To capitalise on this, we plan to establish a high-tech research and development centre of approximately 30,000 square meters in China within the next three years, which will be equipped with advanced machineries and facilities for prototype production and testing. The research and development centre will specialise in exploring environmentally friendly, energy-saving and intelligent electrical distribution technologies with a view to expanding the scope of products and services of our iEDS Solutions and EE Solutions. We believe the establishment of the high-tech research and development centre equipped with sophisticated and advanced equipment will assist us in attracting more talented staff to join our research and development team. We also believe such investment in our internal capability will be a necessary step in ensuring that we are able to keep abreast of the latest technological edge, and are equipped to compete effectively and continue to provide the value-added services that our high-end customers expect. The enhancement of our internal research and development capability will also allow us to cooperate more effectively on a selective basis with independent research houses as and when necessary. Currently, our design, research and development team has about 123 employees and we plan to increase this number to 350 by the time when our new research and development centre commences its operation.

We also intend to launch four research and development programs for our EE Solutions and smart grid products in 2011 with the aim of further enhancing the safety and energy efficiency of our iEDS Solutions and expanding the scope of our products which will be compatible with the smart grids when it is implemented. Such research and development programs will be mainly related to the development of environmental energy systems, anti-harmonic products, sensors and fieldbus products. We intend to inject about RMB20 million by phases from our internal financial resources, and not to apply any proceeds from the Global Offering, to carry out those research and development programs.

Other than our self-developed technologies, we will also enter into additional cooperation agreements with other universities for the joint development of new integrated solutions and products.

Expanding our production capacity

We plan to invest an aggregate of RMB120 million in the construction of a new plant with a total area of 67,032 square metres in Wuxi. Preparatory works for the construction of the new plant has commenced and we expect the first phase of the construction works to be completed by the end of 2010. We intend to cease the operation of our existing plant located at the premises beside national highway No 312, Luoshe Town, Huishan District, Wuxi City, upon the completion of the whole new plant and the commencement of its operation. In addition, we intend to invest an aggregate of RMB55 million to purchase ten production lines for switchboard manufacturing and increase one production line for automatic expoxy powder painting (全自動靜電噴塗), three production lines for mini circuit breaker (微

型斷路器) and three production lines for contactor (接觸器元件). It is expected that the new plant and the new equipment can double our assembly and production capacity. The aforementioned RMB120 million to be invested in the construction of new plant and RMB55 million to be invested in the purchase of new equipment at the new plant will be partly funded by the net proceeds generated from the issue of new Shares under the Global Offering. The main purpose for the construction of the new plant and the gradual winding down of the operation at the current manufacturing facility is to expand and centralise our production capacity in Wuxi with more advanced production machinery and larger production floor area at the new plant. In addition, the relocation of our current production plant to the new plant will also allow us to transform the premises upon which the old plant is constructed into our new research centre. Further information on the research centre is set out in the paragraph headed "Our Strategies – Furthering our research and development capability" in the "Business" section of this prospectus.

Extending our sales coverage and promoting our products in China

Currently, we have two representative offices and 27 points of sale in China and about 154 employees in our sales and marketing team. The current focus of our sales and promotion network in northern China covers customers in the cement and infrastructure construction sectors. We plan to expand our sales network to customers in transportation, telecommunications, power industries and banks in this region. In southern China, our network focuses on customers in the telecommunications, power and infrastructure construction sectors and we plan to expand our sales network to customers in transportation and water and waste water processing in this region. We are also broadening our exposure in Tianjin to infrastructure construction and transportation industries.

We are expanding the geographical coverage of our markets. Currently, we are exploring markets in the central and western regions of China. In eastern China, we continue to leverage on our geographic location in Yangtze River Delta and have set up our points of sale in the six biggest cities in the region, namely, Shanghai, Nanjing, Hangzhou, Suzhou, Wuxi and Ningbo. In addition, we have also extended our reach to Hunan Province, Hubei Province, Anhui Province, Fujian Province, Guangdong Province and Guangxi Zhuang Autonomous Region. In southwest China, we have already operated in different provinces, such as Yunnan Province and Sichuan Province. In order to expand our geographical reach and penetrate into those markets, we target to broaden our sales network by increasing our points of sale to 30 and our sales and marketing team to 180 people by the end of 2010.

In addition to expanding geographical coverage, we also intend to gain more publicity for our brand, products and services by being more active to promote our products in 2010, such as, by participating in trade fairs and exhibitions and undertaking other marketing events.

Increasing our downstream sales channel and market segment in China

Historically, electrical distribution equipment required by city power bureaus has been supplied by companies directly or indirectly owned by them. However as a result of recent liberalisation in relation to the supply of such equipment in the Chinese electricity market, we now have greater access and opportunities to take part in the supply of electrical distribution systems to the city power bureaus.

We believe we can benefit from this change in market circumstances to expand our sales channel and extend the coverage of our sales to this market segment through acquisition of other companies with existing customers in this market segment or establishing new companies targeting this market segment.

Enhancing our upstream component production capability

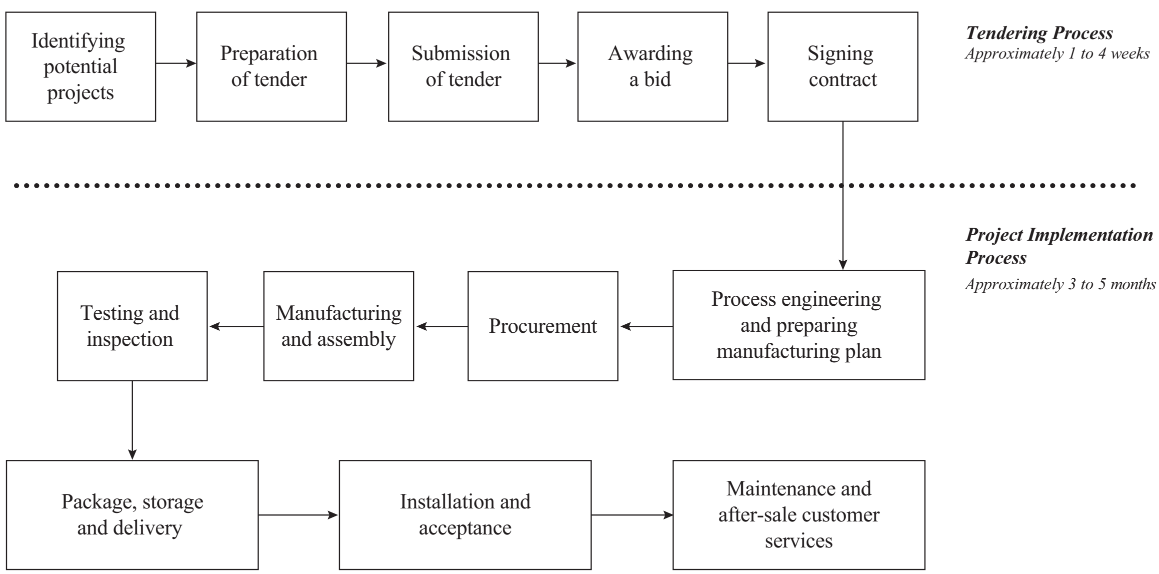
On 15 March 2010, Boer Yixing and Shanghai Boer entered into the Master Agreement, pursuant to which, inter alia, Shanghai Boer agreed to supply to our Group certain parts and components which we use in our EDS Solutions and iEDS Solutions.

As a result of the Master Agreement, we will benefit from the expansion in and steady supply of the types of components manufactured by Shanghai Boer and will be able to apply the products manufactured by Shanghai Boer in our EDS Solutions and iEDS Solutions. We believe that we can further enhance the competitiveness of our products and services through potential acquisition of companies which can expand our upstream component production capability to manufacture more components for use in our EDS Solutions and iEDS Solutions so that we can be more competitive in controlling the costs, specifications and quality of our products.

OUR PROJECT OPERATION PROCESS

Operation Process

The flow chart below illustrates our project operation process for our EDS Solutions and iEDS Solutions businesses:



In general, our project operation process varies from approximately four to six months, depending on the type of products being produced, and consists of the following steps:

(i) Sales and Tendering Process

Except for the sales contracts with our long-term customers relating to the manufacturer of components and measuring devices in which our customers directly enter into contracts with us, we secure most of our contracts through our customers' tender system. Such tenders may either be open or closed. Open tenders are usually marketed by tendering companies or published in trade and industry publications or websites. Closed tenders are only accessible to companies by invitation.

Identifying potential project

We identify potential projects through our marketing team, referrals from our prior and existing customers and through the open tender system. After our in-depth consideration of the different factors in a potential project, including but not limited to project size, technical requirements, duration, funding, location of the project, our production capacity and expertise, our management personnel of our sales and marketing team and production and finance teams will reach a decision as to whether we should submit a bid for such project.

Design and tendering a bid

If we decide to pursue a particular project, we will normally tender our bid with our custom-made electrical distribution systems and solutions for the project, together with our blueprints and bidding price based on the specifications and requirements set by the potential customers in the tender documents. Our design department is currently staffed by about 42 employees.

Awarding a bid and signing contract

After collecting all tenders, the tendering companies or project owners evaluates the tenders based on various factors, including but not limited to the product and solutions design, bidding price and the track record, technical qualification and financial condition of the bidder. For the sake of confidentiality and fairness, the evaluation process is not open to the bidders. If we are awarded a bid, we would then commence further discussions with the customers on the detailed design of the electrical distribution system and start negotiating the terms and conditions of the contract. We conclude a contract with our customers when the overall design of the project is mutually agreed. In most cases, the major terms, such as technical requirements, product design and contract price, are consistent with the terms set out in the tender documents and the tender submitted by us. At times, some of the tender terms may be modified and adjusted during our negotiations with the potential customers.

The duration of the entire tender process varies from one to four weeks from the time when we obtain a tender invitation in case of a closed tender, or when we decide to participate in an open tender, to the stage when our tender bid is accepted, depending on the scale, complexity, technical specifications and requirements of the project.

(ii) Implementation of Project

Process engineering and manufacturing plan

Once a design is approved by our customers and a contract is signed, our project implementation department will design and formulate a manufacturing plan to set out the production sequence for the manufacture of components and the assembly of products, determine the procurement of the necessary materials and allocate the necessary personnel, machines and equipment for implementing such production sequence before the manufacturing process commences. This process normally takes one to two weeks.

Procurement

All our raw materials, parts and components are purchased in the following manner: (1) the more commonly used raw materials are often bought in bulk and stored in our raw materials store. Our technical commercial department formulates a procurement plan based on the needs of our Company's existing projects and the raw materials in stock; (2) our project implementation department applies for procurement of certain raw materials, parts and components in accordance with the manufacturing plan of a project; and (3) small amounts of raw materials are purchased on the request of the relevant departments and subject to the approval on a case by case basis. We have formulated a list of recognised suppliers and we only procure our raw materials, parts and components from such recognised suppliers. In our procurement process, we compare the raw materials, parts and components supplied by at least three recognised suppliers and we choose the most suitable one based on their quality, price, service and payment terms. We have a comprehensive mechanism to shortlist our recognised suppliers, details of which are set out in the paragraphs headed "Major Suppliers" of this section of this prospectus.

Manufacturing and Assembly

Based on the specifications, size and amounts set out in the manufacturing plan, various metal panels are cut to the appropriate size, processed, polished, painted and coated, and assembled to form the frames of switchboards. The components, processed parts and frames are assembled by hand or machinery to form enclosures, frames and panels to house the various components, bus-bar, bus-bar supports and wiring. Some components, such as the circuit breaker, contactor and current transformer, will be directly installed to the cabinet frames while some other components, such as fuse, thermal relay, connector may have to be assembled into drawer frames before being installed into the cabinet frame. The power and control cables and wiring are also installed at this stage to connect various components. The whole manufacturing process takes about one to two months, depending on the complication of the devices.

Testing and inspection

The products are inspected for any defects and tested to ensure that they meet the customers' specifications and requirements. Any correction or rectification is made at this stage. This stage of the production process takes two to three days.

Package/Storage/Delivery

The finished products are then packaged and are usually immediately delivered to the customers. In cases where our customers require us to deliver our products at a later date, we store our finished products in a designated storage area in our plant. The packaging used for our products varies in accordance with, inter alia, the requirements of the customers, the size and type of the products and the delivery distance involved.

(iii) Installation and Acceptance

In normal cases, after we have delivered the products to our customers' premises, our customers install the products using their own engineers and technicians. We provide training, guidance and assistance during the installation process, test the devices and carry out adjustments on site to ensure that the products work properly to the customers' satisfaction. The time required for testing and installation depends on the size of the project, usually ranging from 7 to 15 days. Once the products are installed and an acknowledgement of installation is signed by the customers, our products are deemed to be accepted by our customers under the contracts.

(iv) Maintenance

Our products normally have a 12 months' warranty period which commences on the date when the products are installed and accepted by our customers. During the warranty period, we are responsible for any defects in the products according to the terms of the contract and we provide repair and maintenance services if such defects are covered by the warranty given by us under the contract.

(v) After-Sales Customer Services

In addition to the maintenance services during the warranty period, we also offer after-sale customer services to our customers after expiry of the warranty period. We pay regular visits to our customers to inspect and check the condition of our products. Following such inspection, if any additional maintenance or consultation services are required by our customers, we would then sign a service mandate with them where appropriate, pursuant to which we would conduct more comprehensive on-site inspection, testing and repair and maintenance services for our products. Where a wider scope of services is provided pursuant to the terms of the mandate, we would then provide professional analysis of the condition and performance of our customers' power systems, based on which we advise our customers on how the efficiency, safety and reliability of their power systems can be improved to achieve energy saving purpose. Our fees from these mandates vary depending on the scope of our services provided and our evaluation of the complexity and specific requirements of the customers.

SALES AND MARKETING

Sales Network

Our sales network for our EDS Solutions and iEDS Solutions is supported by two main teams: our southern China team and our northern China team, based on the geographic location of our points of sale. We currently have 27 points of sale throughout China and the headquarters of our northern China team and southern China team are located at Beijing and Nanjing, respectively.

Our southern China team includes the points of sale located at the following regions: Nanjing, Wuxi, Shanghai, Hangzhou, Wuhan, Hefei, Ningbo, Suzhou, Fuzhou, Xuzhou, Kunming, Changsha and Chengdu.

Our northern China team covers the points of sale located at Beijing, Tianjin, Qingdao, Zhengzhou, Shenyang, Changchun, Harbin, Xian, Jinan, Ningxia, Taiyuan and Huhhot.

Each team is responsible for the sales and marketing activities in the regions under its geographic coverage and takes charge of the management of its sales offices. We have appointed a chief sales supervisor in each team who is directly accountable to our chief operating officer.

The diagram below indicates the locations of our points of sale across China:

Note: Areas shaded dark grey illustrate our coverage in northern China while areas shaded light grey illustrate our coverage in southern China.

Apart from the two sales teams for our EDS Solutions and iEDS Solutions businesses, we have four other sales teams, of which one is responsible for the sales of our EE Solutions business, two focus on the sales and promotion of our Components and Spare Parts Business, and one handles our business with China Mobile.

Currently, we have approximately 150 sales personnel, among whom 61 are in the southern China team, 43 in the northern China team, 38 in our EE Solutions sales team, 4 in the team dealing with long-term customers and 4 in the team dealing with China Mobile. 16 members of the southern China team and 15 members of the northern China team are specialised in the sales of the Components and Spare Parts business.

Marketing

Marketing and promotion of our new products are mainly carried out through our existing sales network. After the development of a new product, our marketing department will prepare a market analysis report and formulate a promotion plan for the new product which may include the following promotion activities:

➢ organising and holding exhibitions in major cities in China, to promote the new products to our existing customers and representatives from institutes of the electricity industry;

➢ promoting and introducing new products in professional journals and other public media;

➢ organising and holding seminars for professionals from the electricity industry;

➢ arranging meetings with and seminars for our existing customers to introduce and promote the new products; and

➢ participating in fairs and exhibitions organised by professional organisations in the electricity industry.

During the Track Record Period, we invested about 1.5% of our revenue each year on promoting and marketing our products. In our experience, among the various promotion activities, meetings with and seminars for customers who are market leaders in their respective industry sectors are the most effective means to sell and promote our products.

Geographic advantages in Jiangsu Province

Our core operations are based in Jiangsu Province, which brings about the following geographic advantages[2]:

In 2008, eastern China held 34% of the total domestic market share for electrical distribution equipment. As one of the most economically developed regions in China, eastern China absorbs large amounts of fixed assets investment and has become a leading manufacturing base. Its high level of energy consumption drives demand for electrical distribution equipment products, offering excellent market potentials for us.

Our proximity to end-customers enables us to respond quickly to market development trends and build a sales network with a variety of local industry customers. Located by the sea with easy access to marine transportation, the eastern China region also offers us unique advantages to provide better service for port construction customers.

Leveraging on the industrial cluster in the Yangtze River delta region, we have been able to secure research and development, and technology support to enhance our development capabilities, secure locally supplied raw materials and attract talents from across the country to reinforce our sales team as well as strengthen our research and development capability.

[2] *Roland Berger Report*

Focused industry sectors for our sales and marketing

During the Track Record Period, we have focused our efforts on applying our EDS Solutions and iEDS Solutions in five industry sectors in China: infrastructure construction, telecommunications, water and waste water processing, cement and healthcare. The table below summarises the products and services we provide in each industry sector and the percentage of revenue contributed by such sector for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively:

	Infrastructure Construction	Tele-communications	Water and Waste Water Processing	Cement	Healthcare	Steel and Metal	Others
Percentage of total revenue for the year ended 31 December 2007	26.92%	5.84%	2.50%	8.81%	0.13%	27.22%	28.58%
Percentage of total revenue for the year ended 31 December 2008	27.37%	11.27%	3.30%	4.77%	0.85%	20.63%	31.81%
Percentage of total revenue for the year ended 31 December 2009	33.98%	12.47%	2.43%	2.73%	0.50%	22.32%	25.57%
Percentage of total revenue for the six months ended 30 June 2009	20.28%	16.22%	5.59%	10.47%	0.08%	14.75%	32.61%
Percentage of total revenue for the six months ended 30 June 2010	30.80%	14.13%	8.21%	7.97%	2.65%	8.07%	28.17%

The abovementioned five industry sectors, namely infrastructure construction, telecommunications, water and waste water processing, cement and healthcare, do not cover all the sectors where our EDS Solutions and iEDS Solutions are applied nor does it necessarily represent the sectors from where significant amount of our revenue had been generated over the Track Record Period. We have focused on the above stated five industry sectors as we believe those sectors which require electrical distribution systems products with superior quality and performance, are areas of future growth, supported by the PRC Government, and covered within the RMB4 trillion stimulus package introduced by the PRC Government in 2008. We have not focused on the "steel and metal" industry as we believe the industry is undergoing a consolidation phase which is not conducive for ensuring a viable and sustainable business for our Group. Nevertheless, we have been able to build business relationship with premium customers in the steel and metal industry, like Baosteel, by providing them with our EDS Solutions and iEDS Solutions. The industries included under "Others" in the table above refer to customers in the mining, services and component manufacturing industries. Due to the efforts that we have put in developing the five industry sectors over the years, we believe we have gained a competitive advantage over our competitors for reasons as set out below:

Infrastructure Construction

For the infrastructure construction sector, we have entered into the port construction market in Jiangsu Province, Shanghai and southeast China, and the railway markets in Shanghai, central China and southeast China.

(a) *Railway Industry*

China plans to greatly improve its railway transportation in the next decade. New railway lines will be constructed and there is a plan to raise the electrification rate and complex line rate to 45% by the end of 2010. Both the central and local governments' commitments, as well as the RMB4 trillion investment plan launched in 2008 to combat the economic crisis, provide strong fiscal support to the railway expansion plan in China. China will see a period of rapid growth in railway investment and construction in the coming years and the significant investment will boost the demand for electrical distribution equipment.

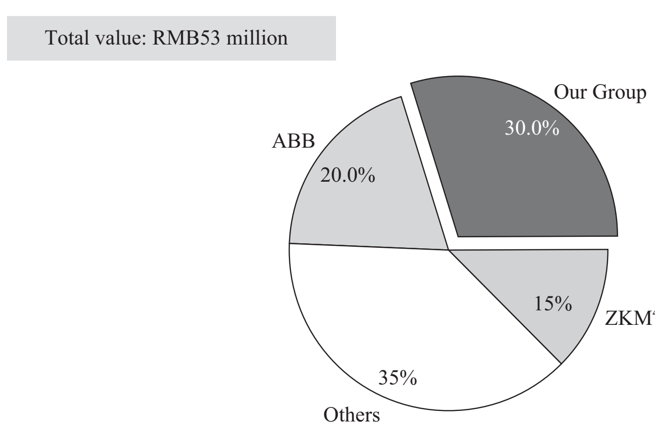
We have entered into the railway markets in Shanghai, central China and southeast China regions, and are planning to enter into the markets in northern China. Based on the fixed assets investment plan made by the major railway bureaus in these regions, the value of the electrical distribution equipment market reached RMB3.3 billion in 2008 and will reach RMB10.4 billion by 2012. The huge market potential makes railway a promising sector and is expected to provide us with significant growth opportunities.[3]

(b) *Port Industry*

China's port sector has been undergoing rapid construction since 2004. The major drivers are the nation's rapid economic growth and the development initiatives in the coastal and riverside regions, which lead to increasing demand for cargo transportation and container shipping. According to the 11th Five Year Plan of Transportation, the throughput of seaports should reach 4.6 billion tons by the end of 2010. To meet the target, significant fixed assets investment and construction are needed, giving rise to huge demand for electrical distribution equipment in this sector.

Port construction is our focused category of infrastructure construction projects for our future development. It is a premium market for electrical distribution equipment due to its direct funding from the government's fiscal budgets and higher quality requirements for the products. As a result of an influx of investment for new port development and the redevelopment of the coastal development zones in Taicang, Nanjing and Lianyungang, etc., as well as the establishment of the coastal economic zones, Jiangsu Province has demonstrated a strong demand for port construction. The diagram below sets forth the total contract value of electrical distribution systems for Jiangsu port construction projects in 2009 and our market share.

Competitive landscape of Jiangsu port sector (2009)



Source: Roland Berger Report

Suppliers of electrical distribution system for the Jiangsu port construction market mainly comprise our Group, ABB, Moeller and small-sized domestic companies from the electricity network system.

[3] *Roland Berger Report*

[4] *Moeller*

As a result of our competitive edge in this industry sector, we have witnessed a steady increase in our market share from 21.9% in 2006 to 30.0% in 2009.

Telecommunications

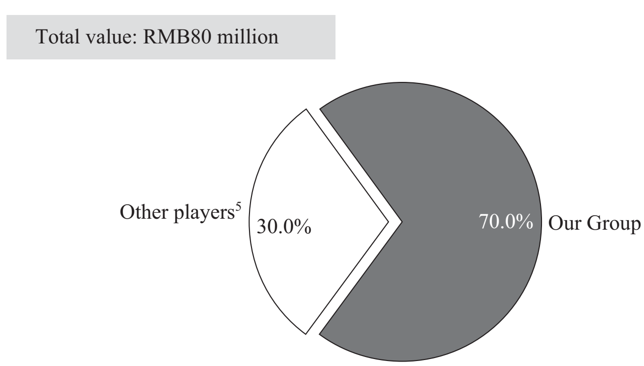
Telecommunications is one of the major industry sectors for our business and we have been cooperating with a leading telecommunications company in China, China Mobile, to provide them with our EDS Solutions since 2000 and our iEDS Solutions since 2005. Meanwhile, we have also offered our products and services to two other major telecommunications companies in China, namely China Unicom and China Telecom, and secured stable revenue from them in 2008 and 2009.

As a result of the continuing increase in mobile phone users and in particular the issue of 3G license at the beginning of 2009, telecommunications is considered to be one of the foremost booming markets in China and has attracted tremendous inflow of investment for construction of new base stations and upgrade of current facilities. Driven by vibrant economic and business activities, Jiangsu Province has been identified as one of the largest regional markets for all major telecommunications operators.

Currently, we are one of the four short-listed suppliers of China Mobile in Jiangsu Province. In 2009, we acquired 70% of the total contract value of electrical distribution systems for China Mobile in Jiangsu Province. China Mobile has engaged us to provide our EDS Solutions and iEDS Solutions for their electrical distribution systems in Jiangsu Province connecting its main base station in Nanjing City and the base stations in other cities within Jiangsu Province, such as Suzhou, Wuxi, Changzhou, Nantong, Zhenjiang, Taizhou, Yancheng, Huaian, Suqian, Xuzhou and Lianyungang, to enhance the safety and energy-efficiency of its systems.

The diagram below sets forth the total contract value of electrical distribution systems for China Mobile in Jiangsu Province and our market share in 2009.

Competitive landscape of Jiangsu China Mobile suppliers (2009)



Source: Roland Berger Report

We have also expanded our business with China Mobile in Zhejiang Province ("**Zhejiang China Mobile**"), one of the most developed regional mobile operators in China. Currently, we, together with ABB and Siemens, are the major suppliers of machine room construction products to Zhejiang China Mobile[6]. Within the machine room segment, our market share in Zhejiang China Mobile has also steadily increased since 2006. Our electrical distribution systems offered to Zhejiang China Mobile have been modeled based on specifications set by China Mobile in other provinces and as a result of our familiarity with the system requirements we were invited to tender for the China Mobile projects in such regions.

Having leveraged on our experience and business connection with China Mobile in Jiangsu Province and Zhejiang Province, we have also entered into the telecommunications market and expanded our cooperation

[5] *Moeller*
[6] *Roland Berger Report*

with China Mobile in another seven provinces and one city, namely Beijing, Shandong Province, Jiangxi Province, Hebei Province, Hunan Province, Hubei Province, Anhui Province and Heilongjiang Province. In addition to these nine provinces and one city, we are also planning to explore new markets in northwest, northeast, south and southwest China. We believe that the significant market size in those regions will provide our Group with substantial opportunities for expansion in the telecommunications sector and growth in revenue in the future.

On 9 October 2009, China Mobile in Zhejiang Province issued an internal circular to other branch offices of China Mobile in Zhejiang Province stating, among other things, the recognition of the outstanding quality of the maintenance, system examination and performance testing works regarding an electricity transmission and distribution facility in Ningbo. The circular stated that all other branch offices in Zhejiang Province should take reference of the maintenance, system examination and performance testing works for the facility in Ningbo in considering any future projects in Zhejiang Province in the next six months from the date of the circular. We were responsible for providing the aforementioned maintenance, system examination and performance testing works to the Ningbo branch of China Mobile during the relevant period. In addition, our ability to provide suitable electricity distribution system solutions in the telecommunications industry in the PRC and the quality of our services have been recognised by China Association of Communications Enterprises (中國通信企業協會) in 2010 and we have been supplying electricity distribution system solutions to China Mobile Since 2000.

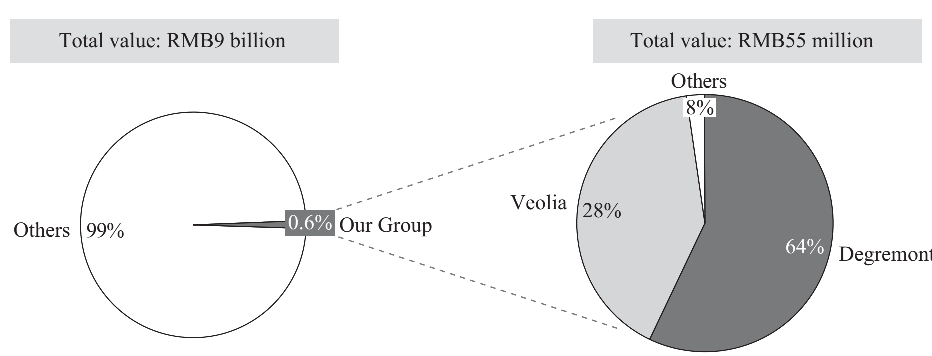
Water Management Waste Water Processing

Together with the quickening pace of urbanisation and enhanced quality standards for water supply, there has been growing demand for quality water management in China.

The total revenue for electrical distribution equipment used at waste water processing construction projects is estimated to have reached RMB9 billion in 2009. In 2009, our sales revenue in this sector amounted to RMB55 million, to which our two major customers, namely, Degremont and Veolia OTV, contributed RMB35 million and RMB15 million, respectively. According to the Roland Berger Report, foreign engineering construction companies, led by Veolia, Suez, Thames Water and Berlin Wasser, have been playing an increasingly important role in the development of China's waste water processing industry. The diagram below sets forth the total contract value of the electrical distribution systems for waste water processing industry in China and our market share in 2009. In 2008, while Degremont and Veolia OTV together undertook nearly 20 contracting projects related to waste water processing in China, contributing only a small percentage to the total number of more than 6,650 projects[7] conducted domestically, their revenue sum occupied a comparatively larger share, indicating the premium market position of the two foreign players. This corresponds well with our customer development strategy in the segment.

Market share of our Group's equipment in waste water processing industry (2009)

Breakdown of our Group's revenue in waste water processing segment (2009)



Source: Roland Berger Report

7 *Including 5,130 industrial waste water processing projects and 1,521 municipal sewage processing projects in 2008, according to information from China Statistics Yearbook 2009 and Ministry of Environmental Protection*

Through our cooperation with Schneider, we have become the major supplier to Degremont, Veolia OTV and other leading overseas water treatment companies in China. We have also entered into direct sales with Degremont and Veolia OTV, which accounted for 20% and 60% of their total purchases of electrical distribution equipment in China in 2008, respectively.

Cement

China's overseas cement market for engineering, procurement and construction ("**EPC**") has been driven by the huge infrastructure upgrade demands from less-developed regions, like Africa and the Middle East. Currently, China's overseas cement contracting engineering projects are dominated by two major players, Sinoma and CNBM.

We commenced our cooperation with Sinoma and CNBM in 2003 and 2007, respectively. We have also started our business cooperation with Lafarge, which is one of the top 10 cement manufacturers in China and one of the leading foreign players in the south west region of China, to provide it with our iEDS Solutions. Compared with other players, we believe that we have built a unique competitive advantage as the largest domestic electrical distribution equipment supplier in this sector[8].

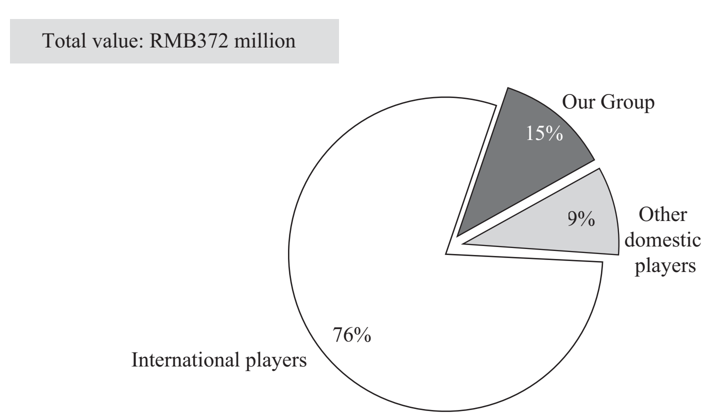
- Compared with the global players, we have a distinct advantage due to our competitive product price, which results from our lower manufacturing cost both in terms of materials sourcing and labour costs. As the most recognised global suppliers, such as Schneider, ABB and Siemens, are specifically designated by foreign customers as their contractors in most of Sinoma and CNBM's overseas projects. Domestic manufacturers have limited market opportunity in such projects. However, through our long-term partnership with Schneider, we have the opportunity to participate in these contracts and have gradually enhanced our brand recognition in overseas markets for producing high quality products which are comparable to international brands.

- Compared with the domestic competitors and other domestic suppliers of Schneider, ABB and Siemens, we have demonstrated stronger sales and marketing capabilities.

- Compared with the small domestic switchboard manufacturers in China, our Company is positioned at the high-end market with higher product quality and charging a premium price level, and is more experienced in providing electrical distribution systems to international projects.

As a result of our unique competitive advantages in this sector, our market share in the overseas cement EPC market in the PRC increased from 6.3% in 2006 to 15% in 2009. The diagram below sets forth the total contract value of electrical distribution systems for overseas cement EPC projects in China and our market share in 2009.

Competitive landscape of overseas cement EPC project (2009)



Source: Roland Berger Report

8 *Roland Berger Report*

Healthcare

Boosted by significant investment from the central and local governments in healthcare infrastructure and as a result of the increasing demand for high-quality healthcare services, the demand for electrical distribution equipment for this sector is expected to grow rapidly.

As one of the most economically developed provinces in China, we believe that the development of healthcare infrastructure in Jiangsu Province is promising and therefore we have placed healthcare sector as one of the focused industry sectors in the development of our business.

We believe that we have the edge over other competitors, not only because of our strong presence in Jiangsu Province and the advantages of our local knowledge, but more importantly the very strict safety and reliability requirements that apply to electrical distribution equipment in the healthcare industry and cannot be satisfied by the low-end domestic players. Any malfunction of the electrical distribution systems in hospitals will affect the operation of the emergency operation room and intensive care unit and endanger the lives of the patients. To cater for such specific needs of emergency operation room, we developed a power monitoring device used in operating theatre in 2008, which provided value-added functions such as load monitoring, transformer temperature alarm and alarm reset with user-friendly interface. Such device has been incorporated in our iEDS Solutions provided to hospitals since 2008.

MAJOR CUSTOMERS

The end users of our products and services are mainly engaged in the infrastructure construction, telecommunications, water and waste water processing, cement and healthcare sectors. We enter into contracts with some end users while we only provide our products and services to others through our cooperation contracts with the principal equipment and services provider, such as our cooperation contract with Schneider. In the case of the latter, the cooperation contracts are signed between our Group and our customers who then provide our products to the end users.

For the three years ended 31 December 2007, 2008 and 2009, and the six months ended 30 June 2009 and the six months ended 30 June 2010, our top five largest customers accounted for approximately 32.8%, 30.0%, 35.1%, 36.6% and 49.2% of our total revenue respectively.

Our largest customer in 2007, 2008 and 2009 and the six months ended 30 June 2010 was Schneider, which accounted for approximately 12.6%, 13.0%, 13.8% and 20.1% of our total revenue in those periods, respectively. We commenced our business relationship with Schneider since 1998. It contracted with us to buy our EDS Solutions and iEDS Solutions and provided them to its premium customers, which included the market leaders in different industry sectors. There are no sales to Schneider derived from processing service in our Company. Details of our cooperation and business relationship with Schneider are set out in the paragraph headed "Our Cooperation Relationship with Schneider" in this section of this prospectus.

None of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our major customers in the Track Record Period.

PRICING AND CREDIT MANAGEMENT

Pricing Policy

We adopt three different pricing strategies in our sales, which depends on the nature of the products. We consider ourselves as a premium product and service provider and as such we believe our competitive advantage is not in pricing but the quality of our products and the value added services that we provide.

For our electrical distribution systems, our products and services are provided on a project basis and we secure the contracts by means of tender. We determine our tender price based on various financial and commercial considerations, including but not limited to production costs, fee estimates of other competitors, business relationship with the customers and the impact of the project on our business as a whole. These considerations enable us to retain our competitiveness in the tender process and we have successfully grown our business in competition with other suppliers based on these considerations.

For components and measuring devices under our brand, our pricing strategy is mainly based on the production cost of the products. Since our brand is relatively new in the market and we are still in the process of building the reputation of our own products, we usually set a relatively low selling price as compared to similar products so as to enhance the competitiveness of our products and their acceptance in the market.

Credit Management

Our credit policies vary, and we usually grant to our customers a credit term from one to twelve months, depending on the nature of our products.

For components, normally the products are delivered to the customers when the contract price is settled.

With regard to switchboards and electrical distribution systems, we normally require our customers to pay a deposit of 30% of the contract value upon signing of the contracts and before commencement of production. After delivery of the products to the customers' premises, completion of the testing and installation (which typically requires seven to fifteen days depending on the size of a project) and acceptance of the products by our customers, our customers have to pay us 60% to 65% of the contract value. The remaining 5% to 10% is paid on expiry of the warranty period, which is usually 12 months after acceptance of the products.

These payment terms are subject to negotiation with our customers and the terms of our contract with them. We will review and determine the credit terms offered to our customers in accordance with our assessment of the background and creditworthiness of the customers, the contract size and the significance of the contracts/projects to us. Our customers usually settle our sales price by means of bank acceptance or transfer transmittal and we normally use Renminbi as our settlement currency.

During the Track Record Period, no provision for warranty was made by our Group.

MAJOR SUPPLIERS

The principal raw materials, parts and components that we need to source for our production include the following: masterpact air circuit breaker (空氣斷路器), ATV/ATS variable speed driver/soft starter (系列變頻器／軟啟動器), cable, metal plate (板材) and copper row (銅排).

We usually settle the contract price with our suppliers when the raw materials are delivered to us. The credit periods granted by our suppliers range from 15 to 180 days. We normally make payments to our suppliers by bank acceptance or transfer transmittal.

For the three years ended 31 December 2007, 2008 and 2009, and the six months ended 30 June 2009 and the six months ended 30 June 2010, our top five largest suppliers accounted for approximately 48.4%, 51.8%, 45.1%, 46.6% and 33.9% respectively of our total purchase of raw materials.

We only purchase our raw materials, parts and components from suppliers which have passed our selection assessment. We have a comprehensive mechanism to shortlist our suppliers and have set up a specific department responsible for regularly assessing the capability of our suppliers and the quality of their products. To determine whether a supplier is qualified, we consider a number of factors, including but not limited to its technical capability, management, financial condition, reputation in the industry and competitiveness in price. Normally the time required for choosing and/or changing a supplier (from selection, assessment, negotiation to signing contract) is about 12 weeks for major parts and components and six weeks for other ancillary materials.

Our largest supplier in the three years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2009 and the six months ended 30 June 2010 was Schneider, which is also our largest customer and accounted for approximately 30.9%, 35.1%, 33.2%, 33.5% and 20.8% of our total purchase of raw materials for the same periods, respectively. Meanwhile, we also use parts and components manufactured by Schneider in our products sold to other customers.

None of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our major suppliers in the Track Record Period.

OUR COOPERATION RELATIONSHIP WITH SCHNEIDER

We started our informal strategic alliance with Schneider in China in 1998. Schneider is an internationally renowned electrical components and electrical distribution solutions provider whose parent company is listed on the NYSE Euronext (previously known as the Paris Stock Exchange). We are among the first batch of companies in China to form an alliance with Schneider. Schneider highly values the relationship with its partners and rates us as one of its three principal partners in China. These three principal partners of Schneider have very similar business operations, and also compete in the same business segment. However, as confirmed by Schneider, we are its preferred partner for working with it to serve customers located in northern and eastern China. Despite such cooperation with Schneider being informal in nature, we have received from Schneider extensive support to improve the management and quality control of our manufacturing process. Due to their satisfaction with the quality of the solutions that we provide, our sales and marketing capability, production management and after-sales services, we have gradually developed, not only a supplier-and-customer relationship, but also a close cooperation relationship with Schneider.

Details of our cooperation relationship with Schneider are set out as follows:

(i) Manufacture of electrical distribution systems under Schneider's authorisation for customers originated by us

We have been authorised by Schneider to manufacture electrical distribution systems using the structural layouts developed by Schneider since 1998. Pursuant to the license agreements made with Schneider (the "**Schneider Authorisation Arrangements**"), we are entitled to manufacture and provide our customers with electrical distribution systems manufactured by us that carry the brand of "Schneider" together with the brand of "BOER" as the manufacturer.

We started to use electrical parts and components produced by Schneider in the electrical distribution systems manufactured by us pursuant to the Schneider Authorisation Arrangements in 1998. In order to ensure a stable supply of electrical parts and components from Schneider, and to benefit from the discounts provided by Schneider to its long-term customers, we started to enter into an annual supply agreement with Schneider since 2000 for purchase of electrical parts and components from Schneider. Pursuant to the annual supply agreement, we have to purchase not less than an agreed amount of parts and components from Schneider in each year to enjoy a discount to the base price for the parts and components purchased. During the Track Record Period, our purchase had consistently exceeded the agreed amounts. We are prohibited from reselling such parts and components to other third parties or use them for any purpose other than in the production of electrical distribution systems. Some of the components purchased under the annual supply agreement are used in the electrical distribution systems manufactured pursuant to the license agreements with Schneider which we may sell to Schneider or our own customers, while the other components are used in the electrical distribution systems developed by our Group. Schneider provides warranty for the parts and components sold for a period of 24 months from the date of production or 18 months from the date of issue of its sales invoice, whichever is earlier. According to the annual supply agreement, the credit term for our purchase is 30 days from the date of delivery of the parts and components. As a result of this supply relationship, Schneider became our largest supplier during the Track Record Period.

Details of the Schneider Authorisation Arrangements with Schneider are set out in the paragraphs headed "EDS Solutions — Our development" of this section of the prospectus.

(ii) Cooperating with Schneider to provide electrical distribution systems manufactured by us to customers originated with Schneider

Our Directors believe that as Schneider does not have a production base in China to manufacture electrical distribution systems similar to those provided by us, it has engaged us to provide our EDS Solutions and iEDS Solutions and then sold them to its premium customers for their projects in China during the Track Record Period. Details relating to the respective responsibilities of our Group and Schneider in those projects are set out in the sub-paragraph headed "Customers originated with Schneider" under the paragraph headed "Overview" of this section of this prospectus.

As a result of this project cooperation relationship between our Group and Schneider, during the Track Record Period, we became one of the top three MV and LV electrical distribution system suppliers of Schneider in China and Schneider became our largest customer.

Our close project cooperation relationship with Schneider offers us numerous opportunities to cooperate with various international enterprises. These opportunities enable us to strengthen our operational and technical expertise in our business and therefore are valuable for our development. For projects undertaken by foreign customers who specifically designate the most recognised global suppliers as their contractor, domestic manufacturers have limited market opportunity. However, through our long-term partnership with Schneider as its major electrical distribution system supplier in China and due to our outstanding performance and competitive prices, we have had the opportunity to participate in these projects and have gradually enhanced our brand recognition in overseas markets for producing high quality products which are comparable with international brands.

As a result of this long-standing business cooperation, we have reached an informal consensus with Schneider to work in cooperation in bidding for projects whenever possible, rather than compete with each other. Our Directors believe that with such informal consensus, there had been very few cases where our Group and Schneider competed and bid for the same project during the Track Record Period. As far as the Directors can recall, the few cases where we and Schneider actually and directly competed with each other were only in projects for nuclear power plants in China. Owing to the extensive experience of overseas suppliers in providing electrical distribution systems for the nuclear power industry, our Directors believe that customers from the nuclear power industry in China often prefer procuring electrical distribution systems manufactured by overseas suppliers to sourcing such systems from domestic manufacturers. As a result of such customer preference, our Directors believe that in the projects for nuclear power plants in China, Schneider submitted its bids without engaging us as its partner, and supplied electrical distribution systems manufactured by its own overseas production base or by other overseas suppliers.

In view of the niche of the international suppliers in this industry sector, we do not place the nuclear power industry as one of our focused industry sectors for the major development of our business. During the Track Record Period, we did not record any revenue from projects related to the industry sector of nuclear power in 2007 and our revenues from such industry sector for the years ended 31 December 2008 and 2009 and the six months ended 30 June 2009 and 2010 were approximately RMB7.8 million, RMB3.4 million, RMB1.5 million and RMB0.6 million, respectively.

In those few cases where we and Schneider submitted separate bids for the same project, the competition between us is on the commercial terms of our respective bids. Even if we eventually won on such bids, we would, as a result of our ongoing business cooperation relationship with Schneider, give first consideration to using parts and components manufactured by Schneider.

MANUFACTURING FACILITIES

Factories and Equipment

Currently, our manufacturing works are carried out in our two plants located in Wuxi and Yixing, respectively. The table below sets forth the information about the floor area of each of our plants:

Location	Total Area	Factory Area
	(sq.m.)	*(sq.m.)*
Existing plants:		
Wuxi, China	22,745.60	8,578.42
Yixing, China	74,887.20	35,905.00
Plant under construction:		
Wuxi, China *(Note 1)*	33,941.90	24,580.00 *(Note 2)*

Note 1: We acquired this parcel of land in October 2009, on which the new plant will be constructed. Preparatory works for the construction of the new plant has commenced and we expect the first phase of the construction works to be completed by the end of 2010. We also expect to close down our existing plant in Wuxi when the new plant becomes fully operational.

Note 2: Under the approval granted by Wuxi City Huishan District Development and Reform Bureau (無錫市惠山區發展和改革局) to our Group dated 7 February 2010 relating to the relocation and expansion of Boer Wuxi, the permitted construction area for the new plant is approximately 24,580 square metres. However, since the construction of the new plant has not been completed as of the Latest Practicable Date, the actual factory area of the new plant may differ from the permitted construction area and could only be ascertained upon receipt of the approval from the relevant PRC authorities upon completion of the construction of the new plant.

The table below sets forth the production capacities and utilisation rates for each existing plant during the Track Record Period and also the expected production capacity of the new plant under construction.

	Year ended 31 December									Six months ended 30 June					
	2007			2008			2009			2009			2010		
Location	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*
Existing Production Plant	*(Units)*	*(Units)*		*(Units)*	*(Units)*		*(Units)*	*(Units)*		*(Units)*	*(Units)*		*(Units)*	*(Units)*	
Wuxi, China															
– EDS units and iEDS units	7,056	8,922	126.4%	7,056	8,975	127.2%	7,056	9,083	128.7%	3,500	4,066	116.2%	5,000	6,329	126.6%
Yixing, China															
– Meters	21,221	8,510	40.1%	21,221	13,539	63.8%	21,221	18,568	87.5%	10,526	9,153	87.0%	15,000	13,359	89.1%
– Mini circuit breakers (production started in 2009)	N/A	N/A	N/A	N/A	N/A	N/A	156,000	127,140	81.5%	N/A	N/A	N/A	206,250	186,141	90.3%
– Other spare parts based on specific requirement of customers	159,264	112,647	70.7%	159,264	129,322	81.2%	159,264	140,726	88.4%	79,632	70,261	88.2%	79,632	75,194	94.4%

New Production Plant

	Location	Site Area	Production Capacity
		(sq.m.)	*(units)*
Production facilities of EDS units and iEDS units	Wuxi, China	67,032	16,128

Notes:

1. The production capacity for EDS/iEDS units of our Group is calculated on the following basis:

   (i) the average number of workers in each year/period during the Track Record Period was approximately 440;

   (ii) the number of statutory working days in a year under the PRC laws is 252;

   (iii) the number of normal working hours in a day is 8;

   (iv) according to the actual production procedures and subject to the production capacity of the current production facilities of our Group, the average number of working hours for producing one EDS/iEDS unit is 125.7;

   (v) as such, the number of EDS/iEDS units produced by our Group in one year is:

   440 workers X 252 days X 8 hours ÷ 125.7 hours/unit = (approximately) 7,056 units

2. The actual production is the actual number of EDS/iEDS units manufactured by the Group. During the Track Record Period, overtime shift was carried out for the production of EDS and iEDS units at the Wuxi plant.

3. The utilisation rate is calculated by dividing the actual production by the production capacity.

QUALITY CONTROL AND AWARDS

We emphasise quality assurance and consistent quality in our products and services at all levels. We believe that the quality of our products and services is key to our continuing growth and success.

Each of Boer Wuxi, Boer Yixing and Yixing Boai was awarded ISO9001:2000 certification by China Quality Certification Centre in respect of our quality management system in the design, production and services relating to high and low voltage switchboards, electrical distribution equipment and automated control systems for electrical distribution equipment. The ISO certification of each of those companies remains valid.

According to the Provisions on the Administration of Compulsory Product Certification (強制性產品認證管理規定) issued by the State Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2001 and renewed in 2009, most of the transformer and switchgear products applied by our integrated solutions including switchboards and circuit breakers are listed on a directory of products subject to Compulsory Product Certification. As a result, we need to obtain the China Compulsory Certificate (the "**3C Certificate**") (強制性產品認證) to manufacture the products applied by our integrated solutions.

Currently, we have obtained 3C Certificates for all our products as required by the Provisions on the Administration of Compulsory Product Certification.

Moreover, Boer Wuxi obtained the National Torch Program Project Certificate (國家火炬計劃項目證書) issued by Torch High Technology Industry Development Center (火炬高技術產業開發中心) of The Ministry of Science and Technology of the PRC in 2007 and the High and New Technology Enterprise Certificate (高新技術企業證書) issued by the Science and Technology Bureau, Finance Bureau and Tax Bureau of Jiangsu Province in 2009.

INVENTORY MANAGEMENT

Our inventory consists of the following categories: components, cabinet material used in manufacturing electrical distribution equipment.

Inventory management

Our inventory consists of raw materials, work in progress and finished goods. We regularly monitor our inventory level to minimise obsolete stocks and reduce the risks of over-stocking. We generally purchase certain raw materials, parts and components required according to the production plan of a project when we enter into a contract with our customers. Therefore, our raw materials, parts and components are maintained at an appropriate level to facilitate our production process.

On the other hand, we also purchase the commonly used raw materials in bulk to maintain these commonly used raw materials at a reasonable level according to our procurement plan to ensure we have sufficient inventory to meet the needs of our existing projects. To balance the benefits and risks of keeping these commonly used raw materials, we adopt a flexible inventory policy with reference to the number of projects expected to commence within the next 3 months and the relevant prevailing market prices with respect to the raw materials.

We currently perform stocktake on an annual basis, at which time we also identify obsolete goods, if any. We regularly review the carrying amount of inventory with reference to the ageing analysis, professional judgement and management experience. Inventory is written down to its net realisable value if its carrying value is found to have declined based on the review.

The lead-time for purchase of our raw materials, parts and components is usually about one to two weeks. Our procurement plan is determined principally in accordance with customer orders and production requirements. In normal circumstances, we only maintain an inventory sufficient to meet our requirements for a period of one month. We have entered into long-term supply contracts with some of our major suppliers so that we can ensure a stable purchase price of such raw materials and components.

After the raw materials or components are delivered by our suppliers to our factory, our quality control department examines the types, specifications, amounts, size and packaging of the goods and conducts a sample inspection of their quality. We only accept the materials and goods if they completely pass these examination and inspection. Those that pass are then stored in our raw materials warehouse and given a barcode for record. Our inventory records are checked daily to ascertain the inventory level of our raw materials and we also conduct monthly checks.

We have put in place comprehensive inventory storage measures and inventory management procedures to make sure that our inventory is stored in a safe and proper manner and we keep adequate records of the storage and utilisation of our raw materials and components.

RESEARCH AND DEVELOPMENT

Our research and development team, managed by Mr. Zha Saibin, has 81 employees as at the Latest Practicable Date. Mr. Zha received a bachelor's degree in Electrical Engineering from Hefei University of Technology in China in 1990 and has worked in relation to the development of new products and quality control in the electrical distribution equipment industry for about 20 years. The vice manager of our research and development team is Mr. Wang Zhengshan. Mr. Wang received a master's degree in Engineering from Jiangnan University in 1999 and was a professor in the engineering faculty at Jiangnan University before joining our Group in January 2008. Most of the members of our research and development team have college to university qualification and some have been with our Group for more than 15 years. RMB0.5 million, RMB0.6 million, RMB1.4 million and RMB13.9 million was spent on the research and development team of our Group for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively, which constitute approximately 3.7%, 2.1%, 4.5% and 40.2% of our administrative expenses in those periods.

In addition to our internal research team, we have also entered into the following research cooperation agreements:

1. On 25 March 2006, we entered into a research and development contract with Jiangnan University for the latter to develop a new LV intelligent device to be used in our iEDS solutions. Pursuant to this contract, we agreed to pay Jiangnan University RMB0.1 million as research and development fee, of which RMB40,000 was paid within seven days after the contract was signed and the remaining balance of RMB60,000 will be paid after inspection and acceptance of the LV intelligent device. The research and development contract is expected to be completed on or before 31 December 2010. The intellectual property rights in respect of any products and/or technologies developed under this contract will be jointly owned by Jiangnan University and us.

2. On 5 January 2010, we entered into a cooperation agreement with Dongnan University pursuant to which we agreed to inject not less than RMB1 million annually into a joint research centre during the three years of the cooperation agreement. There is no maximum amount of our annual injection of capital into the joint research centre under the cooperation agreement because the budget for each research and development project of the joint research centre may vary, depending on the size of the project and the necessary technologies, equipment and manpower involved. Therefore, we may, at our discretion (but are not obliged to), inject more than RMB1 million into the joint research centre in one year for any research and development project as we think fit. Nevertheless, we expect that the total injection of capital into the joint research centre by the Company in the three years of cooperation will not exceed RMB4 million. The joint research centre will be set up at the current facilities of Dongnan University and it will be jointly managed by Dongnan University and us. The centre will provide research and development facilities for our development of intelligent electrical distribution equipment and energy efficient equipment. The ownership of the intellectual property rights in respect of any products and/or technologies developed by the joint research centre will be determined based on the specific circumstances in the research and development projects. However, in any case, our Group will enjoy a pre-emption right to purchase or exclusive license for such intellectual property rights. We believe that the development of the joint research centre and our investment in the centre are beneficial to the development of our EDS Solutions and iEDS Solutions and thus beneficial for the long-term development and growth of our business.

We believe the combination of our internal research efforts and the research and development initiatives with other independent third parties has given us a comprehensive research capability.

INTELLECTUAL PROPERTY RIGHTS

We believe in the importance of protecting the intellectual property rights of the products and technologies invented and developed by us. We currently hold 15 registered patents and have submitted application for registration of eight patents in China. Each of the key employees of our research and development team has entered into a confidentiality agreement with us, under which such employee is bound by a non-disclosure obligation at any time in respect of any confidential information relating to us, including without limitation to any intellectual property obtained by the employee in the course of his employment.

We have registered and submitted applications for registration of a number of patents and trademarks in China. Details of the registrations and applications for registration of our patents, trademarks and other intellectual property rights are set out in the paragraph headed "Intellectual property rights of our Group" in Appendix VI, "Statutory and General Information", to this prospectus.

During the Track Record Period, we have not experienced any counterfeiting of our products or infringement of our intellectual property rights by any third party, nor have we violated or faced any claims relating to the intellectual property rights of any third party.

COMPETITION

In accordance to the Roland Berger Report, we were ranked 6th by revenue in 2008 within the high-end segment of the electrical distribution equipment market in China, with the top five players being ABB [*(Note 1)*], Siemens [*(Note 2)*], General Electric [*(Note 3)*], Areva [*(Note 4)*] and Eaton Corporation [*(Note 5)*] and the seventh player being Cooper[*(Note 6)*]. The market shares of our Group, ABB, Siemens, General Electric, Areva, Eaton Corporation and Cooper in the high-end segment of the electrical distribution equipment market in 2008 were 2.7%, 37.6%, 20.1%, 7.5%, 4.1%, 3.0% and 2.3% respectively. Schneider does not have a production base for manufacture of electrical distribution systems in China. When it participates in projects for providing electrical distribution systems in China, it only does so, in most circumstances, through engaging domestic authorised manufacturers to supply the systems. Thus, Schneider was not ranked as one of the electrical distribution system suppliers in the high-end segment of electrical distribution equipment market in the PRC as such suppliers manufacture the electrical distribution systems themselves.

Due to a relatively low entry barrier in the low-end segment of the business, the domestic electrical distribution equipment market in China is extremely fragmented and is facing increasingly fierce competition. While the leading global players such as Schneider, ABB and Siemens and the domestic companies that have built long-term partnership with such global players continue to dominate the high-end market offering products of a higher quality at a premium price, the larger portion of the market is still occupied by thousands of small-sized domestic producers surviving on lower production cost and inferior product quality. In between, the middle layer is dominated by large-sized domestic manufacturers that have successfully expanded and evolved from domestic suppliers to cross provincial market players.

We believe that we have successfully positioned ourselves in the high-end electrical distribution equipment and systems solutions market in China and are among the very few domestic companies in China which possess the capability to provide integrated solutions services to the customers. As such, we believe that our main competitors are the international players and the large-sized domestic manufacturers which have long-term partnership with such international players.

Our Directors believe that we are able to maintain our competitiveness over other competitors for reasons as set out in the paragraph headed "Our Competitive Strengths" above in this section.

Notes:

1. ABB is one of the world's largest electrical transmission and distribution equipment manufacturers. In China, ABB's high-end MV and LV switchgear assembly products are mainly produced by factories in Xiamen and Xinhui. ABB's main products are 3.6kV–40.5kV switchgear assemblies.

2. Siemens is one of the world's top 3 electrical transmission and distribution equipment manufacturers. The main manufacturing sites of Siemens' MV and LV switchgear assemblies include the factories in Shanghai, Wuxi and etc.. Main products of Siemens include 8BK20/40 and NXAIR MV switchgear assemblies and components.

3. General Electric has set up a joint venture named Shanghai GE Guangdian Co., Ltd. with Shanghai Guangdian Electric Group. General Electric's main products are switchgear with voltage ranged from 400–600V to 40.5kV.

4. Areva is one of the world's top 3 electrical transmission and distribution equipment manufacturers. With its PRC factory in Suzhou, Areva mainly focuses on MV switchgear assemblies production. In 2010, Schneider and Alstom Holdings have acquired the electricity transmission and distribution business of Areva.

5. Eaton Corporation has set up a WFOE named Eaton Changzhou Senyuan Switch Co. in China and it is one of the top 3 circuit breaker manufacturers in China. The main products of Eaton Corporation include 12kV–40.5kV switchgear assemblies.

6. Cooper Nature (Ningbo) Electric Ltd., Co., is one of the seven joint enterprises established by Cooper specialised in producing MV and HV indoor/outdoor switchgear.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 793 full-time employees. The following table shows a breakdown of our employees by functions as at such date:

Functions	**Number of employees**
Management	29
Marketing	4
Sales	150
Manufacturing	389
Design, Research and Development	123
Quality Management	29
Accounts	22
Administration	30
Daily Operation	13
Human Resources	4
Total	793

Our Directors are of the view that our industry is highly specialised and characterised by rapid technological development. As such, it is essential to ensure that our employees are well trained and kept abreast of the latest technological development so as to meet our customers' needs and maintain the competitiveness of our products and services. We provide in house and external training to our employees to make sure that they receive adequate training. Our human resources department is responsible for all of our training programs, including the training of new employees and upgrading of programs. All the training programs are provided to our staff for free.

The majority of our employees belong to a trade union – the All China Federation of Trade Unions. There was no major labour dispute or labour bargaining which has caused any significant disruption to our business during the Track Record Period.

During the Track Record Period, Boer Wuxi, Boer Yixing and Yixing Boai failed to: (a) pay social insurance premiums (社會保險費) for a number of employees; (b) register for housing provident fund (住房公積金) or establish an account of housing provident fund for a number of employees; (c) pay or pay in full the housing provident fund for a number of employees before the expiration of the statutory time limit; and (d) enter into labour contracts with a number of employees. Those companies failed to do so because they were not required to pay the social insurance premiums and housing provident funds and complete the relevant registrations for all their employees according to the practice of the relevant government authorities, and a number of their employees have requested our Group not to pay social insurance premium for them.

If Boer Wuxi, Boer Yixing and Yixing Boai are being pursued by the relevant competent authorities in the future for the past non-compliance as described above, our Group may be required to pay overdue amount of social insurance premiums and housing provident funds for its past non-compliance with the relevant PRC legal requirements albeit such non-compliance was rectified in March 2010. As confirmed by our PRC legal advisers, Grandall Legal Group (Shenzhen), we may be liable for a maximum exposure to certain payments of approximately RMB5.4 million for our past non-compliance with the relevant PRC laws and regulations as described above.

Despite these non-compliance issues, we have obtained confirmations of the relevant PRC social insurance authorities that during the Track Record Period and up to the respective dates of the confirmations, we had not been penalised for any irregularity in our social insurance contribution.

Moreover, as advised by our PRC legal advisers, Grandall Legal Group (Shenzhen), according to the practice of the relevant local government authorities, a company failing to pay social insurance premiums and housing provident funds is usually not required to pay such overdue amounts if such non-compliance is rectified. Hence, there is little possibility that the maximum exposure set out above will be enforced in practice.

As our Controlling Shareholders have agreed to indemnify our Group against any losses, damages, costs, expenses and/or penalties that our Group may suffer directly or indirectly in connection with the non-compliance of Boer Wuxi, Boer Yixing and Yixing Boai with the relevant laws and regulations, our Directors believe that such non-compliance will not materially affect the financial and business operations of our Group even if our Company is required to pay the overdue amount of social insurance premiums and housing provident funds.

In order to prevent such non-compliance in the future, our Company had adopted certain internal control measures which require that (i) our Group shall designate officers to deal with the payments and registrations of social insurance premiums and housing provident funds of all employees of our Group; (ii) monthly reports on the status of such payments and registrations shall be prepared by the designated officers and submitted to our personnel department and vice general manager for approval, and then our Group shall report the same to the relevant governmental authorities and make the payments and registrations, if necessary, and (iii) our supervision department and the trade union of our employees shall make regular checks on the status of the payments and registrations of social insurance premiums and housing provident funds by our Group every six months and report any non-compliance to our Board of Directors for rectification. The Directors have also undertaken to ensure that our Group will comply with all applicable PRC laws and regulations in connection with the payments and registrations of social insurance premiums and housing provident funds in the future. As at the Latest Practicable Date, our Group has paid the social insurance premiums and housing provident funds and completed the relevant registration for all our employees, and has also entered into labour contracts with all our employees. In the future, our Group will pay the social insurance premiums and housing provident funds, undertake the relevant registration and enter into labour contracts with our employees in compliance with all relevant PRC laws applicable from time to time.

PROPERTIES

Owned Properties

As at the Latest Practicable Date, we owned the following land use rights and property ownership rights:

Property	Owner	Description and tenure	Particulars of occupancy	Encumbrance
A parcel of land (Lot No. 6204-26) located at Zhenbei Village, and Qunsheng Village Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	Boer Wuxi	The property comprises a parcel of land with a site area of approximately 33,941.9 sq.m. which is planned to be developed into a factory complex. The land use rights of the property have been granted for a term with the expiry date on 24 October 2059 for industrial use.	The property is currently vacant.	Nil

We plan to invest about RMB120 million in the construction of a new plant of a total area of 67,032 square metres on our land located at Zhenbei Village, Qunsheng Village, Luoshe Town, Huishan District, Wuxi City (無錫市惠山區洛社鎮鎮北村、群勝村). On 4 March 2010, Boer Wuxi obtained the State-owned Land Use Right Certificate for the aforesaid parcel of land. It is expected that the first phase of the construction works of the new plant will be completed and the new plant will commence its operation by the end of 2010.

Property interest contracted to be acquired by our Group

On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement and equity transfer agreement, pursuant to which Mr. Jia Minghao agreed to transfer to Boer Hong Kong at nominal consideration the legal title of the 75% equity interest in Yixing Boai which was held by Mr. Jia Minghao on trust for Boer Hong Kong. As a result of such agreement, as at the Latest Practicable Date, we had the following property interest contracted to be acquired by our Group:

Property	Owner	Description and tenure	Particulars of occupancy	Encumbrance
Two parcels of land, various buildings and structures located at the Centralised Industrial Area Dajian Village Wanshi Town Yixing City Jiangsu Province The PRC	Yixing Boai	The property comprises 2 parcels of land with a total site area of approximately 74,887.2 sq.m., 4 buildings and various structures erected thereon which were completed in various stages between 2005 and 2007. The buildings have a total gross floor area of approximately 35,905 sq.m. The buildings comprise 3 industrial buildings and a dormitory. The structures mainly include roads, boundary fences, a bicycle shed, etc. The land use rights of the property have been granted for terms with the expiry dates on 28 November 2055 and 26 May 2057 respectively for industrial use.	The property is currently occupied by Yixing Boai for production and ancillary purposes except for a portion of the property which is leased to Boer Yixing.	Nil

Leased Properties

As at the Latest Practicable Date, we leased the following premises:

Property	Tenant	Description and tenure	Particulars of occupancy	Annual rental
3 buildings beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	Boer Wuxi	The property comprises 3 single-storey industrial buildings completed in about 1998. The property has a gross floor area of approximately 8,498.42 sq.m. The property is leased for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019.	The property is currently occupied by our Group for production and storage purposes.	RMB840,000, exclusive of management fees, water and electricity charges
A unit on Level 2 of Building No. 7 beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	Boer Services Co	The property comprises a unit on Level 2 of a 2-storey industrial building completed in 1998. The property has a gross floor area of approximately 80 sq.m. The property is leased for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019.	The property is currently occupied by our Group for office purpose.	RMB7,200
Unit 508 on Level 5 of Tower A Jiahao International Center No. 116 Zizhuyuan Road Haidian District Beijing The PRC	Boer Wuxi	The property comprises a unit on Level 5 of a 15-storey composite building completed in 2004. The property has a gross floor area of approximately 150 sq.m. The property is leased for a term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012.	The property is currently occupied by our Group for office purpose.	RMB150,000, exclusive of management fees, water and electricity charges
Unit 2210 on Level 22 of Tower No. 3 Jiaye International Mansion No. 158 Lushan Road Jianye District Nanjing City Jiangsu Province The PRC	Boer Wuxi	The property comprises a unit on Level 22 of a 29-storey office building completed in 2006. The property has a gross floor area of approximately 327.57 sq.m. The property is leased for a term of 3 years commencing from 16 January 2010 and expiring on 15 January 2013.	The property is currently occupied by our Group for office purpose.	RMB182,400, exclusive of management fees, water and electricity charges

Property	Tenant	Description and tenure	Particulars of occupancy	Annual rental
Unit 1805 on the 18th Floor of Vicwood Plaza 199 Des Voeux Road Central Hong Kong	Boer Hong Kong	The property comprises a unit on the 18th Floor of a 39-storey office building completed in about 1987. The property has a lettable area of approximately 142.1 sq.m. The property is leased for a term of 2 years commencing from 1 April 2010 and expiring on 31 March 2012.	The property is currently occupied by our Group for office purpose.	HK$672,360, exclusive of rates, management fees, air-conditioning charges

The lease agreements in respect of the properties leased by us, except for the lease agreement concerning our leased property in Nanjing, have been duly registered with the relevant authorities. The non-registration of the tenancy agreement regarding our leased property in Nanjing will not affect the validity of such agreement. Boer Wuxi is preparing to apply for the registration of the tenancy agreement as otherwise Boer Wuxi may be subject to a penalty of up to RMB10,000 according to the Regulations of Nanjing on the Lease of Premises.

In accordance with a mortgage registered at the Land Registry of Hong Kong against, inter alia, the office premises leased by us in Hong Kong set out above ("**Boer Hong Kong Office**"), the landlord of Boer Hong Kong Office ("**Landlord**") had undertaken and agreed with its bank ("**Bank**") not to lease or part with the possession of, inter alia, the Boer Hong Kong Office unless the written consent of the Bank or the agent (as defined in the facility agreement mentioned below) is obtained or except as permitted in accordance with the facility agreement between, among others, the Bank and the Landlord. As at the Latest Practicable Date, the Landlord is still in the process of obtaining such written consent from the Bank. Our Controlling Shareholders have agreed to indemnify our Group against any losses, costs and/or expenses that our Group may suffer directly or indirectly in connection with the failure of the Landlord to obtain such consent from the Bank, including but not limited to any losses, costs and/or expenses as a result of the relocation of the office of Boer Hong Kong. In the event that the consent is not forthcoming and as a result our Group is required to relocate our office in Hong Kong, our Directors believe it will not materially affect the operations of our Group as we can easily look for and lease another premises under similar terms and conditions and at similar rental as our office in Hong Kong.

SAFETY AND ENVIRONMENTAL PROTECTION

Environmental Issues

The manufacturing process of the products to be used in our EDS Solutions and iEDS Solutions as well as the manufacturing process of the components and spare parts affect the environment with noise generated. We have adopted measures to ensure compliance with the relevant PRC environmental laws, rules and regulations. The personnel currently responsible for formulating and implementing measures to ensure our Group's compliance with the applicable environmental protection laws, rules and regulations possesses over 15 years of experience in compliance work in relation to the PRC environmental laws rules and regulations. In order to effectively minimise the level of noise pollution caused by our manufacturing facilities to neighbouring areas, the walls and roofs of our factory are built with a layer of foam for noise reduction.

Approximately RMB158,000, RMB209,000, RMB704,000, RMB151,000 and RMB165,000 were spent in the three years ended 31 December 2007, 2008, 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively, by us to ensure our Group's compliance with the applicable PRC environmental laws, rules and regulations. We plan to spend RMB2 million in each of the years ended 31 December 2010 and 2011 to ensure our compliance of the laws, rules and regulations going forward and to adopt preventive measures in respect of the potential risks of our production process to the environment.

Based on the confirmation letters issued by the relevant local environmental bureaus, our PRC legal advisers, Grandall Legal Group (Shenzhen), confirmed that all the PRC operating entities of our Group have complied with all PRC environmental laws, rules and regulations. Grandall Legal Group (Shenzhen) has also advised that we have obtained all required permits and environmental approvals for our business and operations in the PRC, and no notice of environmental pollution was received by our Group and no administrative penalty was imposed on our Group for violation of environmental rules and regulations during the Track Record Period.

Health and Safety Issues

With respect to health and safety issues, we are subject to the Law of the PRC on Prevention and Control of Occupational Diseases (職業病防治法), the Law of the PRC on Product Safety (安全生產法) and Regulations on Labour Protection in Jiangsu Province (江蘇省勞動保護條例). These laws and regulations require entities that are engaged in production activities to take measures to protect the health and the rights of the labourers, to strengthen the supervision and administration of production safety, and to prevent and reduce safety accidents.

We have adopted health and safety policies to ensure the welfare of our workers. Workers at the factory facilities are provided with gloves, earplugs, masks, etc. to protect themselves from the injuries that they may suffer. A team of technicians is appointed to regularly monitor the manufacturing process and ensure our workplace safety.

Based on the confirmation letters issued by the relevant PRC workplace safety supervision authorities, our PRC legal advisers, Grandall Legal Group (Shenzhen), confirmed that during the Track Record Period and up to the respective dates of the confirmations, we did not violate the workplace safety laws and regulations and were not subject to any administrative penalty as a result of any violation of such laws and regulations. No major accident that has resulted in deaths or serious injuries of our workers has ever occurred during the Track Record Period.

INSURANCE

Our insurance coverage includes composite property insurance for the fixed assets. We also have automobile insurance coverage for all our vehicles in respect of third party liability and passenger and vehicular risks. Our Directors confirm that our insurance coverage is in line with the general practice in the industry and is adequate for our operations. As at the Latest Practicable Date, we had not made nor been the subject of any material insurance claims.

We do not maintain any product liability insurance because we are not statutorily required under the PRC laws to maintain such insurance. As at the Latest Practicable Date, we had not been the subject of any product liability claim.

LICENSES AND PERMITS

We confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had obtained all licenses and permits for its operations and complied with all rules and regulations in all jurisdictions where it had operations.

LEGAL COMPLIANCE AND ADMINISTRATIVE PROCEEDINGS

Litigation, Arbitration and Claims

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our operation results or financial condition.

Loans to Other Parties

According to the Lending General Provisions of the PRC (the "**Provisions**") issued by the People's Bank of China (the "**PBOC**"), a PRC company, other than financial institutions, shall not provide loans to any other company. Any company violating the Provisions and providing a loan to the other company may be subject to a fine and such loan may be invalidated by the PBOC. The maximum amount of fine is up to five times the earnings of the lending company from such loan. For the purpose of the Provisions, earnings from a loan include the interest and other fees (if any) charged by the lending company for providing such loan.

Our Group granted the following loans to other companies in violation of the Provisions, and charged interests from some of such loans, during the Track Record Period:

(a) Loan to Fuyang Industry

We entered into a number of agreements with Fuyang Industry and Fuyang Electrical in 2008 and 2009 (collectively as "**Fuyang Agreements**") relating to a proposed acquisition of 48.9% of the equity interest in an independent third party company (the "**Independent Company**") with the aim of expanding our downstream sales channel. The agreed consideration for such acquisition was RMB1.3 million. As far as our Directors are aware, Fuyang Electrical is a wholly-owned subsidiary of Fuyang Industry. To facilitate our assessment on the business of the Independent Company before we acquire it, we provided a loan to Fuyang Industry in 2008 (the "**Fuyang Loan**") to maintain a sufficient cash flow for the operations of the Independent Company. The amount of the Fuyang Loan outstanding as at the date of the Supplemental Agreement as described below was RMB6 million. In addition, we entered into a contracted operation and management agreement (the "**Contracted Operation and Management Agreement**"), one of the Fuyang Agreements, with Fuyang Electrical in 2009 so that we could take charge of the operation and management of the Independent Company. However, after conducting certain due diligence investigations on the Independent Company, we decided not to proceed with the acquisition and we entered into a supplemental agreement (the "**Supplemental Agreement**") with Fuyang Industry and Fuyang Electrical on 20 January 2010 whereby the parties agreed, inter alia:

(i) the postponement of the performance of our obligations under the Contracted Operation and Management Agreement;

(ii) the transfer of the benefit of the Fuyang Loan from Fuyang Electrical to Boer Yixing and the fixing of the term of the loan to one year from the date on which the Fuyang Loan was provided to the Independent Company by Fuyang Electrical; and

(iii) the postponement of the performance of our obligations to acquire the 48.9% equity interest in the Independent Company and the granting of an option to our Group to elect whether to proceed with the acquisition of such 48.9% equity.

No time period is set out in the Supplemental Agreement for our Group to fulfill our obligations under the Contracted Operation and Management Agreement and to exercise our option to acquire the 48.9% equity interest in the Independent Company. In the Supplemental Agreement, all parties agreed that our Group would not bear any liability for the postponement of performance of our obligations under the Contracted Operation and Management Agreement and for not acquiring the 48.9% equity interest in the Independent Company. As such, our Company's PRC legal advisers, Grandall Legal Group (Shenzhen), have advised that there is no legal risk on our Group for not fulfilling the aforesaid obligations under the Fuyang Agreements and no penalty or fee will be imposed on our Group as a result. Our Directors consider that the non-performance of such obligations, as agreed by all parties under the Supplemental Agreement, will not result in any adverse financial consequence on our Group. The decision not to proceed with the acquisition was made after having considered the current operational status of the Independent Company and the immaturity of the sales and marketing channels of the market in which the Independent Company operates. As a result, our Directors consider that it is not suitable to proceed with the acquisition at present and our Group has no present intention to exercise the option for the acquisition. Our Group is currently negotiating with Fuyang Industry and Fuyang Electrical to formally terminate the Fuyang Agreements by the end of 2010 and does not intend to apply any of the net proceeds from the Global Offering to the aforesaid proposed acquisition. Our Directors have also undertaken to ensure that in case the proposed acquisition proceeds, our Company will comply with all relevant requirements in connection with such acquisition under the Listing Rules.

Further to the Supplemental Agreement, the Independent Company fully settled and repaid the Fuyang Loan to our Group in May 2010. There is no outstanding loan due from the Independent Company to our Group.

The interest rate charged by our Group for the Fuyang Loan was the prime interest rate then adopted by the banks in China, which was 6.57% per annum as of the date of the loan agreement. Thus, in accordance with the Provisions, the maximum penalty that our Company may be subject to as a result of the Fuyang Loan is approximately RMB1.97 million, which is five times the total interest accrued under the Fuyang Loan.

Our Controlling Shareholders have agreed to indemnify our Group against any losses, damages, costs, expenses and/or penalties that our Group may suffer directly or indirectly in connection with the Fuyang Loan.

Further details of the Fuyang Agreements are set out in the paragraph headed “Summary of Material Contracts” in Appendix VI, “Statutory and General Information”, to this prospectus.

(b) Loan to Shanghai Shuanghuan

There were amounts due from Shanghai Shuanghuan (which is owned as to 33% and 67% respectively by Mr. Qian Yixiang, one of our Controlling Shareholders and executive Directors, and Mr. Qian Zhongming, one of the executive Directors) to the Predecessor Entity of RMB69.4 million, RMB69.3 million and RMB78.1 million as at 31 December 2007, 2008 and 2009, respectively. The Predecessor Entity granted such loans to Shanghai Shuanghuan as Shanghai Shuanghuan required additional working capital to fund its business operations and the Predecessor Entity had available unutilised funds which it was able to lend to Shanghai Shuanghuan at the relevant time. Such loans carried an interest of 2.22% and 5.55% per annum for the year ended 31 December 2007 and 2009, respectively. The Predecessor Entity did not receive any interest in respect of the loans in the year 2008. Such loans were still outstanding as at the Latest Practicable Date. In accordance with the Provisions, the maximum penalty that the Predecessor Entity may be subject to in 2007 and 2009 as a result of the loans to Shanghai Shuanghuan are approximately RMB8.75 million and RMB20.55 million, respectively, which are five times the total interest received under such loans in those two years.

The interest incomes from the loans to Shanghai Shuanghuan recognised in 2007 and 2009 were earned by the Predecessor Entity based on an agreement between Shanghai Shuanghuan and the Predecessor Entity. As the business of the Predecessor Entity has been completely assumed by our Group on 31 December 2009, such loans and all the interest incomes derived from such loans were retained (or deemed to be distributed) by the Predecessor Entity, which is not a member of our Group. As such, in the view of our Company’s legal advisers, Grandall Legal Group (Shenzhen), such loans and the interest incomes derived from such loans will not impose any legal risk on our Group in relation to any fine under the Provisions.

(c) Loan to Wuxi City Baihuafang Flower Shop (無錫市百花坊鮮花店), Linglan Taihu Water World (Suzhou) Co., Ltd.* (鈴蘭太湖水底世界(蘇州)有限公司) and Wuxi Haijie Rubber Co., Ltd.*(無錫海捷塑膠有限公司)*

The Predecessor Entity entered into loan agreements with the following companies which are Independent Third Parties:

(i) a loan agreement with Wuxi City Baihuafang Flower Shop on 1 March 2006, pursuant to which Wuxi Boer provided a loan of RMB1.06 million to Wuxi City Baihuafang Flower Shop at no interest and the loan is to be repaid by 28 February 2016;

(ii) a loan agreement with Linglan Taihu Water World (Suzhou) Co., Ltd. on 1 August 2007, pursuant to which Wuxi Boer provided a loan of RMB20 million to Linglan Taihu Water World (Suzhou) Co., Ltd. at no interest and the loan is to be repaid within four years from the date of the agreement; and

(iii) a loan agreement and a supplemental loan agreement with Wuxi Haijie Rubber Co., Ltd. on 1 August 2008 and 1 January 2009, respectively, pursuant to which Wuxi Boer provided a loan of RMB1.5 million to Wuxi Haijie Rubber Co., Ltd., at no interest and the loan is to be repaid by 31 July 2013.

The Predecessor Entity granted such loans to the above companies so as to reinforce its business relationship with such companies. These companies had purchased products from our Group and had referred customers to the our Group before. The loans were used as working capital of these companies.

The aforesaid loan to Linglan Taihu Water World (Suzhou) Co., Ltd. was fully settled and repaid in June 2010 while the other two loans to Wuxi City Baihuafang Flower Shop and Wuxi Haijie Rubber Co., Ltd., respectively, were still outstanding as at the Latest Practicable Date.

As the business of the Predecessor Entity was completely assumed by our Group on 31 December 2009, the loans to Wuxi City Baihuafang Flower Shop, Linglan Taihu Water World (Suzhou) Co., Ltd. and Wuxi Haijie Rubber Co., Ltd. described in the sub-paragraph (c) above were retained (or deemed to be distributed) by the Predecessor Entity. In respect of such loans, our Group does not charge any interests and fees under the relevant loan agreements. As such, our Group does not obtain any earnings from the loans and hence our PRC legal advisers, Grandall Legal Group (Shenzhen), have confirmed that there is no legal risk of our Group being subject to any fine as a result of such loans under the Provisions.

In order to prevent any loan to be granted by our Group to any third party in violation of the Provisions in the future, our Company has adopted certain internal control measures which stipulate that any loan to be granted by any member of our Group shall first be considered by our finance department and legal advisers to ensure that such loan will not violate any applicable laws and regulations and then submitted to our Board of Directors for approval. The Directors have also undertaken to ensure that our Group will not provide loan to any company in violation of the Provisions or other applicable PRC laws or regulations in the future.

Compliance with Listing Rules and Other Laws and Rules

We have established procedures, systems and controls which are adequate having regard to the obligations of our Company and the Directors to comply with the Listing Rules and the applicable laws and regulations so that the Directors will be able to assess from time to time the operating and financial positions and prospects of us and to ensure our compliance with all applicable laws and regulations from time to time.

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

RESTRICTION ON DISPOSAL OF SHARES

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that save as pursuant to the Stock Borrowing Agreement or note (2) to Rule 10.07(2) of the Listing Rules, he/she/it will not:

(a) at any time in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/she/it was shown in this prospectus to be the beneficial owner; and

(b) at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise of or enforcement of such options, rights, interests or encumbrances, he/she/it will then cease to be a Controlling Shareholder of our Company.

Further restrictions on the disposal of Shares by our Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement are set out in the paragraph headed "Undertakings – By our Controlling Shareholders" under the section headed "Underwriting" of this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option), King Able and Silver Crest will hold 69% and 6% of our Company's issued share capital respectively. Since each of Mr. Qian Yixiang and Ms. Jia Lingxia holds 50% of the issued share capital of King Able, they are Controlling Shareholders of our Company.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering, our Controlling Shareholders will control the exercise of voting rights of 69% of the Shares eligible to vote in the general meeting of our Company (assuming the Over-allotment Option is not exercised). Save and except for their interest in our Company, our Controlling Shareholders had no interest in any other companies as at the Latest Practicable Date which may, directly or indirectly, compete with our Group's business.

Although Mr. Qian Yixiang, one of our Controlling Shareholders and executive Directors, has interests in the following companies, such companies do not carry on any business which, directly or indirectly, competes with the business of our Group:

(i) Wuxi Boer

As at the Latest Practicable Date, Wuxi Boer was held as to 80% and 20% by Mr. Qian Yixiang and Mr. Qian Zhongming, one of our executive Directors, respectively. Through the business restructuring of Wuxi Boer, all substantive business operations of Wuxi Boer had been assumed by our Group by 31 December 2009 and since then, Wuxi Boer has not carried on any business which competed with the business of our Group. Details of the business restructuring of Wuxi Boer are set out in the subparagraph headed "Origin of our Group" in the paragraph headed "Our History and Development" of the section headed "History and Reorganisation" in this prospectus.

(ii) Shanghai Boer

As at the Latest Practicable Date, Shanghai Boer was held as to 49% by Wuxi Boer, which in turn was owned as to 80% and 20% by Mr. Qian Yixiang and Mr. Qian Zhongming, respectively, as mentioned in paragraph (i) above. Currently, the business of Shanghai Boer does not compete with that of our Group because the electrical components manufactured by our Group are different to those manufactured by Shanghai Boer in terms of their usages and functions. Shanghai Boer is engaged in the manufacture and sale of electrical components, such as air circuit breakers and moulded case circuit breakers, which are the upstream components used in our EDS Solutions and iEDS Solutions and are designed for use in the electrical rooms of premises where the electricity voltage is below 690 volts. The electrical components and spare parts manufactured by our Group are used in various other stages of the electricity system in which the electricity voltages are different. For example, the medium voltage breakers manufactured by us are used for distribution of electricity from the power connection to the facilities of the users where the electricity voltage is above 3.6kV, and the mini circuit breakers manufactured by us are the terminal distribution component applied in the facilities of the end user of power. Currently, Shanghai Boer does not have the necessary facilities and technologies to manufacture the electrical components which we provide and our Group also does not have the necessary facilities and technologies to manufacture the electrical components provided by Shanghai Boer. Given that (a) any transfer of equity interest in Shanghai Boer by Mr. Qian Yixiang will be subject to the pre-emption right of the majority shareholder of Shanghai Boer and the relevant laws and regulations of the PRC and (b) the business of Shanghai Boer does not, directly or indirectly, compete with that of our Group, Mr. Qian Yixiang does not intend to inject his interest in Shanghai Boer into our Group.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders (collectively the "**Covenantors**") have entered into a deed of non-competition (the "**Non-competition Deed**") in favour of our Company, pursuant to which the Covenantors have undertaken and covenanted with our Company (for itself and as trustee for each of its subsidiaries) that each of them would not, and would procure that their respective associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on its or his or her own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise or whether for profit, reward or otherwise) in any business which is or may be in competition, whether directly or indirectly, with the principal business of any of the members of our Group from time to time (the "**Restricted Business**"). Such non-competition undertaking does not apply where:

(a) any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Group, and at the request of our Group, the offer should contain all information reasonably necessary for our Group to consider whether (i) such opportunity would constitute competition with any Restricted Business and (ii) it is in the interest of our Group and our Shareholders as a whole to pursue such opportunity, and our Company, after review by the independent non-executive Directors, has declined such opportunity to invest, participate, be engaged in or operate the Restricted Business with such third party or together with the Covenantor and/or its/his/her associates, provided that the principal terms by which the Covenantor (or its/his/her associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to our Company; or

(b) having interests in the shares or other securities in a company whose shares are listed on a recognised stock exchange provided that:

(i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

(ii) the total number of the shares held by the Covenantor and/or its/his/her associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and the Covenantor and/or its/his/her associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Covenantor and its/his/her associates in aggregate.

If our Company decides and offers to invest, participate, be engaged in and/or operate any Restricted Business with the Covenantor and/or his/her/its associates (or any of them, as the case may be), pursuant to (a) above, the Covenantor and/or his/her/its associates can invest, participate, be engaged in and/or operate such Restricted Business with our Company. Our Company will comply with the requirements of the Listing Rules in case of such cooperation with the Covenantor and/or his/her/its associates (or any of them, as the case may be).

The "restricted period" stated in the Non-competition Deed refers to the period during which (i) the Shares of our Company remain listed on the Stock Exchange; and (ii) the Covenantor and/or his/her/its associates are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company.

Each of the Covenantors has further undertaken and covenanted with our Company that, for so long as the Non-competition Deed remains in effect, the Covenantor would:

(i) promptly provide to our Company such information as our Company may from time to time reasonably request to ascertain compliance by the Covenantor of its/his/her obligations under the Non-competition Deed;

(ii) allow the independent non-executive Directors to review, at least on an annual basis, the compliance with the Non-competition Deed by the Covenantor, the options, pre-emptive rights or first rights of refusals (if any) provided by the Covenantor on its/his/her existing or future competing businesses;

(iii) undertake to provide all information necessary for annual review by the independent non-executive Directors and the enforcement of the Non-competition Deed;

(iv) allow our Company to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-competition Deed either through the annual report, or by way of announcements;

(v) make an annual declaration on compliance with the Non-competition Deed in the annual report of our Company and disclosure on how the Non-competition Deed has been complied with and enforced, consistent with the principle of making voluntary disclosure in the corporate governance report; and

(vi) where the Covenantor is a controlling shareholder of our Company or a Director, the Covenantor would not vote or be counted in the quorum on any resolution where there is actual or potential conflicting interest on the part of the Covenantor.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates after the Global Offering and upon Listing:

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. Both Mr. Qian Yixiang and Ms. Jia Lingxia, two of our Controlling Shareholders, are executive Directors of our Company.

Each of our Directors is aware of his or her fiduciary duties as a Director of our Company which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transactions to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

Operational Independence

We have independent access to raw materials for the production of our products. We have also established a set of internal controls to facilitate the effective operation of our business. Our Group has registered certain patents and trademarks and is in the process of application for registration of additional patents and trademarks which we utilise in marketing our integrated solutions.

In addition, our Directors consider that our operations do not depend on the operation of our Controlling Shareholders for the following reasons:

(i) there is no competing business between our Group and any of our Controlling Shareholders;

(ii) our Group has not shared its operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their associates. Apart from (a) the lease agreement entered into between Wuxi Boer, a company which Mr. Qian Yixiang is able to exercise or control the exercise of 30% or more of the voting power, as landlord and Boer Wuxi as tenant and (b) the lease agreement entered into between Wuxi Boer as landlord and Boer Services Co as tenant, both as set out under the paragraph headed "Exempt Continuing Connected Transactions under Rule 14A.33(3)(a)" in the section headed "Connected Transactions" in this prospectus, and (c) the Master Agreement as set out under the paragraph headed "Non-Exempt Continuing Connected Transactions" in the section headed "Connected Transactions" in this prospectus, no services are intended to be provide by our Controlling Shareholders and/or their associates to our Group;

(iii) other than the business contracts in the ordinary and usual course of business of our Group, none of our Controlling Shareholders, our Directors and their respective associates have any relationship with the major suppliers of our Group; and

(iv) other than the business contracts in the ordinary and usual course of business of our Group, none of our Controlling Shareholders, our Directors and their respective associates have any relationship with the major customers of our Group.

On the basis of the matters described in this section, we believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs.

Having considered the above reasons, our Directors are of the view that our Group is capable of carrying out its business independently of our Controlling Shareholders (including any associate thereof) after the Listing.

After the Listing, the following transactions will be regarded as our connected transactions within the meaning of the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.33(3)(A)

(i) Lease for 3 buildings besides national highway No. 312, Luoshe Town, Huishan District, Wuxi City, Jiangsu Province, the PRC

On 22 February 2010, Wuxi Boer and Boer Wuxi entered into a lease agreement (the "**Boer Wuxi Lease**"), pursuant to which Wuxi Boer leased to Boer Wuxi 3 buildings besides national highway No. 312, Luoshe Town, Huishan District, Wuxi City, Jiangsu Province, the PRC ("**Boer Wuxi Buildings**") for production and storage purposes, with a gross floor area of approximately 8,500 square meters. The monthly rental under the Boer Wuxi Lease is RMB70,000 and the term of the Boer Wuxi Lease is 10 years which commenced on 1 January 2010 and will continue until 31 December 2019. The term of the Boer Wuxi Lease will renew automatically for another 10 years at its expiry unless otherwise agreed by both parties in writing. The Boer Wuxi Buildings are currently occupied by our Group for production and storage purposes and our Group has a plan to develop the Boer Wuxi Buildings to be a research and development centre of our Group within three years after Listing.

Under the Boer Wuxi Lease, the maximum aggregate annual value of the rental during its term will be RMB840,000, which has been determined by reference to the terms and conditions of the Boer Wuxi Lease and the prevailing market rate. The monthly rental payable by Boer Wuxi under the Boer Wuxi Lease is determined on terms more favourable to our Group than it is available from Independent Third Parties.

(ii) Lease for a unit on Level 2 of Building No. 7, besides national highway No. 312, Luoshe Town, Huishan District, Wuxi City, Jiangsu Province, the PRC

On 22 February 2010, Wuxi Boer and Boer Services Co entered into a lease agreement (the "**Boer Services Co Lease**"), pursuant to which Wuxi Boer leased to Boer Services Co an office unit located on Level 2 of Building No. 7, besides national highway No. 312, Luoshe Town, Huishan District, Wuxi City, Jiangsu Province, the PRC ("**Boer Services Co Office**"), with a gross floor area of approximately 80 square meters. The monthly rental under the Boer Services Co Lease is RMB 600 and the term of the Boer Services Co Lease is 10 years which commenced on 1 January 2010 and will continue until 31 December 2019. The term of the Boer Services Co Lease will renew automatically for another 10 years at its expiry unless otherwise agreed by both parties in writing. The Boer Services Co Office is currently occupied by our Group as an office of Boer Services Co.

Under the Boer Services Co Lease, the maximum aggregate annual value of the rental during its term will be RMB 7,200, which has been determined by reference to the terms and conditions of the Boer Services Co Lease and the prevailing market rate. The monthly rental payable by Boer Services Co under the Boer Services Co Lease is determined on terms more favourable to our Group than it is available from Independent Third Parties.

(iii) Lease for an office building and 3 workshops located at Industrial Centralised Area, Dajian Village, Wanshi Town, Yixing City, Jiangsu Province, the PRC

On 1 January 2010, Yixing Boai and Boer Yixing entered into a lease agreement (the "**Boer Yixing Lease**"), pursuant to which Yixing Boai leased to Boer Yixing an office building and 3 workshops located at Industrial Centralised Area, Dajian Village, Wanshi Town, Yixing City, Jiangsu Province, the PRC ("**Boer Yixing Buildings**"), with a total gross floor area of approximately 4,460 square meters. The annual rental under the Boer Yixing Lease is RMB100,000 and the term of the Boer Yixing Lease is 10 years which commenced on 1 January 2010 and will continue until 31 December 2019. The Boer Yixing Buildings are currently occupied by our Group and used by us as offices and workshops of Boer Yixing.

Under the Boer Yixing Lease, the maximum aggregate annual value of the rental during the term will be RMB100,000, which has been determined by reference to the terms and conditions of the Boer Yixing Lease and the prevailing market rate. The annual rental payable by Boer Yixing under the Boer Yixing Lease are on terms more favourable to our Group than those that are available from Independent Third Parties.

The entering into of the Boer Wuxi Lease, the Boer Services Co Lease and the Boer Yixing Lease (collectively the "**Leases**") are continuing connected transactions of our Group for the following reasons:

(a) Mr. Qian Yixiang, an executive Director and one of our Controlling Shareholders, holds 80% of the equity interests in Wuxi Boer and is able to exercise or control the exercise of 30% or more of the voting power at the general meetings of Wuxi Boer. As such, Wuxi Boer is an associate of Mr. Qian Yixiang and therefore a connected person of our Company and the entering into of the Boer Wuxi Lease and the Boer Services Co Lease are continuing connected transactions of the our Group; and

(b) despite that our Group is the beneficial owner of 75% equity interest in Yixing Boai, the remaining 25% equity interest is held by Wuxi Weiqi which in turn is held by Ms. Qian Yiying and Mr. Tao Qi. Ms. Qian Yiying and Mr. Tao Qi are the sister and brother-in-law of Mr. Qian Yixiang respectively, and they are associates of Mr. Qian Yixiang and connected persons of our Company. As such, the entering into of the Boer Yixing Lease is a continuing connected transaction of our Group.

Our Directors (including the independent non-executive Directors) consider that the continuing connected transactions under the Leases have been entered into and will be carried out in the ordinary and usual course of business of our Group on normal commercial terms, and the continuing connected transactions and the proposed maximum aggregate annual values of rentals under the Leases are fair and reasonable and in the interests of our Company and its Shareholders as a whole. The long-term nature of the Leases will provide stability for our Group's business operations. They enable our Group to secure a location for its offices, workshops and research and development centre at a price lower than the prevailing market rate and to prevent unnecessary cost, effort, time and interruption of business caused by relocation in the case of short-term lease. They also enable our Group to minimise the decoration and lease renewal expenses in the case of short-term lease. As such, our Directors (including the independent non-executive Directors) are of the view that a term exceeding three years is required for the Leases and that it is a normal business practice to maintain such long-term leases.

The annual rental of each of the Leases will be less than HK$1,000,000 and each of the percentage ratios (other than profit ratio) under Chapter 14 of the Listing Rules, where applicable, in respect of the transactions under each of the Leases is, on an annual basis, expected to be less than 5%. Hence, the transactions under the Leases will be exempt from the reporting, annual review, announcement and independent shareholders approval requirements pursuant to Rule 14A.33 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We started purchasing parts and components used in our EDS Solutions and iEDS Solutions from Shanghai Boer in 2008 and the aggregate values of the parts and components we purchased from Shanghai Boer for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were nil, RMB1.0 million, RMB4.7 million and RMB2.7 million, respectively. In order to secure a steady supply of the types of parts and components manufactured by Shanghai Boer and to apply the products manufactured by Shanghai Boer in the EDS Solutions and iEDS Solutions we offer, Boer Yixing and Shanghai Boer entered into the Master Agreement valid for three years from 1 January 2010 to 31 December 2012, pursuant to which:

(a) Shanghai Boer has agreed to purchase a range of products, including contactor and mini circuit breaker, from Boer Yixing in an aggregate annual value of not more than RMB20 million, RMB30 million and RMB40 million in the years of 2010, 2011 and 2012 respectively. The prices of the products supplied by Boer Yixing to Shanghai Boer will be determined with reference to the prevailing market prices of the products at the time of the procurement; and

(b) Boer Yixing has agreed to purchase a range of parts and components, including air circuit breaker and moulded case circuit breaker, from Shanghai Boer in an aggregate annual value of not more than RMB10 million, RMB20 million and RMB30 million in the years of 2010, 2011 and 2012 respectively. The prices of the parts and components supplied by Shanghai Boer to Boer Yixing will be determined with reference to the prevailing market prices of the parts and components at the time of the procurement.

The maximum aggregate annual values of our purchases from Shanghai Boer set out in the Master Agreement are determined with reference to (i) the amount of our purchases of parts and components from Shanghai Boer during the Track Record Period; (ii) the expected growth of the sales of our EDS Solutions and iEDS Solutions in the next three years; (iii) the expected increase in the market prices of the parts and components to be manufactured by Shanghai Boer in the next three years and (iv) the expected amounts of purchase from Shanghai Boer of additional categories of products which we did not purchase from Shanghai Boer before and which our Group used to procure from other suppliers during the Track Record Period.

During the Track Record Period, Shanghai Boer did not purchase any product from Boer Yixing because our Group did not manufacture the products required by Shanghai Boer, such as contactors and mini circuit breakers, and Shanghai Boer used to purchase such products from other suppliers. Since our Group launched such products in 2010, Shanghai Boer agreed to purchase such products from our Group. Therefore, the maximum aggregate annual values of our sales to Shanghai Boer are determined with reference to (i) the amounts of purchase of such products by Shanghai Boer from other suppliers during the Track Record Period; (ii) the expected demand of Shanghai Boer for our products in the next three years; and (iii) the expected increase in the market prices of our products which Shanghai Boer will purchase in the next three years.

Mr. Qian Yixiang, an executive Director and one of our Controlling Shareholders, is able to exercise or control the exercise of 30% or more of the voting power at general meetings of Wuxi Boer which in turn is able to exercise or control the exercise of 30% or more of the voting power at general meetings of Shanghai Boer. Accordingly, each of Wuxi Boer and Shanghai Boer is an associate of Mr. Qian Yixiang and therefore a connected person of our Company.

Given that (i) the above relationships between Shanghai Boer, as well as its equity holders, and our Group and (ii) the annual consideration for the transactions under the Master Agreement exceeds HK$10,000,000 and each or all of the applicable percentage ratios under Chapter 14A of the Listing Rules is/are on an annual basis more than 5%, the transactions under the Master Agreement will constitute non-exempt continuing connected transactions under Rule 14A.35 of Chapter 14A of the Listing Rules upon Listing and our Company must comply with the applicable reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

Our Directors (including the independent non-executive Directors) consider that the continuing connected transactions under the Master Agreement have been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms, and the continuing connected transactions and the proposed maximum aggregate annual values of the transactions under the Master Agreement are fair and reasonable and in the interest of our Company and its Shareholders as a whole. Accordingly, notwithstanding that the Master Agreement constitutes continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, the Directors consider that it would be inappropriate, impractical and unduly burdensome for all transactions under such documents to be subject to strict compliance with the requirements set out in Chapter 14A of the Listing Rules, including, amongst other things, the periodic announcement and approval by the independent Shareholders.

Accordingly, our Group has applied for, and the Stock Exchange has granted, a waiver, pursuant to Rule 14A.42(3) of Chapter 14A of the Listing Rules, from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Master Agreement for so long as the Shares are listed on the Stock Exchange.

CONFIRMATION FROM SPONSOR

The Sole Sponsor is of the view that the continuing connected transactions described above have been, and will be, entered into in the ordinary and usual course of business of our Group, are on normal commercial terms, fair and reasonable and in the interest of the Shareholders as a whole, and the proposed maximum aggregate annual values of our purchases from and sales to Shanghai Boer under the Master Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

EXECUTIVE DIRECTORS

QIAN Yixiang (錢毅湘), aged 36, is the chairman of our Board and the chief executive officer of our Company. Mr. Qian Yixiang was appointed a Director of our Board on 12 February 2010. Mr. Qian Yixiang is primarily responsible for the overall management and strategic development of our Group. Mr. Qian Yixiang joined Wuxi Boer in July 1995 and became the general manager of Wuxi Boer in January 1998. Since he first joined Wuxi Boer in July 1995, Mr. Qian Yixiang has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Mr. Qian Yixiang graduated from Jiangnan University with a diploma in Business Management in 1995. Mr. Qian Yixiang is the husband of Ms. Jia Lingxia and the son of Mr. Qian Zhongming.

Mr. Qian Yixiang, who is also a Controlling Shareholder, was a director of Shanghai Boer as at the Latest Practicable Date. Shanghai Boer does not compete or is not likely to compete, directly or indirectly, with the business of our Group for the reasons set out in the paragraphs headed "Controlling Shareholders" in the section headed "Relationship with our Controlling Shareholders" of this prospectus. Please also refer to the said paragraphs for further details of the interest of Mr. Qian Yixiang in Shanghai Boer.

JIA Lingxia (賈凌霞), aged 37, is an executive Director and is the chief operating officer of our Company. Ms. Jia was appointed a Director of our Board on 12 February 2010. Ms. Jia is primarily responsible for the overall management of the daily operations of our Group. Ms. Jia joined Wuxi Boer in August 1995 and became the deputy general manager of Wuxi Boer in January 1997. From February 1995 to August 1995, Ms. Jia worked at Wuxi Special Ventilation Machine Factory (無錫特種風機廠), currently known as Wuxi Xishan Special Ventilation Machine Factory (無錫錫山特種風機有限公司), as the head of the accounts department. Since Ms. Jia joined Wuxi Boer in August 1995, she has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Ms. Jia graduated from Jiangnan University with a diploma in Business Management in 1995. Ms. Jia Lingxia is the wife of Mr. Qian Yixiang and the daughter-in-law of Mr. Qian Zhongming.

ZHA Saibin (查賽彬), aged 43, is an executive Director and a vice president of our Company responsible for new products development. Mr. Zha was appointed a Director of our Board on 12 February 2010. Mr. Zha is primarily responsible for the product development of our Group. Mr. Zha joined Wuxi Boer in June 2000 and became the assistant manager and the head of research and development department of Wuxi Boer in 2003. Prior to joining our Group, Mr. Zha worked at Wuxi City Apparatus Factory (無錫市開關廠) from July 1990 to May 2000 and was later appointed as the head of research and development and the deputy general manager in January 1996 and November 1997, respectively. Since joining Wuxi Boer in June 2000, Mr. Zha has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Mr. Zha received a bachelor's degree in Engineering in 1990 from Hefei University of Technology.

As at the Latest Practicable Date, Mr. Zha Saibin was a director of Shanghai Boer, which does not compete or is not likely to compete, directly or indirectly, with the business of our Group for the reasons set out in the paragraph headed "Controlling Shareholders" in the section headed "Relationship with our Controlling Shareholders" of this prospectus.

QIAN Zhongming (錢仲明), aged 63, is an executive Director and a vice president of our Company responsible for assisting Mr. Qian Yixiang in the formulation of the strategic development plans of our Group. Mr. Qian Zhongming was appointed a Director of our Board on 12 February 2010. As a founding member of Wuxi Boer, Mr. Qian Zhongming acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry during the last 20 years. Mr. Qian Zhongming graduated from Luoshe Senior High School in 1966. Mr. Qian Zhongming is the father of Mr. Qian Yixiang and the father-in-law of Ms. Jia Lingxia.

As at the Latest Practicable Date, Mr. Qian Zhongming owned 20% of the equity interest in Wuxi Boer which in turn owned 49% of the equity interest in Shanghai Boer. Shanghai Boer does not compete or is not likely to compete, directly or indirectly, with the business of our Group for the reasons set out in the paragraph headed "Controlling Shareholders" in the section headed "Relationship with our Controlling Shareholders" of this prospectus.

INDEPENDENT NON-EXECUTIVE DIRECTORS

YEUNG Chi Tat (楊志達), aged 40, joined our Board as an independent non-executive Director on 30 September 2010 and was appointed as the chairman of our Company's audit committee, remuneration committee and nomination committee on 30 September 2010. Mr. Yeung is currently the president of the Hong Kong headquarters of the International Financial Management Association and the financial controller and company secretary of Dynasty Fine Wines Group Limited (Stock Code: 828), a company listed on the Main Board of the Stock Exchange. He is also an independent non-executive Director of Ta Yang Group Holdings Limited (Stock Code: 1991) and ANTA Sports Products Limited (Stock Code: 2020), which are listed on the Main Board of the Stock Exchange. Mr. Yeung was an independent non-executive Director of China Eco-Farming Limited (Stock Code: 8166), which is listed on the GEM Board of the Stock Exchange, from 30 September 2008 to 12 May 2010.

Mr. Yeung received a bachelor's degree in Business Administration from the University of Hong Kong in 1993 and a master's degree in Professional Accounting with distinction from Hong Kong Polytechnic University in 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, a senior international finance manager of the International Financial Management Association and a Certified Public Accountant practicing in Hong Kong. Mr. Yeung worked at KPMG for over 10 years from 1993 to 2004. He possesses extensive experience in auditing, corporate restructuring and corporate finance.

TANG Jianrong (唐建榮), aged 46, joined our Board as an independent non-executive Director on 30 September 2010 and was appointed as a member of our Company's audit committee, remuneration committee and nomination committee on 30 September 2010. Mr. Tang is currently a professor in the business faculty and a deputy director of the MBA teaching centre at Jiangnan University. Our Group entered into a research and development contract with Jiangnan University on 31 March 2006, pursuant to which we agreed to pay Jiangnan University RMB100,000 as research and development fee. Although our Group has established a long-term research relationship with Jiangnan University, Mr. Tang Jianrong has never been involved in any of the research and development programmes undertaken by Jiangnan University for our Group. Mr. Tang Jianrong currently does not receive and has not in the past ever received any personal benefit from the cooperation relationship between our Group and Jiangnan University. Mr. Tang Jianrong currently is not personally interested in and was not in the past ever personally interested in such cooperation relationship.

Mr. Tang received a bachelor's degree in Economics from Hebei Geology College, currently known as Shijiazhuang University of Economics, in 1987. He then received a master's degree in Economics from Zhongnan University of Economics in 1990. He received a doctoral degree in Science from Nanjing University in 2009.

ZHAO Jianfeng (趙劍鋒), aged 37, joined our Board as an independent non-executive Director on 30 September 2010 and was appointed as a member of our Company's audit committee, remuneration committee and nomination committee on 30 September 2010. Mr. Zhao is currently the vice dean of School of Mechanical Engineering at Dongnan University. His main research area covers high-efficiency electronics technology, energy saving technology and renewable energy sources. Our Group entered into a cooperation agreement with Dongnan University on 5 January 2010, pursuant to which we agreed to inject not less than RMB1 million annually into a joint research centre set up by Dongnan University and our Group for the research and development of intelligent electrical distribution equipment and energy efficient equipment. There is no maximum amount of our annual injection of capital into the joint research centre under the cooperation agreement because the budget for each research and development project of the joint research centre may vary, depending on the size of the project and the necessary technologies, equipment and manpower involved. Therefore, we may, at our discretion (but are not obliged to), inject more than RMB1 million into the joint research centre in one year for any research and development project as we think fit. Nevertheless, we expect that the total injection of capital into the joint research centre by the Company in the three years of cooperation will not exceed RMB4 million. Mr. Zhao Jianfeng was not personally involved in, and will not benefit from, the cooperation between our Group and Dongnan University or the setting up of the joint research centre. Neither was Mr. Zhao Jianfeng involved in the negotiation of the cooperation agreement. Mr. Zhao Jianfeng currently does not receive and has not in the past received any personal interest from the cooperation relationship between our Group and Dongnan University. He is currently not personally interested in and was not in the past ever personally interested in such cooperation relationship.

In view of the position held by Mr. Zhao in Dongnan University, our Directors and Mr. Zhao have undertaken to ensure that Mr. Zhao will not be involved in the operation of the joint research centre set up by Dongnan University and our Group. Details of the cooperation between Dongnan University and our Group in respect of our joint research centre are set out in the paragraph headed "Research and Development" in the section headed "Business" of this prospectus.

Mr. Zhao received his bachelor's degree in Engineering from Huainan Mining Institute, currently known as Anhui University of Science & Technology, in 1995. After receiving his master's degree in Engineering from Nanjing University of Aeronautics and Astronautics in 1998, he received a doctoral degree in Engineering from Dongnan University in 2001.

Except as disclosed above, (i) there are no other matters concerning the appointment of all our Directors that need to be brought to the attention of the Shareholders and the Stock Exchange, (ii) there are no other matters that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and (iii) none of our Directors is interested in any business apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with the business of our Group.

SENIOR MANAGEMENT

HUANG Liang (黃亮), aged 36, is our financial controller. Mr. Huang is primarily responsible for the finance and treasury of our Group. Mr. Huang has over 18 years of experience in accounting and finance. Mr. Huang joined Boer Wuxi in January 2009 as the financial manager. Prior to joining our Group, Mr. Huang worked as the head of the finance department of Wuxi Second Boarding House (無錫市第二招待所) from October 1991 to May 2001 and an assistant manager of Wuxi Zhengzhuo CPAs Ltd. (無錫正卓會計師事務有限公司), currently known as Jiangsu Zhengzhuo CPAs Ltd. (江蘇正卓恒新會計師事務所) from June 2001 to December 2008. Mr. Huang graduated from Shanghai University of Finance and Economics with a diploma in Accounting in 1996.

TO Kwong Yeung (杜光揚), aged 32, is the chief financial officer and the company secretary of our Company. Mr. To joined our Group in November 2009. He graduated from the University of Hong Kong in 2000 with a bachelor's degree of Business Administration in Accounting and Finance. Mr. To is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and has over nine years of working experience in the finance and accounting profession. Prior to joining our Group, he worked as a senior manager in Ernst & Young specialising in assurance and advisory services for multinational corporations and listed companies in Hong Kong.

HAN Weidong (韓衛東), aged 43, is a vice general manager of Boer Wuxi responsible for overseeing the daily operations of our Boer Wuxi. Mr. Han joined Boer Wuxi in January 2005 as an deputy general manager has since acquired his knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. From July 1990 to August 1998, Mr. Han worked as a electrical design engineer in the Planning and Designing Institute of Ministry of Light Industry (輕工業部規劃設計院). Prior to joining our Group, Mr. Han worked as a product manager in Schneider from September 1998 to November 2004. Mr. Han received a bachelor's degree in Engineering from North China Electric Power University in 1990.

BO Huizhong (栢慧忠), aged 33, is the marketing manager responsible for the sales and marketing of our Group. Mr. Bo joined Boer Wuxi in April 2009 as the head of the marketing department. From August 1999 to February 2006, Mr. Bo worked as a technical engineer in Changzhou Eaton Senyuan Switch Co., Ltd. (常州伊頓森源開關有限公司). Prior to joining our Group, Mr. Bo worked as a marketing engineer of Schneider from March 2006 to March 2009. During his time with Schneider, Mr. Bo has gained marketing experience in relation to electrical distribution systems and electrical distribution equipment industry. Mr. Bo received a bachelor's degree in Engineering from Nanjing University of Aeronautics and Astronautics in 1999.

ZHANG Jianqi (張建綺), aged 46, is the northern sales supervisor of our Group. Ms. Zhang is primarily responsible for the sales of products of our Group. Ms. Zhang joined Wuxi Boer in March 2003 as the sales supervisor concentrating on sales in northern China. From 1989 to 1991 and from 1991 to 1995, Ms. Zhang worked as an engineer in Beijing Bearing Research Institute (北京軸承研究所) and a research and development engineer in Beijing Yadu Science & Technology Co. (北京亞都科技公司) respectively. She then worked as a sales manager at Moeller from May 1995 to August 1997. Prior to joining our Group, Ms. Zhang worked as a sales manager focusing on international customers of Schneider from September 1997 to February 2003. During her time with Moeller, Ms. Zhang gained sales and marketing experience in relation to the electrical distribution systems and electrical distribution equipment industry. Ms. Zhang received a bachelor's degree in Engineering from Beijing University of Technology in 1986.

ZHANG Jiaqing (張佳慶), aged 46, is the southern sales supervisor of our Group. Mr. Zhang is primarily responsible for the sales of products of our Group. Mr. Zhang joined Wuxi Boer in June 2004 as the sales supervisor concentrating on sales in southern China. Mr. Zhang was a teacher at Jiangsu Institute of Petrochemical Technology, currently known as Changzhou University, from June 1989 to October 1997. Prior to joining our Group, Mr. Zhang worked as a sales manager in Schneider from October 1997 to June 2004. During his time with Schneider, Mr. Zhang has gained experience in relation to the sales and marketing of electrical distribution systems and equipment. Mr. Zhang received a bachelor's degree in Engineering in 1986 and a master's degree in Engineering in 1989, both from Nanjing University of Aeronautics and Astronautics.

AN Di (安棣), aged 37, is the head of internal compliance of our Group. Mr. An is primarily responsible for the implementation of internal control of our Group. Mr. An joined Wuxi Boer in March 2005 and was appointed as the assistant to the general manager and the head of internal compliance of Boer Wuxi in November 2009. Since he joined Wuxi Boer in March 2005, Mr. An has gained experience in overlooking the implementation of internal compliance matters. Prior to joining our Group, Mr. An had been an assistant to the factory director of Tianshui Cheungcheng General Electric Apparatus Factory (天水長城通用電氣廠). Mr. An graduated from Xian Jiaotong University with a diploma in Jurisprudence in 2006.

COMPANY SECRETARY

Mr. To Kwong Yeung serves as the secretary of our Company. For details of Mr. To's background, please refer to the paragraph headed "Senior Management" in this section of the prospectus.

COMPLIANCE ADVISER

We have appointed CCB International Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. CCB International Capital Limited will ensure that our Group is properly guided and advised as to compliance with the Listing Rules, the Takeovers Code, including:

- the publication of regulatory announcements, circulars or financial reports and the entry into notifiable or connected transactions;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

CCB International Capital Limited as our compliance adviser, undertakes to the Stock Exchange that it will comply with the Listing Rules applicable to compliance advisers and cooperate in any investigation conducted by the Listing Division and/or the Listing Committee of the Stock Exchange.

The term of the appointment shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the Listing Date. Such appointment may be extended by mutual agreement.

AUDIT COMMITTEE

We have established an audit committee on 30 September 2010 in compliance with Rules 3.21 and 3.23 of the Listing Rules. The audit committee has three members comprising independent non-executive Directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Zhao Jianfeng. Mr. Yeung Chi Tat is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal control procedures of our Group and nominate and monitor external auditors.

REMUNERATION COMMITTEE

We have established a remuneration committee on 30 September 2010 in compliance with Appendix 14 to the Listing Rules. The remuneration committee has five members comprising three independent non-executive Directors and two executive directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong, Mr. Zhao Jianfeng, Mr. Qian Yixiang and Ms. Jia Lingxia. Mr. Yeung Chi Tat is the chairman of the remuneration committee. Primary functions of the remuneration committee are to make recommendations to the Board on the remuneration of our Directors and senior management and determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

NOMINATION COMMITTEE

We have established a nomination committee on 30 September 2010 in compliance with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. The nomination committee has five members comprising three independent non-executive directors and two executive directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong, Mr. Zhao Jianfeng, Mr. Qian Yixiang and Ms. Jia Lingxia. Mr. Yeung Chi Tat is the chairman of the nomination committee. Primary functions of the nomination committee are to make recommendations to the Board on the appointment of executive Directors and senior management and to review the structure, size and composition of the Board on a regular basis.

REMUNERATION POLICY OF THE DIRECTORS AND SENIOR MANAGEMENT

Please see the section headed "Accountants' Report — Notes to Combined Financial Information — Directors' Remuneration" in Appendix I to this prospectus for the details of the Directors' remuneration for the Track Record Period. For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, none of our Directors has received salaries in order to enhance the capital base of our Group and facilitate our Group's expansion. After the Listing, our Directors will receive remuneration determined by reference to market rates as per the respective directors' service contracts.

The remuneration packages of our Directors and senior management will be reviewed from time to time after Listing.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 30 September 2010 which, in the opinion of the Directors, will enable our Group to recruit and retain high-calibre employees and to improve employee loyalty. The principal terms of this scheme are summarised in the paragraph headed "Share Option Scheme" set out the section headed "Statutory and General Information" in Appendix VI to this prospectus.

REMUNERATION POLICY OF OUR EMPLOYEES

Apart from paying our employees basic salary, we provide some of the staff members working at Boer Wuxi and Yixing Boai free accommodation. After the commencement of trading of the Shares on the Stock Exchange, we may grant share options to our senior employees as part of their remuneration package.

SHARE CAPITAL

Assuming the Over-allotment Option is not exercised at all, our Company's issued share capital immediately following the Global Offering will be as follows:

		Approximately percentage of issued share capital
	HK$	*(%)*
Authorised share capital		
2,000,000,000 Shares	200,000,000	–
Issued shares		
10,000 Shares in issue at the date of this prospectus	1,000	0.0013
Shares to be issued		
562,490,000 Shares to be issued pursuant to the Capitalisation Issue	56,249,000	74.9987
187,500,000 Shares to be issued pursuant to the Global Offering	18,750,000	25.0000
Total issued share capital		
750,000,000 Shares	75,000,000	100.0000

Assuming the Over-allotment Option is exercised in full, our Company's issued share capital immediately following the Global Offering will be as follows:

		Approximate percentage of issued share capital
	HK$	*(%)*
Authorised share capital		
2,000,000,000 Shares	200,000,000	–
Issued shares		
10,000 Shares in issue at the date of this prospectus	1,000	0.0013
Shares to be issued		
562,490,000 Shares to be issued pursuant to the Capitalisation Issue	56,249,000	72.2879
215,625,000 Shares to be issued pursuant to the Global Offering	21,562,500	27.7108
Total issued share capital		
778,125,000 Shares	77,812,500	100.0000

ASSUMPTIONS

The above tables assume the Global Offering and the Capitalisation Issue becomes unconditional and takes no account of any Shares which may be allotted and issued or repurchased by our Company under the general mandates granted to our Directors for the allotment and issue of Shares and the repurchase of Shares as referred to below.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this prospectus, and will qualify in full for all dividends or other distributions declared, made or paid after the date of this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix VI "Statutory and General Information" to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of 20% of the total nominal amount of our share capital of our Company in issue immediately following the completion of Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; and the total nominal amount of our share capital repurchased by our Company under the mandate as mentioned in the paragraph headed "General Mandate to Repurchase Shares" below.

The general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under any rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend in accordance with our Memorandum and Articles of Association, or pursuant to the exercise of any subscription rights attached to any warrants which may be issued by us from time to time, or upon the exercise of the Over-allotment Option or the Capitalisation Issue. The general mandate does not include any Shares to be issued pursuant to the exercise of the Over-allotment Option.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering—Conditions of the Global Offering" in this prospectus, our Directors have been granted a general mandate to exercise all our powers to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue, excluding Shares which may be issued upon the exercise of the Over-allotment Option.

This general mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Repurchase by our Company of its own securities" in the paragraph headed "Further Information about our Company and Subsidiaries" in Appendix VI "Statutory and General Information" to this prospectus.

THE CORNERSTONE INVESTORS

Value Partners Group Limited

Value Partners Limited ("**VP**") is a leading Asia Pacific asset management company. Headquartered in Hong Kong, VP is a wholly-owned subsidiary of Value Partners Group Limited (stock code: 806), a company listed on the Main Board of the Stock Exchange. VP's asset management business was established in 1993 with a mandate to invest in under-followed stocks through the time-honored principles of traditional value-style investing. The same investment approach remains the foundation of how it manages assets for its clients. VP's products include a range of absolute return long-biased equity investment funds which invest in the Asia Pacific equity markets, with some focusing on the Greater China markets, and it also manages hedge funds and provides investment advisory services for institutional investors. While VP's products and services form part of a comprehensive range of investment solutions offered by Value Partners Group Limited under the Value Partners brand and the Sensible Asset Management brand, VP has built up a strong reputation in the international asset management market based on its disciplined, contrarian value investment approach.

Wasion Group Holdings Limited

Oceanbase Group Limited ("**Oceanbase**") is a wholly-owned subsidiary of Wasion Group Holdings Limited, a company listed on the Main Board of the Stock Exchange. Oceanbase is an investment-holding company incorporated in the BVI with operations in Hong Kong.

Wasion Group Holdings Limited (stock code: 3393), which wholly owns Oceanbase, is the leading provider of energy measurement equipment, systems, and services in China. Wasion Group Holdings Limited was listed on the Main Board of the Stock Exchange in December 2005 and was the first energy measurement and management company in China to list overseas. The products of Wasion Group Holdings Limited are widely used in the industries relating to electricity, water, gas and heat, as well as large and medium sized industrial and commercial enterprises. Wasion Group Holdings Limited provides extensive support for technology, products and services to the energy measurement and management in public utilities and energy consumption units through a whole series of advanced measurement meters products, including power meters, intelligent water meters, gas meters, ultra sound heat meters, and data collection terminals for different types of energy. Specifically, the products of Wasion Group Holdings Limited include power data collection terminals, power quality control devices, data collection terminals for water, gas and heat, management systems for power loading, integrated management systems for energy measurement of water, electricity, gas and heat, and remote automatic meter reading systems.

THE CORNERSTONE PLACINGS

As part of the International Offering, the Joint Global Coordinators and us entered into a conditional cornerstone investment agreement with Oceanbase on 28 September 2010 (the "**Oceanbase Agreement**") and another conditional cornerstone investment agreement with VP on 4 October 2010 (the "**VP Agreement**") under which Oceanbase will subscribe and VP will procure certain investment or collective investment funds managed or advised by VP or its subsidiaries (the "**VP Funds**") to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$6 million and US$18 million respectively (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable), rounded down to the nearest board lot. Assuming the mid-point Offer Price of HK$5.38, the total number of Shares to be subscribed by Oceanbase and VP Funds would be 8,650,000 Shares and 25,952,000 Shares respectively, which would represent approximately 1.15% and 3.46% respectively of our Company's enlarged share capital immediately following the Global Offering (assuming that the Over-Allotment Option and any options which may be granted under the Share Option Scheme are not exercised at all), approximately 4.61% and 13.84% respectively of the number of Offer Shares offered pursuant to the Global Offering and approximately 5.13% and 15.38% respectively of the number of Offer Shares initially offered pursuant to the International Offering, in each case assuming that the Over-allotment Option is not exercised at all.

Each of Oceanbase, VP and the VP Funds is an Independent Third Party not connected to our Company or our Directors or their associates and not a connected person as defined under the Listing Rules. Immediately following the completion of the Global Offering, each of Oceanbase, VP and the VP Funds will not have any board representation in our Company, will not be a Substantial Shareholder of our Company, and each of Oceanbase, VP and the VP Funds will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Oceanbase Agreement and the VP Agreement referred to above. The Shares to be subscribed by each of Oceanbase and the VP Funds will not be affected by any reallocation of Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus nor any exercise of the Over-allotment Option. The final number of Offer Shares to be allotted to each of Oceanbase and the VP Funds will be set out in the allotment results announcement to be issued by the Company on 19 October 2010. The Shares to be subscribed by each of Oceanbase and the VP Funds under the Oceanbase Agreement and the VP Agreement respectively will form part of the International Offering.

CONDITIONS PRECEDENT

Each of the Oceanbase Agreement and the VP Agreement is conditional upon the Underwriting Agreements being entered into and having become unconditional and not having been terminated by no later than 8:00 a.m. on 20 October 2010. In the event that these conditions are not fulfilled by 8:00 a.m. on 20 October 2010 or such other date as may be agreed in writing among Oceanbase, the Joint Global Coordinators and us (in case of the Oceanbase Agreement), or among VP, the Joint Global Coordinators and us (in case of the VP Agreement), the Oceanbase Agreement and the VP Agreement shall terminate in writing and cease to be of effect.

DISPOSAL RESTRICTION

Oceanbase has agreed that without the prior written consent of our Company and the Joint Global Coordinators, it will not, at any time during the period of six months following the Listing Date, directly or indirectly, dispose of any of the Shares it has subscribed pursuant to the Oceanbase Agreement other than transfers of all or part of such Shares to the 100% holding company of Oceanbase, Wasion Group Holdings Limited (the "**Investor Parent**") or a wholly-owned subsidiary of the Oceanbase or the Investor Parent, provided that the transferee undertakes, inter alia, to comply with the restrictions on disposal imposed on Oceanbase pursuant to the Oceanbase Agreement.

VP has agreed that it shall procure the VP Funds not to without the prior consent of our Company and the Joint Global Coordinators, at any time during the period of six months following the Listing Date, dispose of any of the Shares the VP Funds have subscribed pursuant to the VP Agreement.

Each of Oceanbase, VP and the VP Funds is not an existing shareholder of the Company. Oceanbase and VP also agreed that in the event of a disposal of any of the Shares at any time after the six-month lock-up period, Oceanbase and VP will use all reasonable endeavours to ensure that any such disposal will not create a disorderly or false market for the Shares and is otherwise in compliance with the SFO.

PUBLIC FLOAT

The Shares to be held by Oceanbase and the VP Funds pursuant to the Oceanbase Agreement and the VP Agreement will be counted towards the public float of our Company.

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any of our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

RELATIONSHIP WITH OUR CONTROLLING AND SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option), King Able and Silver Crest will hold 69% and 6% of our Company's issued share capital, respectively. Since each of Mr. Qian Yixiang and Ms. Jia Lingxia holds 50% of the issued share capital of King Able, they are the Controlling Shareholders of our Company.

Name	Number of Shares held after the Global Offering	Nature of Interest	Percentage of shareholding after the Global Offering
King Able(1)	517,500,000	Registered owner	69%
Silver Crest(2)	45,000,000	Registered owner	6%
Leon Capital L.P. I(2)	45,000,000	Interest of controlled corporation	6%
Mr. Qian Yixiang(1)	517,500,000	Interest of controlled corporation	69%
Ms. Jia Lingxia(1)	517,500,000	Interest of controlled corporation	69%

Notes:

(1) King Able is owned as to 50% by Mr. Qian Yixiang and 50% by Ms. Jia Lingxia.

(2) Silver Crest is 100% owned by Leon Capital L.P. I.

Except as disclosed in this prospectus, we are not aware of any person who will, immediately following the completion of the Global Offering and Capitalisation Issue (assuming the Over-allotment Option is not exercised and not taking into account any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), have beneficial interests or short positions in any of our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group. Further, our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Group.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited combined financial statements as of and for each of the three years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010 and the accompanying notes, all included in the Accountants' Report set out in Appendix I to this prospectus. We have prepared our financial information in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The following discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include, without limitation, those discussed in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading one-stop designer, manufacturer and seller of high-quality integrated electrical distribution systems and solutions in China with over 20 years of industry experience. According to the Roland Berger Report, we are the largest pure-domestic electrical distribution systems and solutions provider in the high-end segment of the electrical distribution equipment market by revenue in China in 2008. We offer bespoke electrical distribution systems, intelligent electrical distribution systems and energy saving systems, and are one of the few suppliers who are able to offer one-stop integrated electrical distribution systems and solutions in China. Our electrical distribution systems and solutions are used for distributing a suitable volume and voltage of power from the power connection to the premises and facilities of our customers in accordance with the specific needs of their business operations. Our electrical distribution systems and solutions are custom-designed and implemented according to our clients' specific needs, and are aimed at improving the safety, stability and efficiency of their electrical distribution systems.

Within the high-end segment of electrical distribution equipment in China, we were ranked 6th by revenue in 2008. We have built our reputation as a high-end supplier of electrical distribution systems and solutions and distinguished ourselves from the majority of cost-driven domestic manufacturers in the low-end MV and LV electrical distribution system market. We have identified telecommunications, water and waste water processing, infrastructure construction, cement and healthcare as the focus of our business development. We believe the experience and expertise we gained allow us to satisfy the unique customers needs in these industries, which in turn contribute positively to our business.

We have a strong management team that possesses extensive experience and industry knowledge and expertise. Our chairman and chief executive officer, Mr. Qian Yixiang, has over 15 years of experience in the electrical distribution equipment industry and is responsible for the overall management and strategic development of us. We have two representative offices in Beijing and Nanjing, which are responsible for the sales and marketing of our products and services in northern China and southern China, respectively, and managing 27 cities of points of sales across China.

During the Track Record Period, our revenues for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010 were RMB357.3 million, RMB405.5 million, RMB490.7 million, RMB213.9 million and RMB432.5 million, respectively, while our profits for the same periods were RMB40.0 million, RMB53.4 million, RMB85.2 million, RMB37.2 million and RMB89.7 million, respectively.

Our operating results are derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business segments which accounted for RMB258.9 million, RMB161.0 million, RMB0.9 million and RMB69.8 million, or 52.8%, 32.8%, 0.2% and 14.2%, respectively, of our revenue and RMB80.5 million, RMB50.9 million, RMB0.6 million and RMB24.0 million, or 51.6%, 32.6%, 0.4% and 15.4%, respectively, of our gross profit for the year ended 31 December 2009.

For the six months ended 30 June 2010, our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Part Business segments accounted for RMB185.7 million, RMB202.9 million, RMB1.2 million and RMB42.7 million, or 42.9%, 46.9%, 0.3% and 9.9%, respectively, of our revenue and RMB65.3 million, RMB73.6 million, RMB0.8 million and RMB14.8 million, or 42.3%, 47.6%, 0.5% and 9.6%, respectively, of our gross profit.

BASIS OF PRESENTATION

Our combined financial statements have been prepared in accordance with HKFRSs on a historical cost basis. The financial statements of the subsidiaries are prepared for the same reporting year as our Company, using consistent accounting policies.

An investment in a subsidiary is combined in the combined financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the equity shareholders, whether directly or indirectly through subsidiaries. The combined financial statements are presented in Renminbi.

The results of the Predecessor Entity which is not a Group company was also combined in the financial statements of our Group during the Track Record Period. The Predecessor Entity was incorporated in the PRC on 18 October 1988. On 18 May 2005, the Predecessor Entity, Boer Hong Kong, Mr. Qian Yixiang, Mr. Qian Zhongming and Ms. Jia Lingxia entered into a business restructuring agreement, pursuant to which Mr. Qian Zhongming agreed to assign his controlling rights in relation to the business operations of the Predecessor Entity to his son, Mr. Qian Yixiang, and his daughter-in-law, Ms. Jia Lingxia, at no consideration. Pursuant to such assignment arrangement, the equity holders of the Predecessor Entity passed an equity holders' resolution on 20 October 2006 approving the appointments of Mr. Qian Yixiang as the sole executive director taking charge of the overall management and decision making of the Predecessor Entity and Ms. Jia Lingxia as the vice general manager responsible for the daily operation of the Predecessor Entity.

The equity holders of the Predecessor Entity passed another equity holders' resolution on 12 June 2007 approving the transfer of 31% equity interest in the Predecessor Entity from Mr. Qian Zhongming to Mr. Qian Yixiang and the relevant registration of such transfer was completed on 27 June 2007. Upon the completion of such transfer, the Predecessor Entity was owned as to 80% and 20% by Mr. Qian Yixiang and Mr. Qian Zhongming, respectively.

By virtue of the above business agreement and operation arrangements, Mr. Qian Yixiang and Ms. Jia Lingxia had obtained the control over the business operations of the Predecessor Entity since the passing of the aforesaid equity holders' resolution on 20 October 2006 and retained such control during the entire Track Record Period. During the Track Record Period and as part of the restructuring of the Predecessor Entity's business operations in the design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solutions services (collectively, the "**Predecessor Operations**"), the Predecessor Operations were transferred to and assumed by the companies now comprising our Group. The transfer of Predecessor Operations commenced after Boer Wuxi and Boer Yixing were established. The transfer was completed through stages and was completed on 31 December 2009.

As our Controlling Shareholders owned or controlled the Predecessor Entity and the companies now comprising our Group before the transfer of the Predecessor Operations and the Reorganisation and continue to control the companies now comprising our Group after the transfer of the Predecessor Operations and the Reorganisation, there was a continuation of the risks and benefits to our Controlling Shareholders and the financial information of the Accountants Report as set out in Appendix I to this prospectus has been prepared as a combination of businesses under common control.

The combined financial results as set out in the Accountants Report as set out in Appendix I to this prospectus includes the combined results of operations of the Predecessor Entity and that of the companies now comprising our Group as if our Group had been in existence throughout the Track Record Period and as if the transfer of the Predecessor Operations to our Group had been completed at the beginning of the Track Record Period. The combined financial positions of our Group as at 31 December 2007, 2008 and 2009 and 30 June 2010 as set out in the Accountants' Report as set out in Appendix I to this prospectus include the combined assets and liabilities of the companies now comprising our Group as at the respective dates. The assets and liabilities of the Predecessor Entity as at 31 December 2007 and 2008 have also been included in our Group's combined balance sheets as at the respective dates. Certain assets and liabilities previously associated with the Predecessor Operations were retained by the Predecessor Entity (the "**Retained Assets**") upon the completion of the transfer as at 31 December 2009, as they were not considered strategically complementary to the Predecessor Operations. Amongst these assets, real properties with carrying value of RMB679,000, plant and machinery with carrying value of RMB2,657,000 and patent with carrying value of RMB3,320,000 used by our Group were also retained.

The real properties, legally owned by the Predecessor Entity, have not been transferred to our Group. Such properties are currently used by Boer Wuxi for production and storage purposes, and in the Directors' view, are crucial to the operation of our Group. As advised by our PRC legal advisers, Grandall Legal Group (Shenghen), according to the Property Right Law of the PRC and the Law of the PRC on Urban Real Estate Administration, when a real property is transferred, the ownership of the building and the right to use the land on which the building is constructed shall be transferred at the same time. Although the Predecessor Entity legally owns the land on which the properties of the Predecessor Entity are constructed they have not been transferred to our Group for the following reasons: (i) the obtaining of the certificate of land use right, taxes for the transfer of the land, including land contract tax, property tax and enterprises income tax would be very high; and (ii) the buildings constructed by the Predecessor Entity on the piece of land are already used by our Group under a long-term lease contract. For the reasons set out above, it is not economical and not necessary for the piece of land to be transferred to our Group. Instead, the real properties have been leased to Boer Wuxi and Boer Services Co by the Predecessor Entity for the period up to 31 December 2019. The Directors are of the view that the lease of such properties is considered a valid lease for the following reasons:

(a) the Predecessor Entity is the legal owner of such properties and has obtained valid long term land use right certificates for such properties;

(b) as advised by our Company's PRC legal advisers, Grandall Legal Group (Shenzhen), such lease is legal, valid and enforceable under PRC laws;

(c) such lease has been duly registered with the relevant PRC authorities; and

(d) the term of such lease, i.e. 10 years commencing from 1 January 2010 and expiring on 31 December 2019, is considered to be of a meaningful duration, in light of the nature and use of such properties.

The non-transferred plant and machinery were not strategically complementary to the Predecessor Operations and were retained by the Predecessor Entity.

The ownership of the patent among the Retained Assets belongs to SEARI. Pursuant to a supplemental agreement made between the Predecessor Entity and SEARI on 30 November 2008, the Predecessor Entity was authorised to use the patent and SEARI agreed that the Predecessor Entity had the right to authorise our Group to use the patent at no consideration. As our Group has been authorised by the Predecessor Entity and SEARI to use the patent until 30 November 2016, it is not necessary for the patent to be transferred to our Group. The Retained Assets have been reflected as a deemed distribution on 31 December 2009.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe the most significant factors affecting our results of operations and financial condition are as follows:

Energy demand and the electricity market in China

We derive substantially all of our revenue from the design, manufacture and sale of electrical distribution systems, intelligent electrical distribution systems and energy saving systems solutions in China. The demand for energy and electricity in China is subject to cyclical fluctuations and to a variety of factors, including macroeconomic trends, population, urbanisation, fixed assets investment in China and technology development. The demand for our electrical distribution equipment and systems solutions by our customers may be affected by factors such as their fixed assets investment plan, project budget, government policy and market trends. As a result, an economic slowdown in China may curtail demand for our equipment and solutions.

Pricing of our projects

A significant part of our revenue is generated from projects acquired through tendering and bidding. The contract price for our tendering and bidding of projects is based on various financial and commercial considerations, including for example production costs, fee estimates of other competitors, business relationship with the customers and the impact of the product on our business as a whole.

The pricing of our projects may fluctuate and are subject to our various considerations which enable us to retain our competitiveness in the tender process. The fluctuation in the pricing of our projects will affect our operations and profitability.

Supply of electrical components for the manufacture of our products

Our results of operations are affected by the cost of electrical components required to manufacture our products and in providing solutions to our customers. A significant part of these electrical components are provided by third parties. For example, Schneider, from whom we have purchased RMB84.0 million, RMB87.0 million, RMB110.3 million and RMB60.2 million of components, being 30.2%, 30.8%, 33.0% and 21.6% of our cost of sales for the years ended 31 December 2007, 2008, and 2009 and the six months ended 30 June 2010, respectively, and ABB, from whom we have purchased RMB3.7 million, RMB4.3 million, RMB6.6 million and RMB2.4 million of components, being 1.4%, 1.5%, 2.0% and 0.8% of our cost of sales for the years ended 31 December 2007, 2008, and 2009 and the six months ended 30 June 2010, respectively, are our suppliers for the supply of components in producing some of our switchboards in our EDS Solutions and iEDS Solutions businesses. Our manufacture and project costs are affected by the supply of components and the price and terms of the purchases from our suppliers. The pricing of our projects may fluctuate and are subject to various considerations which enable us to retain our competitiveness in the tender process. The fluctuation in the pricing of our projects will affect our overall operations and profitability.

Change in prices of metals

Raw materials of metals such as steel and copper-based products are required for the manufacture of our products in EDS Solutions and iEDS Solutions businesses. These metal-based raw materials are subject to pricing cyclicality and periodic shortages of supply in China. Our contract price is based on our estimated project costs plus a profit margin at the time when we submit our tender for projects but the actual costs of metal-based raw materials are determined when we make purchases from our suppliers, which are subject to the market fluctuation. Any fluctuations in the cost of metal-based raw materials will affect our profitability.

Product quality and required certification for our products

Most of the products applied by our EDS Solutions and iEDS Solutions including switchboards and circuit breaker are subject to Compulsory Product Certification in China. At present, we have obtained all the necessary certificates from the China Quality Certification Centre in respect of the products we manufacture. The requirements and standards in respect of our products may be subject to change in the future. The failure to obtain the necessary certificates for our products will have an impact on our business and financial performance.

Reliance on our major customer

We have maintained business relationship with Schneider and are one of its three principal partners in China. Schneider is also our largest customer, accounting for approximately 12.6%, 13.0%, 13.8% and 20.1% of our total revenue for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010. It is mutually beneficial for us to maintain close and strategic alliance with Schneider. However, any significant deterioration in our relationship with Schneider and reduction in business volume with or the loss of Schneider as our major customer will have an impact on our business and financial results.

Taxation

Our profitability and financial performance is affected by the level of taxation that we pay on our profit and the preferential tax treatments to which we are entitled. On 16 March 2007, the National People's Congress of the PRC promulgated The Enterprise Income Tax Law of the PRC, which took effect on 1 January 2008. The implementation of this tax law has an effect on the level of taxation that we pay on our profit and the preferential tax treatments to which we are entitled. In accordance with the aforementioned law and regulations, a unified enterprise income tax rate of 25% will be applied equally to both domestic enterprises and foreign-invested enterprises. Enterprises that are currently entitled to exemptions or reductions from the standard rate for a fixed term may continue to enjoy such treatment until the fixed term expires. Upon the expiry of the existing preferential tax treatments, our PRC subsidiaries will be subject to a higher enterprise income tax rate and our financial performance will be affected.

Recent global financial crisis and economic downturn

The recent global financial crisis and economic downturn adversely affected economies and businesses around the world. The high rate of economic growth that China has been experiencing in recent years is also being adversely affected by the global financial crisis. Although our business has not been materially affected by the global financial crisis, if the economic downturn and the weak economic sentiment continue, our business, financial condition and results of operations may be affected.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Turnover

Our turnover consists of sales derived from our four business segments, namely EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business. Turnover represents the sales value of goods sold less returns, discounts, and value added taxes and other sales taxes.

The table below sets out the revenue by business segments as well as the revenue as a percentage of total revenue during the Track Record Period:

	Year ended 31 December						Six months ended 30 June			
	2007		2008		2009		2009		2010	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
EDS Solutions	254,691	71.3	277,809	68.5	258,936	52.8	116,003	54.2	185,671	42.9
iEDS Solutions	54,465	15.2	70,522	17.4	161,017	32.8	67,130	31.4	202,890	46.9
EE Solutions	–	–	–	–	915	0.2	288	0.1	1,249	0.3
Components and Spare Parts Business	48,118	13.5	57,183	14.1	69,848	14.2	30,497	14.3	42,706	9.9
Total	357,274	100.0	405,514	100.0	490,716	100.0	213,918	100.0	432,516	100.0

The table below sets out the number of units sold and the average selling prices of our products during the Track Record Period:

	Year ended 31 December						Six months ended 30 June			
	2007		2008		2009		2009		2010	
	Units sold	Average selling price	Units sold	Average selling price	Units sold	Average selling price	Units sold	Average selling price	Units sold	Average selling price
		RMB		*RMB*		*RMB*		*RMB*		*RMB*
EDS Solutions	7,262	35,072	7,287	38,124	6,352	40,764	2,755	42,106	3,575	51,936
iEDS Solutions	1,660	32,810	1,688	41,778	2,731	58,959	1,311	51,205	2,754	73,671
EE Solutions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Components and Spare Parts Business	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Our total turnover increased by RMB133.4 million from RMB357.3 million for the year ended 31 December 2007 to RMB490.7 million for the year ended 31 December 2009.

Turnover derived from EDS Solutions represents the major source of our turnover during the three years ended 31 December 2009 and increased from RMB254.7 million for the year ended 31 December 2007 to RMB258.9 million for the year ended 31 December 2009. Such increase was mainly attributable to the increase in the average selling price of our EDS units from RMB35,072 for the year ended 31 December 2007 to RMB40,764 for the year ended 31 December 2009. Such increase in the average selling price of our EDS units has counteracted the effect of the decrease in the number of EDS units sold from 7,262 for the year ended 31 December 2007 to 6,352 for the year ended 31 December 2009 while contributing to the increase in our turnover from the EDS Solutions. Turnover derived from EDS Solutions increased from RMB116.0 million for the six months ended 30 June 2009 to RMB185.7 million for the six months ended 30 June 2010, primarily due to the increase in the number of units sold and the average selling price.

Turnover derived from iEDS Solutions recorded a significant growth during the three years ended 31 December 2009 and increased from RMB54.5 million for the year ended 31 December 2007 to RMB161.0 million for the year ended 31 December 2009, representing a CAGR of 71.9%. Turnover derived from iEDS Solutions increased from RMB67.1 million for the six months ended 30 June 2009 to RMB202.9 million for the six months ended 30 June 2010. The increase in turnover in iEDS Solutions is attributable to both the increase in sales volume and average selling price of our iEDS units. During the three years ended 31 December 2007, 2008 and 2009, the number of our iEDS units sold increased from 1,660 in 2007 to 2,731 in 2009 and the average selling price of our iEDS unit increased from RMB32,810 in 2007 to RMB58,959 in 2009. The number of iEDS units sold increased from 1,311 for the six months ended 30 June 2009 to 2,754 for the six months ended 30 June 2010, and the average selling price per unit increased from RMB51,205 to RMB73,671 for the same period.

Leveraging on our expertise and experience in our EDS Solutions and iEDS Solutions, we commenced our EE Solutions business in 2009 which contributed revenue of RMB0.9 million and RMB1.2 million for the year ended 31 December 2009 and the six months ended 30 June 2010, respectively. In addition to providing electrical distribution systems, we also manufacture certain components and spare parts used in electrical distribution systems and sell them separately to our customers. Turnover derived from our Components and Spare Parts Business increased from RMB48.1 million in 2007 to RMB69.8 million in 2009.

Cost of sales

Our cost of sales consists of raw materials costs, manufacturing costs and direct labour costs. Raw materials costs primarily include our cost for the purchase of steel and copper-based raw materials, outsourced parts and electrical components.

Manufacturing costs primarily include consumables, maintenance expenses and depreciation relating primarily to plant and equipment we own. Direct labour costs primarily include compensation and benefits we provide to manufacturing employees.

The table below sets out the cost of sales by business segments and the cost of sales as a percentage of total cost of sales during the Track Record Period:

	Year ended 31 December						Six months ended 30 June			
	2007		2008		2009		2009		2010	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
EDS Solutions	204,500	73.6	200,611	71.1	178,416	53.3	83,901	56.8	120,398	43.3
iEDS Solutions	37,635	13.5	43,855	15.5	110,077	32.9	44,792	30.3	129,272	46.5
EE Solutions	–	–	–	–	295	0.1	119	0.1	448	0.2
Components and Spare Parts Business	35,799	12.9	37,935	13.4	45,799	13.7	18,992	12.8	27,881	10.0
Total	277,934	100.0	282,401	100.0	334,587	100.0	147,804	100.0	277,999	100.0

The following table sets out the components of our cost of sales and the components as a percentage of total cost of sales during the Track Record Period:

	Year ended 31 December						Six months ended 30 June			
	2007		2008		2009		2009		2010	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw materials	252,732	90.9	251,784	89.2	300,733	89.9	130,871	88.5	261,251	94.0
Direct labour	18,449	6.7	22,896	8.1	24,545	7.3	13,611	9.2	10,270	3.7
Overhead	6,753	2.4	7,721	2.7	9,309	2.8	3,322	2.3	6,478	2.3
Total	277,934	100.0	282,401	100.0	334,587	100.0	147,804	100.0	277,999	100.0

Steel and copper based raw materials in aggregate accounted for about 12.4%, 8.8%, 7.9%, 10.7% and 15.7% of our cost of sales for the years ended 31 December 2007, 2008 and 2009, and the six months ended 30 June 2009 and 2010 respectively. In so far as we are aware, the prices of steel based raw materials were relatively stable during the Track Record Period, while the prices of copper based raw materials decreased by about 12% and 15% for the years ended 31 December 2008 and 2009, respectively. At present, we do not have a plan to implement any hedging policy to manage the price volatility in steel and copper based raw materials.

Gross profit and gross profit margin

The table below sets out the gross profit and gross profit margin by business segments during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross profit					
EDS Solutions	50,191	77,198	80,520	32,102	65,273
iEDS Solutions	16,830	26,667	50,940	22,338	73,618
EE Solutions	–	–	620	169	801
Components and Spare Parts Business	12,319	19,248	24,049	11,505	14,825
Total gross profit	79,340	123,113	156,129	66,114	154,517
	%	%	%	%	%
Gross profit margin					
EDS Solutions	19.7	27.8	31.1	27.7	35.2
iEDS Solutions	30.9	37.8	31.6	33.3	36.3
EE Solutions	–	–	67.8	58.7	64.1
Components and Spare Parts Business	25.6	33.7	34.4	37.7	34.7
Overall gross profit margin	22.2	30.4	31.8	30.9	35.7

In view of the increasing demand from end users in various industries for higher standard of safety, stability and efficiency in electrical distribution equipment and systems, we developed and launched our iEDS Solutions in 2003 in order to meet our customers' need for a higher automation level of their existing electrical distribution equipment and an intelligent system that allows for effective collection of data and systematic analysis of electricity use and performance. During the Track Record Period, we generated a higher gross profit margin from our iEDS Solutions business than that from EDS Solutions business.

Leveraging on our expertise and experience in our EDS Solutions and iEDS Solutions we developed EE Solutions in 2009 and generated gross profit margin of 67.8% and 64.1% from our EE Solutions business during the year ended 31 December 2009 and the six months ended 30 June 2010, respectively.

As a result of the growing demand for our components and spare parts, we were able to benefit from improved economies of scale in our production and increased the gross profit margin of our Components and Spare Parts Business from 25.6% to 34.4% from 2007 to 2009. In addition, its gross profit margin also reached 34.7% for the six months ended 30 June 2010.

Other revenue

Other revenue mainly represents interest income and government grants.

Selling and distribution expenses

Selling and distribution expenses mainly represent salary and welfare expenses for employees involved in selling and distribution activities, commissions, transportation costs for delivery of our products to our customers, and other operating expenses, including travelling expenses, entertainment expenses, technical and tender services expenses, advertising and promotion expenses, and other miscellaneous expenses.

Administrative expenses

Administrative expenses mainly represent salary and welfare expenses for management and administrative personnel, office expenses, professional fees, other taxes and other administrative expenses.

Finance expenses

Finance expenses mainly represent interest on bank borrowings.

Income tax

Income tax expenses mainly represent the income tax charged on our Group's PRC subsidiaries and the related deferred tax expenses. We were not subject to Hong Kong profits tax or any income tax in the Cayman Islands and the BVI during the Track Record Period.

Prior to 1 January 2008, PRC entities were, in general, subject to the statutory income tax rate of 33%, consisting of 30% state tax and 3% local tax. In addition, production-type foreign investment enterprises with an operating period of 10 years or more were exempt from corporate income tax for the first and the second years starting from the first profitable year from PRC tax perspective, and were subject to 50% of the applicable corporate income tax rates in the third through the fifth years ("the 2+3 tax holidays").

Boer Wuxi, Boer Yixing and Yixing Boai were each entitled to the 2+3 tax holidays and commenced their tax holidays in 2006, 2006 and 2008, respectively.

According to the PRC Corporate Income Tax ("**CIT**") Law that was passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007, the statutory income tax rate was revised to 25% with effect from 1 January 2008. Further, according to the Notice of the State Council on the Implementation of the Transitional Preferential CIT Policies issued on 26 December 2007, for enterprises that were established before 16 March 2007 and were entitled to the 2+3 tax holidays under the then effective tax laws and regulations, such tax holidays were grandfathered.

Based on the above, Boer Yixing was exempt from income tax for 2007 and is subject to income tax at 12.5% and 25% from 2008 to 2010 and from 2011 onwards, respectively. Yixing Boai did not generate taxable profits in 2007 and was exempt from income tax for 2008 and 2009, and is subject to income tax at 12.5% and 25% from 2010 to 2012 and from 2013 onwards, respectively.

Boer Wuxi was exempt from income tax for 2007 and is subject to income tax of 12.5% from 2008 to 2010. Being a qualified High and New Technology Enterprise, Boer Wuxi is subject to a preferential tax rate of 15% from 2011 onwards.

The entities comprising our Group in China are subject to PRC enterprise income tax. The applicable tax rates during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
Boer Wuxi	Nil	12.5%	12.5%	12.5%	12.5%
Boer Yixing	Nil	12.5%	12.5%	12.5%	12.5%
Yixing Boai	33%	Nil	Nil	Nil	12.5%
Boer Services Co *(Note)*	N/A	N/A	25%	25%	25%
Wuxi Boer	33%	25%	25%	25%	N/A

Note: Boer Services Co was established on 4 November 2008.

RESULTS OF OPERATIONS

The following table sets out our combined income statements for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, which are derived from the Accountants' Report as set out in Appendix I to this prospectus.

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	357,274	405,514	490,716	213,918	432,516
Cost of sales	(277,934)	(282,401)	(334,587)	(147,804)	(277,999)
Gross profit	79,340	123,113	156,129	66,114	154,517
Other revenue	3,605	3,172	10,994	5,370	1,693
Selling and distribution expenses	(9,336)	(17,633)	(23,719)	(8,493)	(16,349)
Administrative expenses	(13,672)	(29,181)	(31,028)	(13,166)	(34,556)
Profit from operations	59,937	79,471	112,376	49,825	105,305
Finance expenses	(17,815)	(13,401)	(12,225)	(6,453)	(1,030)
Share of (loss)/profit of associates	(528)	81	403	249	–
Profit before taxation	41,594	66,151	100,554	43,621	104,275
Income tax	(1,588)	(12,800)	(15,331)	(6,431)	(14,603)
Profit for the year/period	40,006	53,351	85,223	37,190	89,672
Attributable to:					
Equity Shareholders of the Company	39,343	51,557	76,403	36,294	87,508
Non-controlling interests	663	1,794	8,820	896	2,164
Profit for the year/period	40,006	53,351	85,223	37,190	89,672
Earnings per share – basic and diluted	RMB0.07	RMB0.09	RMB0.14	RMB0.06	RMB0.16

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended 30 June 2010 compared with six months ended 30 June 2009

Turnover

Our turnover increased by RMB218.6 million or 102.2%, from RMB213.9 million for the six months ended 30 June 2009 to RMB432.5 million for the six months ended 30 June 2010. The increase is mainly attributable to the increase in turnover derived from iEDS Solutions of RMB135.8 million and EDS Solutions of RMB69.7 million during the period.

Turnover derived from our EDS Solutions increased by RMB69.7 million or 60.1%, from RMB116.0 million for the six months ended 30 June 2009 to RMB185.7 million for the six months ended 30 June 2010. The increase in turnover was mainly attributable to the increase in the number of EDS units sold from 2,755 units to 3,575 units and the increase in average selling price during the period.

Turnover derived from iEDS Solutions increased by RMB135.8 million or 202.2%, from RMB67.1 million for the six months ended 30 June 2009 to RMB202.9 million for the six months ended 30 June 2010. The increase was mainly attributable to the increase in the number of iEDS units sold from 1,311 units to 2,754 units and the increase in the average selling price per unit from RMB51,205 to RMB73,671 during the period.

Turnover derived from EE Solutions increased from RMB0.3 million for the six months ended 30 June 2009 to RMB1.2 million for the six months ended 30 June 2010. During the period, turnover derived from our Components and Spare Parts Business increased by 40.0%, from RMB30.5 million to RMB42.7 million.

Cost of sales

Our total cost of sales increased by 88.1% from RMB147.8 million for the six months ended 30 June 2009 to RMB278.0 million for the six months ended 30 June 2010. The increase is mainly attributable to the increase in the total number of units sold during the period.

The cost of sales for our EDS Solutions increased by RMB36.5 million or 43.5%, from RMB83.9 million for the six months ended 30 June 2009 to RMB120.4 million for the six months ended 30 June 2010, which is mainly attributable to the increase in the total number of EDS units sold.

The cost of sales of our iEDS Solutions increased by RMB84.5 million or 188.6%, from RMB44.8 million for the six months ended 30 June 2009 to RMB129.3 million for the six months ended 30 June 2010, which is mainly attributable to the increase in the total number of iEDS units sold.

The cost of sales of our EE Solutions increased from RMB119,000 for the six months ended 30 June 2009 to RMB448,000 for the six months ended 30 June 2010. The cost of sales of our Components and Spare Parts Business increased from RMB19.0 million for the six months ended 30 June 2009 to RMB27.9 million for the six months ended 30 June 2010.

Gross profit and gross profit margin

Our gross profit increased by RMB88.4 million or 133.7%, from RMB66.1 million for the six months ended 30 June 2009 to RMB154.5 million for the six months ended 30 June 2010, which is mainly contributed by the increase in turnover from our iEDS Solutions and EDS Solutions, the improved gross profit margin of our EDS Solutions and the improved gross profit margin of our iEDS Solutions.

Our overall gross profit margin increased from 30.9% for the six months ended 30 June 2009 to 35.7% for the six months ended 30 June 2010, which is mainly resulted from the improved gross profit margin of our EDS Solutions and iEDS Solutions.

Gross profit from our EDS Solutions increased by 103.4% from RMB32.1 million for the six months ended 30 June 2009 to RMB65.3 million for the six months ended 30 June 2010. The gross profit margin of our EDS Solutions increased from 27.7% to 35.2% during the period, which is mainly attributable to the increase in average selling price.

Gross profit from our iEDS Solutions increased by 229.6% from RMB22.3 million for the six months ended 30 June 2009 to RMB73.6 million for the six months ended 30 June 2010. The gross profit margin of our iEDS Solutions increased from 33.3% to 36.3% during the same period, which is mainly resulted from the increase in average selling price.

Gross profit margin of our EE Solutions increased from 58.7% for the six months ended 30 June 2009 to 64.1% for the six months ended 30 June 2010 because we commenced our EE Solutions in 2009.

Gross profit margin of our Components and Spare Parts Business decreased from 37.7% for the six months ended 30 June 2009 to 34.7% for the six months ended 30 June 2010.

Other revenue

Other revenue decreased by RMB3.7 million, which is mainly attributable to the decrease in interest income from a related party and decrease in effective interest income on other financial assets. The interest income from a related party represents interest earned from Shanghai Shuanghuan based on an agreement between Shanghai Shuanghuan and the Predecessor Entity. As the business of the Predecessor Entity has been completely assumed by our Group on 31 December 2009, this amount was retained (or deemed to be distributed) by the Predecessor Entity.

Selling and distribution expenses

Selling and distribution expenses increased by RMB7.9 million or 92.5%, from RMB8.5 million for the six months ended 30 June 2009 to RMB16.3 million for the six months ended 30 June 2010. The increase was mainly attributable to the increase in salary and welfare expenses for employees involved in selling and distribution activities and transportation costs for delivery of our products.

Administrative expenses

Administrative expenses increased by RMB21.4 million or 162.5%, from RMB13.2 million for the six months ended 30 June 2009 to RMB34.6 million for the six months ended 30 June 2010. The increase in administrative expenses was mainly attributable to the increase in professional fees and increase in salary and welfare expenses for management and administrative personnel.

Finance expenses

Finance expenses decreased by RMB5.4 million from RMB6.5 million for the six months ended 30 June 2009 to RMB1.0 million for the six months ended 30 June 2010, which is mainly attributable to the decrease in interest expenses on bank borrowings.

Share of (loss)/profit of associates

There was no share of profit/(loss) of associates for the six months ended 30 June 2010 as the interests in the associates were retained by the Predecessor Entity and had been reflected as deemed distribution for the year ended 31 December 2009.

Profit before taxation

As a result of the above-mentioned factors, our profit before taxation increased by RMB60.7 million, or 139.0%, from RMB43.6 million for the six months ended 30 June 2009 to RMB104.3 million for the six months ended 30 June 2010.

Income tax

Income tax increased by RMB8.2 million or 127.1%, from RMB6.4 million for the six months ended 30 June 2009 to RMB14.6 million for the six months ended 30 June 2010. Our effective tax rate decreased from 14.7% to 14.0% during the period, which is mainly attributable to the decrease in non-deductible expenses.

Profit for the Period Attributable to Equity Shareholders of the Company

As a result of the aforesaid factors, profit for the period attributable to Equity shareholders of the Company increased by RMB51.2 million or 141.1%, from RMB36.3 million for the six months ended 30 June 2009 to RMB87.5 million for the six months ended 30 June 2010.

Year ended 31 December 2009 compared with year ended 31 December 2008

Turnover

Our total turnover increased by RMB85.2 million or 21.0%, from RMB405.5 million for the year ended 31 December 2008 to RMB490.7 million for year ended 31 December 2009. The increase is mainly attributable to the increase in turnover derived from our iEDS Solutions of RMB90.5 million, which is partially offset by the decrease in turnover derived from our EDS Solutions of RMB18.9 million during the year.

Turnover derived from our EDS Solutions decreased by RMB18.9 million or 6.8%, from RMB277.8 million for the year ended 31 December 2008 to RMB258.9 million for the year ended 31 December 2009. The decrease in turnover was mainly resulted from the decrease in the number of EDS units sold from 7,287 units to 6,352 units during the year.

Turnover derived from iEDS Solutions increased by RMB90.5 million, or 128.3%, from RMB70.5 million for the year ended 31 December 2008 to RMB161.0 million for the year ended 31 December 2009. The increase is mainly attributable to the increasing demand for our iEDS Solutions and the increase in the average selling price of our iEDS units. During the year, the number of iEDS units sold increased from 1,688 units to 2,731 units, and the average selling price increased from RMB41,778 to RMB58,959.

Turnover derived from our EE Solutions for the year ended 31 December 2009 was RMB0.9 million. There was no turnover derived from EE Solutions for the year ended 31 December 2008 because we commenced our EE Solutions business in 2009. During the year, turnover derived from our Components and Spare Parts Business also recorded a steady growth.

Cost of sales

Our total cost of sales increased by 18.5% from RMB282.4 million for the year ended 31 December 2008 to RMB334.6 million for the year ended 31 December 2009. The increase is mainly attributable to the increase in the total number of units sold during the period.

The cost of sales for our EDS Solutions decreased by RMB22.2 million, or 11.1% from RMB200.6 million for the year ended 31 December 2008 to RMB178.4 million for the year ended 31 December 2009, which is mainly due to the decrease in our total number of EDS units sold.

The cost of sales for our iEDS Solutions increased by RMB66.2 million, or 151.0% from RMB43.9 million for the year ended 31 December 2008 to RMB110.1 million for the year ended 31 December 2009, which is mainly due to the increase in our total number of iEDS units sold.

The cost of sales for our EE Solutions business for the year ended 31 December 2009 amounted to RMB0.3 million. There was no cost of sales incurred for EE Solutions in 2008 because we commenced our EE Solutions business in 2009.

The cost of sales for our Components and Spare Parts Business increased by RMB7.9 million, or 20.7% from RMB37.9 million to RMB45.8 million, which is in line with the increase in sales of our components and spare parts during the year.

Gross profit and gross profit margin

Our gross profit increased by RMB33.0 million, or 26.8% from RMB123.1 million for the year ended 31 December 2008 to RMB156.1 million for the year ended 31 December 2009, which is mainly contributed by the increase in turnover from our iEDS Solutions, the improved gross profit margin of our EDS Solutions business, and the improved gross profit margin of our Components and Spare Parts Business.

Our overall gross profit margin increased from 30.4% for the year ended 31 December 2008 to 31.8% for the year ended 31 December 2009, which is mainly attributable to the improved gross profit margin of our EDS Solutions and the increase in turnover from our iEDS Solutions which achieved a higher gross profit margin than that of EDS Solutions.

Gross profit from our EDS Solutions business increased by 4.3% from RMB77.2 million for the year ended 31 December 2008 to RMB80.5 million for the year ended 31 December 2009. The gross profit margin for our EDS Solutions increased from 27.8% for the year ended 31 December 2008 to 31.1% for the year ended 31 December 2009 as a result of the increase in average selling price during the year.

Gross profit from our iEDS Solutions business increased by 91.0% from RMB26.7 million for the year ended 31 December 2008 to RMB50.9 million for the year ended 31 December 2009. The gross profit margin for our iEDS Solutions decreased from 37.8% for the year ended 31 December 2008 to 31.6% for the year ended 31 December 2009. The main reason for such decrease is because of our effort to penetrate into certain industries and we entered into a number of contracts with a lower than average gross profit margin.

Gross profit margin for our EE Solutions business for the year ended 31 December 2009 was 67.8%.

Gross profit margin for our Components and Spare Parts Business improved slightly from 33.7% in 2008 to 34.4% in 2009. The gross profit margin was relatively stable during the year.

Other revenue

Other revenue increased by 246.6% from RMB3.2 million for the year ended 31 December 2008 to RMB11.0 million for the year ended 31 December 2009, which is mainly due to the increase in interest income from bank deposits, amounts due from related parties and other financial assets. Average bank balance increased as a result of increased sales collection and business expansion. Our Group also placed more money on short-term fixed deposits which had interest rates higher than that of the interest rate typically enjoyed under a current account. Accordingly, interest income from financial institutions increased.

Interest income from a related party recognised in 2009 that amounted to RMB4.1 million represented interest earned from Shanghai Shuanghuan based on an agreement between Shanghai Shuanghuan and the Predecessor Entity. As the business of the Predecessor Entity has been completely assumed by our Group on 31 December 2009, this amount was retained (or deemed to be distributed) by the Predecessor Entity.

Selling and distribution expenses

Selling and distribution expenses increased by RMB6.1 million or 34.5%, from RMB17.6 million for the year ended 31 December 2008 to RMB23.7 million for the year ended 31 December 2009. The increase was mainly due to the increase in salary and welfare expenses for employees involved in selling and distribution activities, commissions and transportation costs for delivery of our products to our customers.

Administrative expenses

Administrative expenses increased by RMB1.8 million or 6.3%, from RMB29.2 million for the year ended 31 December 2008 to RMB31.0 million for the year ended 31 December 2009. The increase in administrative expenses was mainly due to the increase in salary and welfare expenses for management and administrative personnel.

Finance expenses

Finance expenses decreased by RMB1.2 million or 8.8%, from RMB13.4 million for the year ended 31 December 2008 to RMB12.2 million for the year ended 31 December 2009, which mainly resulted from the decrease in finance costs on other financial assets.

Share of (loss)/profit of associates

Share of profit of associates increased by 397.5% from RMB0.1 million to RMB0.4 million, mainly reflecting our share of profit of Shanghai Boer.

Profit before taxation

As a result of the aforesaid factors, our profit before taxation increased by RMB34.4 million or 52.0%, from RMB66.2 million for the year ended 31 December 2008 to RMB100.6 million for the year ended 31 December 2009.

Income tax

Income tax increased by RMB2.5 million or 19.8%, from RMB12.8 million for the year ended 31 December 2008 to RMB15.3 million for the year ended 31 December 2009. Our effective tax rate decreased from 19.3% for the year ended 31 December 2008 to 15.2% for the year ended 31 December 2009. The decrease is mainly attributable to the decrease in non-deductible expenses during the year.

Profit For the Year Attributable to Equity Shareholders of the Company

As a result for the above factors, profit for the year attributable to equity Shareholders of our Company increased by RMB24.8 million or 48.2%, from RMB51.6 million for the year ended 31 December 2008 to RMB76.4 million for the year ended 31 December 2009.

Year ended 31 December 2008 compared with year ended 31 December 2007

Turnover

Our total turnover increased by RMB48.2 million or 13.5%, from RMB357.3 million for the year ended 31 December 2007 to RMB405.5 million for year ended 31 December 2008, which is mainly contributed by the increase in turnover derived from our EDS Solutions and iEDS Solutions of RMB23.1 million and RMB16.0 million, respectively.

Turnover derived from our EDS Solutions increased by RMB23.1 million or 9.1%, from RMB254.7 million for the year ended 31 December 2007 to RMB277.8 million for the year ended 31 December 2008. The increase in turnover is mainly attributable to the increase in our average selling price during the year.

Turnover derived from our iEDS Solutions increased by RMB16.0 million or 29.5%, from RMB54.5 million for the year ended 31 December 2007 to RMB70.5 million for the year ended 31 December 2008. The increase in turnover is mainly due to the increase in our average selling price during the year.

Cost of sales

Our total cost of sales increased marginally by 1.6% from RMB277.9 million for the year ended 31 December 2007 to RMB282.4 million for the year ended 31 December 2008, which is mainly due to the increase in the total number of EDS units and iEDS units sold during the year and the additional costs incurred in manufacturing each unit.

The cost of sales for our EDS Solutions decreased marginally by RMB3.9 million, or 1.9% from RMB204.5 million for the year ended 31 December 2007 to RMB200.6 million for the year ended 31 December 2008, which is generally attributable to an overall fall in raw material costs for the year.

The cost of sales for our iEDS Solutions increased by RMB6.3 million, or 16.5% from RMB37.6 million for the year ended 31 December 2007 to RMB43.9 million for the year ended 31 December 2008 which is attributable to the higher specification of the iEDS Solutions services provided which increase overall cost of sales of the iEDS Solutions.

The cost of sales for our Components and Spare Parts Business increased RMB2.1 million, or 6.0% from RMB35.8 million to RMB37.9 million, which is generally attributable to growth in sales of our Components and Spare Parts Business during the year.

Gross profit and gross profit margin

Our gross profit increased by RMB43.8 million or 55.2% from RMB79.3 million for the year ended 31 December 2007 to RMB123.1 million for the year ended 31 December 2008, which is mainly contributed by the increase in the average selling prices of our EDS Solutions and iEDS Solutions.

Overall gross profit margin increased from 22.2% for the year ended 31 December 2007 to 30.4% for the year ended 31 December 2008, which is mainly attributable to the improved gross profit margins of our EDS Solutions and iEDS Solutions and the increase in sales of our iEDS Solutions which had a higher gross profit margin than that of our EDS Solutions.

Gross profit from our EDS Solutions increased by 53.8% from RMB50.2 million for the year ended 31 December 2007 to RMB77.2 million for the year ended 31 December 2008. The gross profit margin for our EDS Solutions increased from 19.7% for the year ended 31 December 2007 to 27.8% for the year ended 31 December 2008 which mainly resulted from the increase in our average selling price during the year.

Gross profit from our iEDS Solutions increased by 58.4% from RMB16.8 million for the year ended 31 December 2007 to RMB26.7 million for the year ended 31 December 2008. The gross profit margin for our iEDS Solutions increased from 30.9% for the year ended 31 December 2007 to 37.8% for the year ended 31 December 2008. The increase is mainly attributable to the increase in our average selling price during the year.

Gross profit of our Components and Spare Parts Business also increased by RMB6.9 million and its gross profit margin improved from 25.6% in 2007 to 33.7% in 2008. The significant improvement in the gross profit margin is generally attributable to the general improvement in the gross profit margin of spare parts during the year.

Other revenue

Other revenue decreased by 12.0% from RMB3.6 million for the year ended 31 December 2007 to RMB3.2 million for the year ended 31 December 2008, which is mainly due to the decrease in interest income from bank deposits and related party.

Selling and distribution expenses

Selling and distribution expenses increased by RMB8.3 million or 88.9%, from RMB9.3 million for the year ended 31 December 2007 to RMB17.6 million for the year ended 31 December 2008. The increase was mainly due to the increase in salary and welfare expenses for employees involved in selling and distribution activities and transportation costs for delivery of our products to our customers.

Administrative expenses

Administrative expenses increased by RMB15.5 million or 113.4%, from RMB13.7 million for the year ended 31 December 2007 to RMB29.2 million for the year ended 31 December 2008. The increase in administrative expenses was mainly due to the increase in salary and welfare expenses for management and administrative personnel.

Finance expenses

Finance expenses decreased by RMB4.4 million or 24.8%, from RMB17.8 million for the year ended 31 December 2007 to RMB13.4 million for the year ended 31 December 2008. The decrease is mainly resulted from the fair value differences of RMB9.0 million on initial recognition of other financial assets for the year ended 31 December 2007, which is offset by the increase in interest on borrowings.

Share of (loss)/profit of associates

Share of loss of associates for the year ended 31 December 2007 amounted to RMB0.5 million whilst share of profit of associates for the year ended 31 December 2008 amounted to RMB0.1 million, reflecting our share of results of Shanghai Boer.

Profit before taxation

As a result of the aforesaid factors, our profit before taxation increased by RMB24.6 million or 59.0%, from RMB41.6 million for the year ended 31 December 2007 to RMB66.2 million for the year ended 31 December 2008.

Income tax

Income tax increased by RMB11.2 million or 706.0%, from RMB1.6 million for the year ended 31 December 2007 to RMB12.8 million for the year ended 31 December 2008. Our effective tax rate increased from 3.8% for the year ended 31 December 2007 to 19.3% for the year ended 31 December 2008. Effective tax rate increased because Boer Wuxi and Boer Yixing were exempt from income tax for the year ended 31 December 2007 and were subject to income tax at 12.5% for the year ended 31 December 2008.

Profit For the Year Attributable to Equity Shareholders of the Company

As a result for the above factors, profit for the year attributable to equity Shareholders of our Company increased by RMB12.3 million or 31.0%, from RMB39.3 million for the year ended 31 December 2007 to RMB51.6 million for the year ended 31 December 2008.

Backlog

Backlog is defined as the aggregate value of contracts signed with third-party customers and projects of which we have been issued with the letter of tender winning as of the indicated date, less revenues recognised in connection with such contracts up to and including the same date. It is our estimate of the contract value of work that remains to be completed as of a certain date. The contract value of a project represents the amount that we expect to receive under the terms of the contract if the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles, and our methodology for determining backlog may not be comparable to the methodology used by other companies in determining their backlog. Backlog may not be indicative of future operating results. Not all of our revenue is recorded in backlog for a variety of reasons, including the fact that some projects begin and end within a short-term period. The termination or modification of any one or more sizeable contracts or the addition of other contracts may have a substantial and immediate effect on backlog.

The aggregate value of projects of our EDS Solutions and iEDS Solutions in our backlog as of 31 August 2010 amounted to RMB62.0 million and RMB168.8 million, respectively. We expect that the majority of the backlog projects will be completed by December 2010.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital needs primarily through cash flow from operating activities, bank loans and the use of bills payable. Our primary uses of cash are for our working capital needs and capital expenditures.

Upon the completion of the Global Offering, we expect to meet our working capital needs primarily through cash flows from operating activities, bank loans, the use of bills payable and the net proceeds of the Global Offering. We are satisfied after due and careful inquiry that we have available sufficient working capital for the present requirements, which is for at least the next 12 months from the date of this prospectus.

Cash flows

The following table presents the cash flows during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash (outflow)/inflow from operating activities	(4,874)	69,072	262,238	183,281	(107,548)
Net cash (outflow)/inflow from investing activities	(64,669)	(49,743)	(164,511)	(262,170)	125,077
Net cash inflow/(outflow) from financing activities	73,286	(36,819)	(84,949)	113,547	9,347
Net increase/(decrease) in cash	3,743	(17,490)	12,778	34,658	26,876
Cash at beginning of year/period	27,845	32,260	14,979	14,979	27,762
Effect of foreign exchange rate changes	672	209	5	–	(122)
Cash at end of year/period	32,260	14,979	27,762	49,637	54,516

Cash flows from operating activities

Our cash inflows from operating activities during the Track Record Period are principally from the receipt of payments from our sales. Our cash outflows from operating activities during the Track Record Period are principally for the purchases of raw materials and production expenses of direct labour and overhead.

We had a net cash outflow from operating activities of RMB4.9 million for the year ended 31 December 2007, which primarily resulted from operating profit before changes in working capital of RMB60.1 million and increase in trade and other payables of RMB32.5 million, offset by increase in trade and other receivables and inventories of RMB93.3 million and RMB2.6 million, respectively. The increase in trade and other receivables, trade and other payables and inventories was primarily due to our sales growth, increase in sales volume and increase in purchases of raw materials.

We had a net cash inflow from operating activities of RMB69.1 million for the year ended 31 December 2008, which primarily resulted from operating profit before changes in working capital of RMB85.4 million, offset by increase in trade and other receivables of RMB10.3 million and payments of income tax of RMB9.7 million. The increase in trade and other receivables primarily reflected our increase in sales as a result of our expansion in business.

We had a net cash inflow from operating activities of RMB262.2 million for the year ended 31 December 2009, which primarily resulted from operating profit before changes in working capital of RMB109.4 million and increase in trade and other payables of RMB215.6 million, offset by increase in trade and other receivables and inventories of RMB17.1 million and RMB24.8 million, respectively. The increase in trade and other receivables primarily reflected our continuous increase in sales as a result of our expansion in business. The increase in trade and other payables was mainly due to the increase in the number of projects, and the increased use of bills payables (which have longer terms) to settle purchases from suppliers.

We had a net cash outflow from operating activities of RMB107.5 million for the six months ended 30 June 2010, which mainly resulted from operating profit before changes in working capital of RMB106.9 million, offset by the increase in trade and other receivables of RMB172.5 million. The increase in trade and other receivables was primarily due to our sales growth and increase in sales volume.

Cash flows from investing activities

Our cash outflows from investing activities during the Track Record Period mainly consisted of purchases of items of property, plant and equipment, net advances and loans to related and other parties and pledge of deposits to banks.

We had a net cash outflow from investing activities of RMB64.7 million for the year ended 31 December 2007, which primarily resulted from net advances and loans to related and other parties of RMB45.1 million, pledge of deposits to banks of RMB15.3 million and purchases of property, plant and equipment of RMB4.2 million.

We had a net cash outflow from investing activities of RMB49.7 million for the year ended 31 December 2008, which primarily resulted from net advances and loans to related and other parties of RMB14.6 million, pledge of deposits to banks of RMB10.9 million and purchases of property, plant and equipment of RMB23.9 million.

We had a net cash outflow from investing activities of RMB164.5 million for the year ended 31 December 2009, which primarily resulted from net advances and loans to related and other parties of RMB59.1 million, pledge of deposits to banks of RMB86.2 million, purchases of property, plant and equipment of RMB6.2 million and payment of lease prepayments of RMB13.8 million.

We had a net cash inflow from investing activities of RMB125.1 million for the six months ended 30 June 2010, which mainly resulted from the decrease in pledged time deposits of RMB52.7 million and repayments from related parties of RMB75.4 million, partly offset by the payment for purchases of property, plant and equipment of RMB4.6 million.

Cash flow from financing activities

Our cash flows from financing activities during the Track Record Period mainly consisted of proceeds from and repayment of bank loans and payments of interest expenses.

We had a net cash inflow from financing activities of RMB73.3 million for the year ended 31 December 2007, which primarily resulted from the net increase in bank loans of RMB82.5 million, offset by payments of interest expenses of RMB8.9 million.

We had a net cash outflow from financing activities of RMB36.8 million for the year ended 31 December 2008, which primarily resulted from the net decrease in bank loans of RMB24.5 million and the payments of interest expenses of RMB11.7 million.

We had a net cash outflow from financing activities of RMB84.9 million for the year ended 31 December 2009, which primarily resulted from the net decrease in bank loans of RMB37.5 million, the payments of interest expenses of RMB12.2 million and deemed distribution of cash at bank and in hand of Wuxi Boer of RMB30.2 million as disclosed in Section A of the Accountants' Report set out in Appendix I to this prospectus.

We had a net cash inflow from financing activities of RMB9.3 million for the six months ended 30 June 2010, which mainly resulted from the net proceeds from new bank loans during the period.

CAPITAL EXPENDITURES

During the Track Record Period we incurred capital expenditures for the purchase of buildings, plant and machinery, motor vehicles and furniture and fixtures. The following table sets out our historical expenditures during the Track Record Period:

	Year ended 31 December			**Six months ended 30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	576	12,084	296	787
Plant and machinery	3,105	10,187	4,194	1,559
Motor vehicles	326	869	945	919
Furniture, fixtures and other equipment	150	715	727	578
Construction of building	–	–	–	772
	4,157	23,855	6,162	4,615

Our capital expenditures during the Track Record Period consisted of expenditures in building construction and plant and equipment for our new production facilities in Yixing, Jiangsu province.

We expect that capital expenditures for the construction and completion of our new plant situated in Wuxi, Jiangsu province and the purchases of equipment to be installed in the new plant for the purpose of expanding our production capacity will amount to RMB120 million and RMB55 million, respectively. We expect to fund our projected capital expenditures principally through a portion of net proceeds from the Global Offering, cash generated from operating activities and proceeds from bank loans.

Our current plan with respect to future capital expenditure is subject to change based on the implementation of our business strategy and market conditions. As we continue to grow our business, we may incur additional capital expenditures.

We are of the opinion that our cash generated from our operating activities and the net proceeds from the Global Offering will be sufficient to finance our capital expenditure needs for the next 12 months.

WORKING CAPITAL

Taking into account of the net proceeds available to us from the Global Offering, our cash at bank and in hand, our available banking facilities and our future operating cash flows, the Directors are of the opinion that we have sufficient working capital to meet our requirements for at least the next 12 months from the date of this prospectus.

NET CURRENT ASSETS

The table below sets out our current assets, current liabilities and net current assets at the balance sheet dates indicated:

	As at 31 December			As at 30 June	As at 31 August
	2007	**2008**	**2009**	**2010**	**2010 (unaudited)**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Inventories	13,127	9,589	34,379	36,057	38,929
Trade and other receivables	218,688	224,556	213,758	386,192	534,238
Amounts due from directors	305	1,303	631	78	–
Amounts due from related parties	161,112	174,107	177,628	3,702	–
Tax recoverable	–	443	–	–	–
Pledged deposits	28,602	39,488	94,057	41,392	39,646
Cash at bank and in hand	32,260	14,979	27,762	54,516	10,527
Total current assets	454,094	464,465	548,215	521,937	623,340
Current liabilities					
Bank loans	169,500	145,000	50,000	70,000	80,000
Trade and other payables	198,308	198,372	323,949	290,217	324,349
Amounts due to directors	127	138	138	–	–
Amounts due to related parties	6,569	9,128	25,424	221	777
Current taxation	2,047	4,462	6,766	16,666	12,826
Total current liabilities	376,551	357,100	406,277	377,104	417,952
Net current assets	77,543	107,365	141,938	144,833	205,388

All the non-traded related parties balances have been settled before the Listing.

As at 31 August 2010, we had unutilised bank facilities of approximately RMB90 million.

Trade and bills receivables

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	128,340	137,001	151,121	347,952
Bills receivable	4,319	2,140	7,831	5,798
	132,659	139,141	158,952	353,750

Our trade and bills receivables primarily represented receivables for the goods sold and rendered to our customers. Our trade receivables and bills receivable increased from RMB132.7 million as at 31 December 2007 to RMB139.1 million as at 31 December 2008. Our trade receivables and bills receivable increased from RMB139.1 million as at 31 December 2008 to RMB159.0 million as at 31 December 2009 and further increased to RMB353.8 million as at 30 June 2010. The increase in our trade receivables was primarily due to the growth in our business and increased sales.

The credit terms given to the customers vary which are based on the sales contracts signed with individual customers and are generally based on their financial strengths. The average trade receivables and bills receivable turnover days as at 31 December 2007, 2008 and 2009 and as at 30 June 2010 were 114, 122, 111 and 107, respectively.

The following table sets out an aging analysis of trade receivable and bills receivable (net of allowance for doubtful debts) as of the balance sheet date:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	78,971	79,329	127,677	327,791
Less than 3 months past due	19,534	16,349	8,394	9,204
More than 3 months but less than 6 months past due	9,722	5,298	8,200	6,673
More than 6 months but less than 1 year past due	11,473	21,181	8,722	4,659
More than 1 year past due	12,959	16,984	5,959	5,423
	53,688	59,812	31,275	25,959
	132,659	139,141	158,952	353,750

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a wide range of customers that have a good track record with our Group. Based on past experience, our management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Our warranty period is usually twelve months and is provided on a case-by-case basis. The overdue amounts of our receivables were mainly related to the last instalments from our customers for which we have granted warranty period. The total amount of our overdue receivables was RMB26.0 million as at 30 June 2010, RMB5.2 million of which has been subsequently collected as at the Latest Practicable Date.

Our management monitors the recoverability of overdue trade and bills receivables, and, when there is objective evidence that our Group may not be able to collect, provides for impairment of these trade receivables. The impairment provision for these accounts amounted to RMB1.2 million, RMB5.5 million, RMB4.5 million and RMB4.5 million as of 31 December 2007, 2008 and 2009 and as at 30 June 2010, respectively. The trade receivables that were past due but not impaired relate to a number of customers that have good track record with our Group and majority of them were either public institutions or state-owned enterprises. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality, the balances are still considered fully recoverable. Further details are set out in Note 17 of Section C of the Accountants' Report.

Deposits, prepayments and other receivables

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and prepayments	24,912	20,538	17,682	16,815
Other receivables	61,117	64,877	37,124	15,627
	86,029	85,415	54,806	32,442

Deposits and prepayments primarily consisted of advances and deposits paid to suppliers. Other receivables primarily consisted of deposits made for the acquisition of a piece of land used for our new production facilities, security deposits for tenders of projects.

Trade and bills payables

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	66,922	98,026	112,858	219,068
Bills payable	38,219	35,058	152,000	40,093
	105,141	133,084	264,858	259,161

Our trade payables and bills payable primarily related to the purchases of raw materials from our suppliers. The continual increase in the aggregate amount of trade payables and bills payable primarily reflected the expansion of our operations and resulted from the increased number of projects during the Track Record Period. The increase in bills payable as at 31 December 2009 was mainly as a result of the increased use of bills payable to settle purchases from suppliers, which had a payment term of six months and enabled us to enjoy a lower finance cost.

The average trade payables and bills payable turnover days as at 31 December 2007, 2008 and 2009 and as at 30 June 2010 were 115, 154, 217 and 170, respectively. The increase in average trade payables and bills payable turnover days as at 31 December 2009 primarily resulted from the increased use of bills payable which have longer payment terms. The decrease in average trade and bills payable turnover days as at 30 June 2010 mainly resulted from the decreased use of bills payable.

The following table sets out an aging analysis of trade payables and bills payable as of the balance sheet dates:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or on demand	59,567	98,045	85,774	191,864
Due after 1 month but within 3 months	20,760	7,629	39,084	7,414
Due after 3 months but within 6 months	24,814	27,410	140,000	59,883
	105,141	133,084	264,858	259,161

The increase in trade payables and bills payable due after 3 months was mainly due to increase in bills payable. Our Group has intended to place more reliance on bills financing in consideration of their lower finance costs. The amount due to be payable within 3 to 6 months are all bills payables, the repayment terms of which have been established in the respective bills.

Receipts in advance, other payables and accruals

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance	78,106	47,759	39,938	3,310
Other payables and accruals	15,061	17,529	19,153	27,746
	93,167	65,288	59,091	31,056

Receipts in advance mainly represent the prepayments received from customers for purchase of our Group's products according to the sales contracts. In general, we usually receive from our customers a deposit of approximately 30% of the total contract value before commencement of production.

Other payables and accruals primarily consisted of value-added tax payables, salary and staff welfare expenses payables and payable for the additions of items of property, plant and equipment.

Inventory

The following table sets out a summary of our balance of inventory as of the balance sheet dates:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	5,969	3,256	15,986	24,257
Work in progress	4,984	4,358	15,664	6,159
Finished goods	2,174	1,975	2,729	5,641
	13,127	9,589	34,379	36,057

The increase in inventory as at 30 June 2010 primarily relate to our sales growth, increase in sales volume and increase in purchases of raw materials, which is subsequently utilised in full.

The average inventory turnover days as at 31 December 2007, 2008 and 2009 and as at 30 June 2010 were 16, 15, 24 and 23, respectively. In general, we usually maintain minimum inventory level and our procurement plan is determined principally in accordance with customer orders and production requirements. We have entered into long-term supply contracts with some of our major suppliers so that we can ensure a stable purchase price of such raw materials and components.

LIQUIDITY RATIOS

Our current ratio, being current assets divided by current liabilities, as of 31 December 2007, 2008 and 2009 and as at 30 June 2010, was 1.2, 1.3, 1.3 and 1.4, respectively. Our quick ratio, being current assets less inventories and divided by current liabilities, as of 31 December 2007, 2008 and 2009 and as at 30 June 2010, was 1.2, 1.3, 1.3 and 1.3. The increase in our current ratio primarily resulted from the increase in the cash inflow generated from our operating activities.

INDEBTEDNESS

The table below sets out our borrowings as of the dates indicated:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured floating rate loans, within one year	169,500	145,000	50,000	70,000
Effective interest rates	5.58% to 7.47%	4.86% to 7.47%	4.86% to 5.31%	4.86% to 5.31%

As at 31 August 2010, the latest practicable date for the purpose of determining our indebtedness, our Group's total indebtedness amounted to RMB101.1 million which consisted of bank loans of RMB80.0 million and bills payable of RMB21.1 million. The bank loans outstanding as at 31 August 2010 bear fixed interest rates ranging from 4.86% to 5.31% per annum. Save as disclosed above, we confirm that there has not been any material change in our indebtedness since 31 August 2010.

Except for a charge created over the entire issued share capital in Boer Hong Kong in favour of Silver Crest that will be released before the Listing and as disclosed above, the Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities acceptance or acceptance credits or any guarantees outstanding as at 31 August 2010.

GEARING RATIO

Our gearing ratio, being bank loans divided by total assets, as of 31 December 2007, 2008 and 2009 and 30 June 2010 was 33.5%, 26.8%, 8.2% and 11.9%, respectively. The decrease in our gearing ratio from 31 December 2007 to 31 December 2009 is mainly a result of the deemed distribution of Wuxi Boer, increase in total assets, in particular lease prepayments and pledged deposits, and decrease in bank loans during the Track Record Period.

Save as disclosed under the section headed "Financial Information – Indebtedness", as at 31 August 2010, being the latest practicable date for the purpose of the indebtedness statement, we did not have any debt securities issued and outstanding and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges, other material contingent liabilities or guarantees.

COMMITMENTS

Capital commitments

We had the following capital commitments which were not provided for in our combined financial statements:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	12,176	4,487	–	–
Authorised but not contracted for	8,140	5,458	50,000	171,217
	20,316	9,945	50,000	171,217

The capital commitments as of 30 June 2010 primarily relates to the construction of new production facilities in Wuxi, Jiangsu province.

Operating lease commitments

We had total future minimum lease payments under non-cancellable operating leases that are payable as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	125	450	302	1,655
After 1 year but within 5 years	135	335	845	4,132
After 5 years	–	–	240	3,356
	260	785	1,387	9,143

Our contractual commitments as of 30 June 2010 primarily relate to the lease agreement in respect of the leasing of production facilities. The increase in total future minimum lease payments under non-cancellable operating leases as at 30 June 2010 primarily resulted from the entering into of new lease agreements with higher rental payables.

CONTINGENT LIABILITIES

As at 31 December 2007, 2008 and 2009 and 30 June 2010, we did not have any significant contingent liabilities and we confirm as of the Latest Practicable Date that there have been no material changes to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet transactions or arrangements.

RELATED PARTY BALANCES

During the Track Record Period, the Directors are of the view that the following are related parties of our Group:

Name of party	Relationship
Mr. Qian Yixiang	Controlling Shareholder
Ms. Jia Lingxia	Controlling Shareholder
Mr. Qian Zhongming	Father of Mr. Qian Yixiang
Mr. Tao Qi	Brother in law of Mr. Qian Yixiang
Mr. Jia Minghao	Relative of Ms. Jia Lingxia
Shanghai Boer	Associate company to our Group
Jiangsu Diadem Pawn Co., Ltd.* ("江蘇大唐典當有限公司")	Associate company to our Group
Wuxi Boer	Effectively 80% and 20% owned by Mr. Qian Yixiang and Mr. Qian Zhongming respectively. Upon the assumption by Boer Wuxi and Boer Yixing of Wuxi Boer's business operations in the design, manufacture and sale of electrical distribution equipment on 31 December 2009, Wuxi Boer was considered a related party
Shanghai Shuanghuan	Effectively 33% and 67% owned by Mr. Qian Yixiang and Mr. Qian Zhongming respectively
Shanghai Changcheng Construction Development Company Limited* ("上海長城建設開發有限公司" or "Shanghai Changcheng")	Effectively 16.5% and 33.5% owned by Mr. Qian Yixiang and Mr. Qian Zhongming respectively
Shanghai High-Speed Rail Electrical Technology Company Limited*# ("上海高鐵電氣科技有限公司" or "Shanghai High-Speed Rail")	Effectively 51% owned by Mr. Qian Yixiang

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

As at the Latest Practicable Date, this company did not carry on any business.

Details of our balances with related parties during the Track Record Period are set out as follows.

(i) Amounts due from related parties

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Shanghai Changcheng	–	–	10,146	–
Non-trade related				
Mr. Qian Yixiang	305	1,099	60	39
Ms. Jia Lingxia	–	204	571	39
Mr. Qian Zhongming	–	540	–	–
Mr. Tao Qi	38	213	40	–
Mr. Jia Minghao	4,520	7,915	9,181	–
Shanghai Shuanghuan	70,356	71,806	5,531	–
Shanghai Changcheng	83,198	92,428	–	–
Shanghai Boer	–	505	762	–
Shanghai High-Speed Rail	3,000	700	710	–
Wuxi Boer	–	–	151,258	3,702
	161,417	175,410	178,259	3,780

(ii) Amounts due to related parties

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Shanghai Boer	–	33	498	221
Non-trade related				
Mr. Qian Yixiang	64	69	69	–
Ms. Jia Lingxia	63	69	69	–
Mr. Qian Zhongming	–	2,000	2,000	–
Shanghai Shuanghuan	6,569	7,090	1,107	–
Shanghai Boer	–	5	762	–
Wuxi Boer	–	–	21,057	–
	6,696	9,266	25,562	221

Except for amount due from Shanghai Shuanghuan, which charged interest of 2.22% and 5.55% per annum respectively for the year ended 31 December 2007 and 2009, the amounts due from/to related parties as at 31 December 2007, 2008 and 2009 and as at 30 June 2010 are unsecured, interest free and have no fixed repayment terms. These amounts are expected to be recovered/ repaid within one year.

All the above non-trade related parties balances have been settled before the Listing.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of market risks, including changes in interest rate risks, foreign exchange risks and inflation risks in the normal course of business.

Foreign Currency Exchange Rate Risk

We conducted our business primarily in China with most of the transactions denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. In July 2005, the PRC government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. An appreciation of RMB may affect the value of the proceeds from the Global Offering, which will be denominated in HK dollars.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Our exposure to changes in interest rates is mainly attributable to our bank loans, details of which have been disclosed in Note 20 of Section C of the Accountants' Report set out in Appendix I to this prospectus. As of 30 June 2010, we had total interest bearing bank loans of RMB70 million, as described above in "Indebtedness." Upward fluctuations in interest rates will increase the costs of both our exiting and new debt. We have not entered into any interest rate hedging contracts or any other derivative financial instruments.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to honour its contractual obligations, and arises principally from the Group's trade and other receivables and other financial assets. The carrying amount of pledged deposits, cash and at bank and in hand, trade receivables, bills receivable and other receivables included in our combined balance sheet represents our maximum exposure to credit risk in relation to our financial assets. We have policies in place to ensure that credit sales of products are made to customers with an appropriate credit history and we perform periodic credit evaluations of our customers. Our historical experience in the collection of trade and other receivables falls within the recorded allowances and our Directors are of the opinion that adequate provision for uncollectible trade receivables has been made in the financial statements.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We have identified the policies below as critical to our business operations and the understanding of our financial condition and results of operations.

We review our estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

We recognise revenue from the sale of goods when the customer has accepted the related risks and rewards of ownership, provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, which generally occurs when the product is sold and delivered to our customers. For goods that do not require acceptance testing, we recognise revenue when they are delivered to the customers' premises. For goods that require acceptance testing, we recognise revenue when customers confirmed acceptance of the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Deposits and installments received prior to the date of revenue recognition are included in the balance sheet under receipt in advance under trade and other payables.

Impairment of assets

We recognise an impairment loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Impairment of receivables

Trade and other receivables that are carried at cost or amortised costs are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— construction in progress;

— lease prepayments (land use rights);

— intangible assets; and

— investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated.

Estimates in determining impairment of receivables and other assets

Our management's judgment is required in the area of asset impairment particularly in assessing:

(i) whether an event has occurred that may indicate that the related asset values may not be collected or recoverable; (ii) whether the carrying value of an asset can be supported by the collectible or recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairments, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. If there is a significant adverse change in the projected performance and the resulting future cash flow projections and the discount rates, it will be necessary to take an impairment charge to the income statement, which will affect our financial condition and results of operations only when the resulting net present value used in the impairment test is lower than the book value of the assets.

Depreciation and amortisation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The useful lives are based on our experience with similar assets and taking into account anticipated technological changes. Both the useful life of an asset and its residual value, if any, are reviewed annually. Changes in circumstances, such as technological advances or changes to our business operations, can result in differences between the actual and estimated useful lives of an asset. In those cases where we determine that the useful life of a long-lived asset should be shortened, we increase the depreciation expense over the remaining useful life to depreciate the asset's net book value to its salvage value. We also amortise our lease prepayments (land use rights) using the straight-line method over the respective periods of the leases.

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is computed using the weighted average cost method and includes expenditures incurred in acquiring the inventories to bring them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes direct labor and an appropriate share of overhead based on normal operating capacity. Net realisable value is the estimated selling price in ordinary course of business less the estimated cost of completion and selling expenses.

We regularly review our inventories for slow moving inventory, obsolescence or declines in market value. These reviews are conducted with reference to projections of expected future saleability of goods and management experience and judgment. If our estimate of net realisable value is below the cost of inventory, we establish a provision against the inventories for the difference between cost and net realisable value, which will result in a corresponding increase in our cost of sales. If actual market conditions are less favorable than those projected by management and our inventories remain unsold longer than we anticipated, an additional inventory provision may be required. The Directors confirm that this policy has been applied consistently throughout the Track Record Period.

We did not make any provision for inventories during the Track Record Period.

Provision for warranty

We will make provisions for warranty based on our future sales amount and our past experience of the level of repair and maintenance services, discounted to their present values as appropriate. However, during the Track Record Period, we had not experienced any significant warranty claims. Accordingly, no provision for warranty was made during the Track Record Period.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Company since 30 June 2010 (being the date to which our latest combined financial results were prepared as set out in the "Accountants' Report" in Appendix I to this prospectus).

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which, had they been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROFIT FORECAST

On the bases and assumption set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we forecast that our combined profit attributable to the equity Shareholders for the year ending 31 December 2010 is expected to be not less than RMB180 million.

The forecast of our combined profit attributable to the equity Shareholders for the year ending 31 December 2010 may not necessarily give any indication on, and should not be interpreted as a guidance of, our full year financial results for 2010, and will be different from the actual combined net profit attributable to the equity Shareholders if the factors affecting the results of our operation and financial condition vary materially between the conditions expected in the first half of 2010 and the second half of 2010. For further details of such factors, please refer to the sections headed "Risk Factors" and "Financial Information – Factors affecting our results of operations and financial condition" in this prospectus.

DIVIDEND POLICY

Dividends may be paid out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

A decision to declare or to pay any dividends in the future, and the amount of any dividends, depend on a number of factors, including our results of operations, financial condition, the payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

Subject to the factors described above, we currently intend to recommend a distribution to all Shareholders in an amount representing not less than 25% of the distributable net profit attributable to the equity Shareholders of our Company in each of the financial years following the Global Offering. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to the Shareholders by any means which the Directors consider appropriate.

DISTRIBUTABLE RESERVES

As of 30 June 2010, the aggregate amount of distributable reserves of the companies now comprising our Group were RMB176.9 million.

PROPERTY INTERESTS

Particulars of our Company's property interests are set out in Appendix IV to this prospectus. Jones Lang LaSalle Sallmanns Limited has valued the property interests of our Company as of 31 July 2010. A summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV to this prospectus.

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our properties, as at 31 July 2010 and is of the opinion that the value of our property interests as of such date was an aggregate amount of RMB57,508,000. The full text of the letter, summary of values and valuation certificates with regard to such property interests are set out in Appendix IV to this prospectus.

The table below sets forth the reconciliation of the aggregate amount of net book value of our Group's property interests from our combined financial information as at 30 June 2010 with the valuation of our property interests as of 31 July 2010 as set out in Appendix IV to this prospectus:

	RMB'000	*RMB'000*
Valuation of properties (including the lease prepayments (land use rights)) owned by our Group as of 31 July 2010 as set out in the property valuation report in Appendix IV to this prospectus *(note)*		57,508
Net book value of the following properties as of 30 June 2010 as set out in Appendix I to this prospectus		
– Buildings	17,810	
– Lease prepayments (land use rights)	20,017	
Net book value as of 30 June 2010	37,827	
Less: Depreciation/amortization during the period from 1 July to 31 July 2010	(118)	
Net book value as of 31 July 2010		37,709
Net valuation surplus		19,799

Note: As at the date of valuation, a property has not been assigned to the Group and thus the title of this property has not been vested in the Group. Therefore Jones Lang LaSalle Sallmanns Limited has attributed no commercial value to this property. However, Jones Lang LaSalle Sallmanns Limited is, of the opinion that the capital value of this property as at the date of valuation would be RMB44,339,000, on condition that the registered owner of this property is under the name of the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of this property. We have adopted this valuation of RMB44,339,000 for this reconciliation purpose.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is based on the combined net assets derived from the financial information of the Group as at 30 June 2010, as set out in appendix I to this prospectus and adjusted as follows:

	Combined net tangible assets of the Group as at 30 June 2010	Estimated net proceeds from the initial public offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000	*RMB'000* *(Note 1)*	*RMB'000*	*RMB* *(Note 2)*
Based on the Offer Price of HK$4.38 per Share	189,369	641,991	831,360	1.11
Based on the Offer Price of HK$6.38 per Share	189,369	955,263	1,144,632	1.53

Notes:

(1) The estimated net proceeds from the initial public offering are based on the Offer Price of HK$4.38 and HK$6.38 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be allotted and issued upon exercise of the Over-allotment Option.

(2) The unaudited pro forma adjusted net tangible asset per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 750,000,000 Shares are in issue assuming that the Global Offering has been completed on 30 June 2010, which takes no account any Shares which may be allotted and issued upon exercise of the Over-allotment Option.

(3) The Group's property interests as at 31 July 2010 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, the relevant property valuation report is set out in Appendix IV to this prospectus, "Property Valuation" (Note). The revaluation surplus of these properties was not incorporated in the Group's combined financial information for the six months ended 30 June 2010 and will not be included in the Group's financial information for the year ending 31 December 2010. The above adjustments do not take into account the revaluation surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB19.8 million. If the revaluation surplus was recorded in the Group's financial statements, additional annual depreciation and amortisation of approximately RMB0.9 million would be charged against profit for the year ending 31 December 2010.

Note: As at the date of valuation, a property has not been assigned to the Group and thus the title of this property has not been vested in the Group. Therefore Jones Lang LaSalle Sallmanns Limited has attributed no commercial value to this property. However, Jones Lang LaSalle Sallmanns Limited is, of the opinion that the capital value of this property as at the date of valuation would be RMB44,339,000, on condition that the registered owner of this property is under the name of the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of this property.

FUTURE PLANS

See the section headed "Business — Our Strategies" for a detailed description of our future plans.

PROPOSED USE OF NET PROCEEDS FROM THE ISSUE OF NEW SHARES

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised), assuming an Offer Price of HK$5.38 per Share, being the mid-point of the proposed Offer Price range of HK$4.38 to HK$6.38 per Share, will be approximately HK$917.8 million. We currently intend to apply these net proceeds for the following purposes:

- approximately HK$229.5 million (approximately 25% of the net proceeds payable to our Company) for setting up and starting up the operation of new production facilities or potential acquisitions of companies in the electrical distribution business for the purposes of expanding our upstream component production capability. We do not, however, currently have any specific acquisition target;

- approximately HK$321.2 million (approximately 35% of the net proceeds payable to our Company) for setting up new companies or acquisitions of companies in the electrical distribution business to expand our downstream sales channel and market segment in China. We do not, however, currently have any specific acquisition target;

- approximately HK$137.7 million (approximately 15% of the net proceeds payable to our Company) for paying the outstanding balance of the consideration in relation to the construction and completion of our new plant situated in Zhenbei Village, Qunsheng Village, Luoshe Town, Huishan District, Wuxi City (無錫市惠山區洛社鎮鎮北村、群勝村);

- approximately HK$73.4 million (approximately 8% of the net proceeds payable to our Company) for the purchase of equipment to be installed in the aforementioned new plant situated in Zhenbei Village, Qunsheng Village, Luoshe Town, Huishan District, Wuxi City (無錫市惠山區洛社鎮鎮北村、群勝村) for the purpose of expanding our production capacity;

- approximately HK$64.2 million (approximately 7% of the net proceeds payable to our Company) for the purchase of equipment and software, for the purpose of collating a wider scope of performance data of our customers' electrical distribution systems on an ongoing basis, thus enabling us to further improve our capabilities in providing more efficient EE Solutions; and

- approximately HK$91.8 million (equivalent to 10% of the net proceeds payable to our Company) for funding of our working capital and other general corporate purposes.

In the event that the Offer Price is fixed at the highest end of the proposed Offer Price range, the net proceeds from the Global Offering to us will be approximately HK$1,097.8 million (assuming an Offer Price of HK$4.38 per Share). In the event that the Offer Price is fixed at the lowest end of the proposed Offer Price range, the net proceeds of the Global Offering to us will be approximately HK$737.8 million (assuming an Offer Price of HK$6.38 per Share). We will adjust the allocation of the net proceeds for the aforementioned purposes on a pro rata basis.

To the extent that the net proceeds from the issue of new Shares are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of the new Shares, when combined with such alternate sources of financing, are sufficient for the uses set forth above.

If the Over-allotment Option is exercised in full, we estimate we would receive net proceeds in the amount of approximately HK$856.0 million (assuming an Offer Price of HK$4.38 per Share, being the lowest end of the proposed Offer Price range), approximately HK$1,063.0 million (assuming an Offer Price of HK$5.38 per Share, being the mid-point of the proposed Offer Price range) and approximately HK$1,270.0 million (assuming an Offer Price of HK$6.38 per Share, being the highest end of the proposed Offer Price range) which we intend to apply as additional funding for the purposes above on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit them in short-term demand deposits and/or money market instruments.

UNDERWRITING

Hong Kong Underwriters

CCB International Capital Limited
UBS AG, Hong Kong Branch
China Merchants Securities (HK) Co., Limited
VC Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators, on behalf of the Underwriters, and us agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional in accordance with its terms and not having been terminated in accordance with its terms or otherwise.

Grounds for termination

The Joint Global Coordinators, for themselves and on behalf of the other Hong Kong Underwriters, may in their sole and absolute discretion, upon giving notice in writing to us and/or our Controlling Shareholders, terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into effect:

(a) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, PRC, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, Canada, the European Union (or any member thereof), Japan, Singapore or any other relevant jurisdiction (each a "**Relevant Jurisdiction**"); or

(b) any new law or regulation or any change or development involving a prospective change or in any event or circumstance likely to result in a change or a development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(c) any event or series of events in the nature of *force majeure* (including, without limitation, acts of government, strikes, lock-outs, fire, earthquake, explosion, flooding, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including without limitation to SARS and Influenza A (H5N1)), in or affecting any of the Relevant Jurisdictions; or

(d) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(e) (A) any moratorium, suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, American Stock Exchange or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(f) any material adverse change or development or event involving a prospective material adverse change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

(g) any imposition of economic sanctions, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions; or

(h) any material adverse change or development or event involving a prospective material adverse change in our assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(i) the commencement by any judicial or regulatory body or organisation of any public action against a Director or an announcement by any judicial or regulatory body or organisation that it intends to take any such action; or

(j) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by us of a supplementary prospectus or offering document pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the opinion of the Joint Bookrunners or the Joint Global Coordinators, materially adverse to the marketing for or implementation of the Global Offering; or

(k) a petition is presented for the winding up or liquidation of our Company or any of our subsidiaries, or our Company or any of our subsidiaries make any compromise or arrangement with our Company or its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or of any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries; or

(l) a valid demand by any creditor for repayment or payment of any of the our indebtednesses or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries are liable prior to its stated maturity, or any loss or damage sustained by our

Company or any of our subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(m) any material litigation or claim being threatened or instigated against our Company or any of our subsidiaries or our Controlling Shareholders; or

(n) any contravention by any member of our Group of the Companies Ordinance or the Listing Rules; or

(o) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares (including the additional Shares that may be allotted and issued by us upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(p) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or

(q) the materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(r) any matter that has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute an omission herefrom; or

(s) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(t) the chairman or chief executive officer of our Company vacating his or her office;

which, in any of the above cases, individually or in aggregate, and in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters):-

(a) is or may or will be or is likely to be materially adverse to, or materially and prejudicially affect, the assets, liabilities, business, general affairs, financial, trading position, management or prospects of our Company or our Group as a whole or to any present or prospective shareholder of our Company in his/her/its capacity as such; or

(b) has or may have or will have or is likely to have an adverse effect on the success of the Hong Kong Public Offering or the Global Offering or the level of Offer Shares being applied for, accepted, subscribed for or purchased or the distribution of offer shares or dealings in the Shares in the secondary market and/or make it inadvisable, impracticable or inexpedient for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes or may make or will or is likely to make it inadvisable, impracticable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated in this prospectus, or for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented as envisaged;

(ii) there has come to the notice of the Joint Global Coordinators:

(a) that any statement contained in this prospectus (or any other relevant documents used in connection with the offer of the Offer Shares) ("**Offer Documents**") considered by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute opinion to be material in the context of the Global Offering, was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the sole and absolute opinion of the Joint Global Coordinators, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(b) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitutes an omission from the prospectus considered by the Joint Global Coordinators in their sole and absolute opinion to be material in the context of the Global Offering; or

(c) that any of the representations and warranties given by us or our Controlling Shareholders or the relevant executive Directors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached in any respect; or

(d) any breach of any of the obligations or undertakings of our Company or our Controlling Shareholders or the relevant executive Directors under the Hong Kong Underwriting Agreement; or

(e) any material adverse change or prospective material adverse change in the condition, business, assets and liabilities, properties, results of operations, in the financial or trading position or prospects of us and/or our subsidiaries; or

(f) that we withdraw any of the Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or the Global Offering; or

(g) any matter, event, act or omission which gives or is likely to give rise to any liability of us or our Controlling Shareholders or the relevant executive Directors pursuant to the indemnities given by us, our Controlling Shareholders or the relevant executive Directors or any of them under the Hong Kong Underwriting Agreement; or

(h) that any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the same; or

(i) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.

Undertakings

By us

Under Rules 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already issued) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except under the Global Offering (including the exercise of the Over-allotment Option) or the Capitalisation Issue or for the circumstances provided under Rule 10.08(1) to 10.08(4) of the Listing Rules.

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, inter alia, that except pursuant to the Global Offering and the exercise of the Over-allotment Option and options which may be granted under a share option scheme, we will not and will procure that our subsidiaries will not without the prior consent of the Joint Global Coordinators (for itself and on behalf of the Underwriters) and unless in compliance with the Listing Rules:

(A) our Company will not, and will procure that our subsidiaries will not, offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to issue or sell, sell any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, Shares or other securities of our Company or any interest therein (including but not limited to, warrants or other convertible or exchangeable securities) or repurchase Shares or other securities of our Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest thereon or offer to or agree to do any of the foregoing or announce any intention to do so during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months from the Listing Date (the "**First Six Months Period**");

(B) our Company will not enter into any of the transactions described in paragraph (A) above or agree or contract to or publicly announce any intention to enter into any such transactions such that our Controlling Shareholder would cease to be a Controlling Shareholder (as defined in the Listing Rules) of the Company during the period of six months immediately after the expiry of the First Six Months Period (the "**Second Six Months Period**"); and

(C) our Company will ensure that if any of the transactions described in paragraph (A) above are carried out during the Second Six Months Period, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company; and

(D) our Company will procure that we will maintain a listing for and will refrain from taking any action that could jeopardise the listing status of, the Shares on the Stock Exchange, and comply with the Listing Rules and all requirements of the Stock Exchange and the SFC, for at least one year after the Listing Date except following a withdrawal of such listing which has been approved by the relevant shareholders of the Company in accordance with the Listing Rules or following an offer (within the meaning of the Hong Kong Code on Takeovers and Mergers) for the Company becoming unconditional.

By our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Company and the Hong Kong Underwriters, inter alia, that:

(A) during the period commencing on the date of this prospectus and ending on the expiry date of the First Six Months Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless pursuant to the Stock Borrowing Agreement or otherwise in compliance with the requirements of the Listing Rules:

(i) offer, pledge, charge (other than any pledge or charge of the Company's issued share capital after the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorised institution as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) for a bona fide commercial loan), sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, any of the Shares or securities of our Company beneficially owned by him/it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by it) which is directly or indirectly a beneficial owner of any of the Shares or securities of the Company or any interest thereon (the "**Relevant Securities**");

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities;

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (i) or (ii) above; or

(iv) announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (i), (ii) or (iii) above,

which any of the foregoing transactions referred to in sub-paragraphs (i), (ii), (iii) or (iv) is to be settled by delivery of Shares or such other securities, in cash or otherwise;

(B) he/it shall, and shall procure that his/its respective associates and companies controlled by him/it and any nominee or trustees holding in trust for him/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it or by the registered holder controlled by him/it of any Shares;

(C) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (A) and (B) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he/it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of the Company; and

(D) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in paragraphs (A) and (B) above or offers to or agrees to or contracts to or announce any intention to effect any such transaction, he/it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Subject to the foregoing undertakings, each of our Controlling Shareholders has further undertaken to each of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, from the date of the Hong Kong Underwriting Agreement up to and including the expiry of the Second Six-month Period, he/she/it shall:

(a) when he/she/it pledges or charges any securities or interests in the Relevant Securities, immediately inform our Company and the Joint Global Coordinators in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(b) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Joint Global Coordinators in writing of such indications.

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that save as pursuant to the Stock Borrowing Agreement or note (2) to Rule 10.07(2) of the Listing Rules:

(a) he/she/it will not, at any time in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner;

(b) he/she/it will not, at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it will then cease to be our Controlling Shareholder.

Each of our Controlling Shareholders has further undertaken to the Company and the Stock Exchange that he/she/it will, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date:

(i) when he/she/it pledges or charges any Shares or other securities or interests in any securities of our Company beneficially owned by him/her/it in favor of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and

(ii) when he/she/it receives indications, either verbal or written, from any pledgee or charge that any of the pledged or charged Shares or securities or interests in any securities of our Company will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in (i) and (ii) above by our Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Global Coordinators, our Controlling Shareholders, the relevant executive Directors, and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for such International Offer Shares. The International Underwriting Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement.

We will grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilising Manager or its agent (in consultation with the Joint Global Coordinators) on behalf of the International Underwriters on or before 11 November 2010, being the 30th day from the last day for the lodging of applications under the Hong Kong Public Offer, to require us to issue up to an aggregate of 28,125,000 additional Shares, representing in aggregate 15% of the Initial Offer Shares, at the Offer Price, among other things, to cover over-allocations in the International Offering, if any.

Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive a gross underwriting commission of 4% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions. In addition, the Company may, in its own discretion, pay to each of CCB International Capital Limited and UBS a discretionary bonus, depending on the final Offer Price, in the manner as has been agreed between the Company and each of them separately. CCB International Capital Limited will also receive a sponsorship, financial advisory and documentation fee.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$5.38, being the mid-point of our offer price range of HK$4.38 to HK$6.38 per Share, the commissions in connection with the Hong Kong Public Offer and the International Offering, together with the Stock Exchange listing fees, the Stock Exchange transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK$91.0 million in aggregate.

We have agreed to indemnify the Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements.

Underwriters' Interests in Our Company

Save as disclosed in the sections headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering" and "Underwriting – Underwriting Arrangements and Expenses – International Offering" of this prospectus respectively, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

Indemnity

Our Company and our Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

Our Global Offering consists of the Hong Kong Public Offering and the International Offering. We intend to initially make available up to 187,500,000 Offer Shares under the Global Offering, of which 168,750,000 Offer Shares will be conditionally placed at the Offer Price pursuant to the International Offering and the remaining 18,750,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering subject, in each case, to reallocation on the basis described under the paragraph headed "The Hong Kong Public Offering" below.

The 187,500,000 Offer Shares in the Global Offering will represent approximately 25% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option.

You may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest for the Offer Shares under the International Offering, but you may not apply in both offerings for the Offer Shares. In other words, you may only apply for and receive either Hong Kong Offer Shares under the Hong Kong Public Offering or International Offer Shares under the International Offering, but not under both offerings. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares to investors under the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. Although we may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

OVER-ALLOTMENT AND STABILISATION

In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilising Manager (on behalf of the International Underwriters). The Over-allotment Option gives the Stabilising Manager the right, exercisable at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 28,125,000 additional Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. The Stabilising Manager may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations.

If the Stabilising Manager exercises the Over-allotment Option in full, the additional Offer Shares will represent 3.61% of our enlarged issued share capital following the completion of the Global Offering and the Capitalisation Issue and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement.

In order to facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 28,125,000 Shares from King Able pursuant to the Stock Borrowing Agreement (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option.

If the Stock Borrowing Agreement with King Able is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Offering.

Only applicable if stabilisation is to be taken under the Securities and Futures Ordinance (Price Stabilisation) Rules

The loan of Shares by King Able pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of Shares by our Controlling Shareholder subsequent to the date of this prospectus, subject to compliance with the following requirements in accordance with the provisions of Rule 10.07(3) of the Listing Rules:

(i) the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;

(ii) the maximum number of Shares which may be borrow from King Able must not exceed the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;

(iii) the same number of Shares so borrow must be returned to King Able or its nominess, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option, and (b) the date on which the Over-allotment Option is exercised in full;

(iv) the borrowing of Shares pursuant to the Stock Borrowing Arrangement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and

(v) no payments will be made to King Able in relation to the Stock Borrowing Agreement.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the Underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard, and if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the commencement of trading in our Shares on the Stock Exchange. Such market purchases of Offer Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of application under the Hong Kong Public Offering.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rule (Chapter 571 W of the Laws of Hong Kong) includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price; (ii) selling or agreeing to sell Offer Shares to as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price; (iii) subscribing, or agreeing to subscribe, for Shares pursuant to the Over-allotment Option in order to close out any position established under item (i) or (ii) above; (iv) purchasing, or agreeing to purchase, Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price; (v) selling Offer Shares to liquidate a long position held as a result of those purchases; and (vi) offering or attempting to do anything described in item (ii), (iii), (iv) or (v) above. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 28,125,000 Shares, which is 15% of our Shares initially being offered in the Global Offering.

As a result of effecting transactions to stabilise or maintain the market price of our Shares, the Stabilising Manager, or any person acting for it, may maintain a long position in the Offer Shares. The size of the long position, and the period for which the Stabilising Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilising Manager and is uncertain. Investors should be warned that, in the event that the Stabilising Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Offer Shares.

Stabilising action by the Stabilising Manager, or any person acting for it, is not permitted to support the price of our Shares for longer than the stabilising period, which begins on the day on which trading of our Shares commences on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilising period is expected to end no later than the 30th day after the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for the Offer Shares, and their market price, may fall after the end of the stabilising period.

Any stabilising action taken by the stabilising manager, or any person acting for them, may not necessarily result in the market price of the Offer Shares staying at or above the Offer Price either during or after the stabilising period. Stabilising bids for or market purchases of the Offer Shares by the Stabilising Manager, or any person acting for it, may be made at or below the Offer Price and can therefore be made at or below the price paid for the Offer Shares by applicants for, or investors in, the Offer Shares.

In connection with the Global Offering, the Joint Global Coordinators may over-allocate up to and not more than an aggregate of 28,125,000 additional Shares and cover such over-allocations by exercising the Offer Price or through stock borrowing arrangements or a combination of these means.

DETERMINING THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us and the Joint Global Coordinators, on behalf of the Underwriters, on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around 13 October 2010 (Hong Kong time), or such date as the Joint Global Coordinators (for themselves and on behalf of the other Underwriters) and the Company may agree. The Offer Price will not be more than HK$6.38 per Offer Share and is expected to be not less than HK$4.38 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Hong Kong Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with our consents, reduce the number of Hong Kong Offer Shares and/or the indicative offer price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative offer price range, as the case may be.

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon among the Joint Global Coordinators, on behalf of the Underwriters, and us, will be fixed within such revised offer price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the paragraph headed "Working Capital" in the section headed "Financial Information" in this prospectus, the offering statistics as currently disclosed in the section headed "Summary" in this prospectus, the use of proceeds in the section headed "Future Plans and Use of Proceeds" in this prospectus and any other financial information which may change as a result of such reduction. If we do not publish a notice in the South China Morning Post (in English) or the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative offer price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the offer price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Global Coordinators, on behalf of the Underwriters, on the Offer Price by 13 October 2010 (Hong Kong time), the Global Offering will not proceed and will lapse. We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offering and the application results and basis of allotment of the Hong Kong Offer Shares, on 19 October 2010.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$6.38 and is expected to be not less than HK$4.38, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as explained above. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK$6.38 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy. This means that, for one board lot of 1,000 Offer Shares, you should pay HK$6,444.31 at the time of your application.

If the Offer Price, as finally determined in the manner described above, is lower than HK$6.38, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things:

- the Listing Committee granting approval for the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering or otherwise as described in this prospectus (including any additional Shares issuable pursuant to the exercise of the Over-allotment Option), and such listing of and permission to deal in the Shares not having been subsequently revoked prior to the commencement of dealings in our Shares on the Stock Exchange;

- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements, in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than the date that is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next business day after such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms described in the sections headed "How to Apply for the Hong Kong Offer Shares – Publication of Results; Refund of Application Monies; and Despatch/Collection of Share Certificates/e-Refund payment instructions/Refund Cheques" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to despatch share certificates for the Offer Shares on 19 October 2010. However, these share certificates will only become valid certificates of title on 8:00 a.m. on 20 October 2010 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Grounds for termination" in this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed " Conditions of the Hong Kong Public Offering" above for the subscription in Hong Kong of, initially, 18,750,000 Offer Shares at the Offer Price (representing 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools (9,375,000 Offer Shares for Pool A and 9,375,000 Offer Shares for Pool B) for allocation purposes:

- Pool A: 9,375,000 Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and

- Pool B: 9,375,000 Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this paragraph only, the "subscription price" for the Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within Pool A or Pool B. In addition, any application for more than 50% of the 18,750,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 9,375,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public

Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments in the event of over-subscription under the Hong Kong Public Offering:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then International Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 56,250,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 75,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 93,750,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

The Joint Global Coordinators also have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering or all or any unsubscribed International Offer Shares to the Hong Kong Public Offering.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for sale under the International Offering will be 168,750,000 Offer Shares, representing 90% of the Offer Shares initially available under the Global Offering and 22.5% of our enlarged issued share capital immediately after completion of the Global Offering, the Capitalisation Issue and assuming the Over-allotment Option is not exercised.

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions meeting the requirement of, and in reliance on Regulation S under the US Securities Act. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

The Joint Global Coordinators, on behalf of the Underwriters, may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.

CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three channels to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) applying online through the designated website of the **White Form eIPO** Service Provider (**www.eipo.com.hk**), referred to herein as the "**White Form eIPO service**"; or (iii) by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or applying online through the **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Joint Bookrunners (or its agents or nominees) may accept it at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant's stock account or your designated CCASS Participant's stock account.

Note: The Offer Shares are not available to existing beneficial owners of Shares, the Directors or chief executives of our Company or any of our subsidiaries, or associates of any of them or to a connected person of our Company or a person who is not outside the United States and will not be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S) or persons who do not have a Hong Kong address.

Where to collect the WHITE and YELLOW Application Forms

You can collect a **WHITE** Application Form and a prospectus from:

any of the following addresses of the Hong Kong Underwriters:

1. CCB International Capital Limited
   34/F, Two Pacific Place
   88 Queensway, Admiralty
   Hong Kong

2. UBS AG, Hong Kong Branch
   52/F, Two International Finance Centre
   8 Finance Street
   Central, Hong Kong

3. China Merchant Securities (HK) Co., Limited
   48/F, One Exchange Square
   8 Connaught Place, Central; Hong Kong

4. VC Brokerage Limited
   28/F, The Centrium,
   60 Wyndham Street,
   Central, Hong Kong

or any of the following branches of:

(a) The Hongkong and Shanghai Banking Corporation Limited

	Branch Name	Address
Hong Kong	Hong Kong Office	Level 3, 1 Queen's Road Central
	Cityplaza Branch	Unit 065, Cityplaza I, Taikoo Shing
Kowloon	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Kowloon City Branch	1/F, 18 Fuk Lo Tsun Road, Kowloon City
	Mong Kok Branch	L/G & U/G, 673 Nathan Road, Mong Kok
	Ocean Centre Branch	Shop 361-5, Level 3, Ocean Centre, Harbour City
New Territories	Maritime Square Branch	Shop 308F, Level 3, Maritime Square, Tsing Yi
	Tuen Shing Street Branch	Shop No. 1225, 1/F, Tuen Mun Town Plaza Phase 1, 1 Tuen Shing Street, Tuen Mun
	Sunshine City Plaza Branch	Shop No. 3010, Level 3, Sunshine City Plaza, Ma On Shan

(b) China Construction Bank (Asia) Corporation Limited

	Branch Name	Address
Hong Kong	Sheung Wan Des Voeux Road Branch	237 Des Voeux Road Central
	Wanchai Hennessy Road Branch	139 Hennessy Road, Wanchai
	Shau Kei Wan Branch	2 Po Man Street, Shau Kei Wan
Kowloon	Tsimshatsui Humphreys Avenue Branch	3 Humphreys Avenue, Tsimshatsui
	Kwun Tong Branch	56 Hoi Yuen Road, Kwun Tong
New Territories	Tsuen Wan Branch	282 Sha Tsui Road, Tsuen Wan
	Shatin Plaza Branch	Shop 5, Level 1, Shatin Plaza, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on 7 October 2010 2010 (Thursday) until 12:00 noon on 12 October 2010 2010 (Tuesday) from:

(1) The Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) Your stockbroker, who may have such Application Forms and this prospectus available.

HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

(a) Obtain a **WHITE** or **YELLOW** Application Form.

(b) You should read the instructions in this prospectus and the relevant Application Form carefully. If you do not follow the instructions, your application is liable to be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on your Application Form.

(c) Decide how many Hong Kong Offer Shares you want to subscribe. Calculate the amount you must pay in accordance with the table set out in the Application Forms on the basis of the maximum Offer Price of HK$6.38 per Offer Share, plus brokerage of 1%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%.

(d) Complete the Application Form in English (save as otherwise indicated) and sign it. Only written signatures will be accepted. Applications made by corporations, whether on their own behalf, or on behalf of other persons, must be stamped with the company chop (bearing the company name) and signed by a duly authorised officer, whose representative capacity must be stated. If you are applying for the benefit of someone else, you, rather than that person, must sign on the Application Form. If it is a joint application, all applicants must sign on the Application Form. If your application is made through a duly authorised attorney, our Company and the Joint Bookrunners (or their agents or nominees) may accept or reject the application at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney. The Joint Bookrunners in their capacity as agents of our Company have full discretion to accept or reject any application, in full or in part, without assigning any reasons therefor.

(e) Each Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left-hand corner of the Application Form. If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- not be post-dated;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name, which must either be pre-printed on the cheque, or be endorsed on the reverse of the cheque by an authorised signatory of the bank. This account name must correspond with the name of the applicant on the Application Form (or, in the case of joint applicants, the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant;
- be made payable to "HSBC Nominees (Hong Kong) Limited – Boer Power Public Offer"; and
- be crossed "Account Payee Only".

Your application may be rejected if your cheque does not meet all these requirements or is dishonoured on our first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorised signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the reverse of the banker's cashier order must be the same as the name of the first-named joint applicant;
- not be post-dated;
- be in Hong Kong dollars;
- be made payable to "HSBC Nominees (Hong Kong) Limited – Boer Power Public Offer"; and
- be crossed "Account Payee Only".

Your application may be rejected if your banker's cashier order does not meet all these requirements.

(f) Lodge your **WHITE** or **YELLOW** Application Forms in one of the special collection boxes by the time and at one of the locations, as respectively referred to in sub-paragraph 4(a) above.

(g) The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on 12 October 2010. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheques). The right is also reserved to retain any share certificate(s) and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

(h) Multiple or suspected multiple applications are liable to be rejected. For further details, please see "How many applications you may make" in this prospectus.

How to complete the Application Forms

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, among other things:

(i) you agree with our Company and each Shareholder of our Company, and our Company agrees with each of our Shareholders, to observe and comply with the Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;

(ii) you confirm that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set forth in any supplement to this prospectus;

(iii) you agree that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

(iv) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally or provisionally) any International Offering Share nor otherwise participated in the International Offering;

(v) you agree to disclose to our Company, the Joint Bookrunners, the Underwriters, the Hong Kong Share Registrar, the receiving bankers and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

(vi) you instruct and authorise our Company and/or the Joint Bookrunners (or their respective agents or nominees), as agents of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name(s) (for applicants on a **WHITE** Application Form) or in the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form), as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;

(vii) you undertake to sign all documents and to do all things necessary to enable you (for applicants on a **WHITE** Application Form) or the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form) to be registered as the holder of the Hong Kong Offer Shares to be allotted to you, and as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;

(viii) you warrant the truth and accuracy of the information contained in your application;

(ix) if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) you agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) you agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) you represent, warrant and undertake that you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in Regulation S under the US Securities Act) when completing the Application Form;

(xiii) you undertake and agree to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to you under the application; and

(xiv) you agree that the processing of your application, may be done by any of our Company's receiving bankers and is not restricted to the bank at which your application was lodged.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signature will be accepted.

(i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

(a) the designated CCASS Participant must endorse the Application Form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) **If the application is made by an individual CCASS Investor Participant:**

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

(b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) **If the application is made by a joint individual CCASS Investor Participant:**

(a) the Application Form must contain the names and Hong Kong identity card numbers of all joint CCASS Investor Participants; and

(b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) **If the application is made by a corporate CCASS Investor Participant:**

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and

(b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

If your application is made through a duly authorised attorney, our Company, the Joint Bookrunners, the Underwriters and their respective agents and nominees, each severally as our agent(s), may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney. We and the Joint Bookrunners, in the capacity as our agents, or their agents or nominees, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are required to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

APPLYING THROUGH WHITE FORM eIPO

General

(i) You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria for this as set forth in the paragraph headed "Who can apply for Hong Kong Offer Shares" in the section headed "How to Apply for Hong Kong Offer Shares" above and on the same website. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(ii) Detailed instructions for application through the **White Form eIPO** service are set forth on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated White Form eIPO Service Provider and may not be submitted to our Company.

(iii) If you give **electronic application instructions** through the designated website at **www.eipo.com.hk**, you will have authorised the designated White Form eIPO Service Provider to apply on the terms and conditions set forth in this prospectus, as supplemented and amended by the terms and conditions applicable to the White Form eIPO service.

(iv) In addition to the terms and conditions set forth in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the White Form eIPO service. Such terms and conditions are set forth on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(v) By submitting an application to the designated White Form eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorised the designated White Form eIPO Service Provider to transfer the details of your application to our Company and the Hong Kong Share Registrar.

(vi) You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(vii) You should give electronic application instructions through **White Form eIPO** service at the times set out in the paragraph headed "Members of the Public — Time for Applying for Hong Kong Offer Shares" in the section headed "How to Apply for Hong Kong Offer Shares" below.

(viii) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on 12 October 2010 (Tuesday) for such later time as described under the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to Apply for Hong Kong Offer Shares" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**

(ix) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(x) **Warning:** The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated White Form eIPO Service Provider to public investors. **Our Company, our Directors, the Joint Bookrunners, the Underwriters and the White Form eIPO Service Provider take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.**

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 per each **"BOER POWER HOLDINGS LIMITED" White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the White Form eIPO service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give electronic application instruction to HKSCC.

Conditions of the White Form eIPO service

In using the White Form eIPO service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- Applies for the desired number of Hong Kong Offer Shares on the terms and conditions of this prospectus and the White Form eIPO designated website at **www.eipo.com.hk** subject to the Articles of Association of our Company;

- Undertakes and agrees to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

- Declares that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the White Form eIPO Service Provider under the **White Form eIPO** service, to benefit the applicant or the person for whose benefit the applicant is applying;

- Undertakes and confirms that the applicant and the person for whose benefit the applicant is applying have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) any International Offer Shares, nor otherwise participated in the International Offering;

- Understands that this declaration and representation will be relied upon by our Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;

- Authorises our Company to place the applicant's name on the register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set forth in this prospectus) to send any share certificates by ordinary post at the applicant's own risk to the address given on the White Form eIPO application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any share certificate(s) in person in accordance with the procedures prescribed in the White Form eIPO designated website at **www.eipo.com.hk** and this prospectus;

- Requests that any refund cheque(s) be made payable to the applicant who had used multiple bank accounts to pay the applicant monies; and (subject to the terms and conditions set forth in this prospectus) to send any refund cheques by ordinary post and at the applicant's own risk to the address given on the White Form eIPO application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and collects any refund cheque(s) in person in accordance with the procedures prescribed in the White Form eIPO designated website at **www.eipo.com.hk** and this prospectus;

- Request that any e-Refund payment instructions be despatched to the application payment bank account where the applicant had paid the application monies from a single bank account;

- Has read the terms and conditions and application procedures set forth on the White Form eIPO designated website at **www.eipo.com.hk** and this prospectus and **agrees** to be bound by them;

- Represents, warrants and undertakes that the applicant, and any persons for whose benefit the applicant is applying are non-U.S. person(s) outside the United States (as defined in Regulation S under the US Securities Act) when completing and submitting the Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S under the US Securities Act or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and

- Agrees that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the White Form eIPO service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- instruct and authorise our Company, the Joint Bookrunners (as agents for our Company (or their respective agents or nominees)) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**;

- confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set forth in any supplement to this prospectus;

- agree that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the White Form eIPO service;

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the White Form eIPO service, and that you are duly authorised to submit the application as that other person's agent; you undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any International Offer Shares;

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- agree to disclose to our Company, the Joint Bookrunners, the Underwriters, the Hong Kong Share Registrar, the receiving bankers and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

- agree with our Company and each Shareholder, and our Company agrees with each of its Shareholders, to observe and comply with the Companies Ordinance, the Companies Law, the Memorandum of Association and the Articles of Association;

- agree with our Company and each Shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;

- authorise our Company to enter into a contract on your behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his or her obligations to Shareholders as stipulated in the Memorandum and Articles of Association of our Company;

- represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S);

- represent and warrant that you understand that the Shares have not been and will not be registered under the US Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of rule 902 of Regulation S;

- confirm that you have read the terms and conditions and application procedures set forth in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk** and agree to be bound by them;

- undertake and agree to accept the Shares applied for, or any lesser number allocated to you under your application; and

- if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Bookrunners and the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the White Form eIPO designated website at **www.eipo.com.hk**.

Our Company, the Joint Bookrunners, the Underwriters and their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorised attorney, our Company or the Joint Bookrunners, as their agents, may accept it at their discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated White Form eIPO Service Provider, the designated White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons is set forth below in the paragraph headed "Dispatch/Collection of Share Certificates and Refund of Application Money" in the section headed "How to Apply for Hong Kong Offer Shares" below.

APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
2/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our Hong Kong Share Registrar.

You may give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table on the Application Form.

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that that person has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and has not received or been placed or allocated (including conditionally or provisionally) any International Offer Shares nor otherwise participated in the International Offering;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

- understands that the above declaration will be relied upon by our Company, our Directors and the Joint Bookrunners in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- authorises our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- confirms that that person has read the terms and conditions and application procedures set forth in this prospectus and agrees to be bound by them;

- confirms that that person has received a copy of this prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;

- agrees that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

- agrees to disclose that person's personal data to our Company, the Joint Bookrunners, the Underwriters, the Hong Kong Share Registrar, the receiving bankers and/or their respective advisers and agents and any information which they may require about that person;

- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees Limited is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering made available by our Company;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- agrees with our Company, for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association; and

- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the offer price per Offer Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account;

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give electronic application instructions to HKSCC via CCASS terminals to apply for Hong Kong Offer Shares.

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

7 October 2010, Thursday	–	**9:00 a.m. to 8:30 p.m.[1]**
8 October 2010, Friday	–	**8:00 a.m. to 8:30 p.m.[1]**
9 October 2010, Saturday	–	**8:00 a.m. to 1:00 p.m.[1]**
11 October 2010, Monday	–	**8:00 a.m. to 8:30 p.m.[1]**
12 October 2010, Tuesday	–	**8:00 a.m.[1] to 12:00 noon**

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on 7 October 2010 (Thursday) until 12:00 noon on 12 October 2010 (Tuesday) (24 hours daily, except the first and the last application days).

The latest time for inputting your **electronic application instructions** via CCASS (if your are a CCASS Participant) will be 12:00 noon on 12 October 2010 (Tuesday), the last application day or if the application lists are not open on that days by the time and date stated in the sub-paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" below.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by our Company and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Joint Bookrunners and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their electronic application instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their electronic application instructions, they should either: (i) submit a WHITE or YELLOW Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for electronic application instructions before 12:00 noon on 12 October 2010 (Tuesday).

HOW MANY APPLICATIONS YOU MAY MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if:

You are a **nominee**, in which case you may give **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code for each beneficial owner (or, in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at **www.eipo.com.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an electronic application instruction, you (and if you are joint applicants, each of you jointly and severally):

- (if the application is made for your own benefit) **warrant** that the application is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated White Form eIPO Service Provider through the **White Form eIPO** service; or

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through the White Form eIPO service, and that you are duly authorised to sign the Application Form or give electronic application instructions as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, **all** of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together or any of your joint applicants:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated White Form eIPO Service Provider through the **White Form eIPO** service; or

- apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through the White Form eIPO service; or

- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated White Form eIPO Service Provider through the **White Form eIPO** service for more than 9,375,000 Shares, being 50% of the Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the paragraph headed "The Hong Kong Public Offering" in the section headed "Structure of the Global Offering" in this prospectus; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated White Form eIPO Service Provider through the **White Form eIPO** service is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of Directors; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$6.38 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 Shares you will pay HK$6,444.31. The Application Forms have tables showing the exact amount payable for numbers of Shares up to 9,375,000 Shares. Your application must be for a minimum of 1,000 Shares. Applications must be in one of the numbers set forth in the tables in the Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

You must pay the amount payable upon application for the Shares by one cheque or one banker's cashier order in accordance with the terms set forth in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange or the Stock Exchange (as the case may be) and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reasons, our Company will refund to you your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of e-Refund payment instructions/refund cheques will be retained for our benefit.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$6.38 per Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest. Please refer to the paragraph headed "Despatch/Collection of Share Certificates and Refund of Application Money" in the section headed "How to Apply for Hong Kong Offer Shares" below.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Bookrunners, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on or about 19 October 2010 (Tuesday) in accordance with the various arrangements as described in this section.

MEMBERS OF THE PUBLIC — TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Applications on WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on 12 October 2010 (Tuesday), or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to Apply for Hong Kong Offer Shares" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed in the paragraph headed "Applying by Using a White or Yellow Application Form" in the section headed "How to Apply for Hong Kong Offer Shares" and collect the **WHITE** and **YELLOW** Application Forms" above at the following times:

7 October 2010, Thursday	**–**	**9:00 a.m. to 4:30 p.m.**
8 October 2010, Friday	**–**	**9:00 a.m. to 4:30 p.m.**
9 October 2010, Saturday	**–**	**9:00 a.m. to 1:00 p.m.**
11 October 2010, Monday	**–**	**9:00 a.m. to 4:30 p.m.**
12 October 2010, Tuesday	**–**	**9:00 a.m. to 12:00 noon**

White Form eIPO

You may submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on 7 October 2010 (Thursday) until 11:30 a.m. on 12 October 2010 (Tuesday) or such later time as described under the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to Apply for Hong Kong Offer Shares" below (24 hours daily, except on the first and the last application days). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on 12 October 2010 (Tuesday), the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to Apply for Hong Kong Offer Shares" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set forth in the designated website at **www.eipo.com.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on 12 October 2010 (Tuesday), or such later time as described under the paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to Apply for Hong Kong Offer Shares" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.**

The application lists will be open from 11:45 a.m. to 12:00 noon on 12 October 2010 (Tuesday). No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until after the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 12 October 2010 (Tuesday). Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists of the Hong Kong Public Offering do not open and close on 12 October 2010 (Tuesday) or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed "Expected Timetable" in the prospectus, such dates mentioned in the section headed "Expected Timetable" in this prospectus may be affected. A press announcement will be made in such event.

PUBLICATION OF RESULTS

Our Company expects to release and announce the Offer Price, level of indication of interest in the International Offering, level of applications in the Hong Kong Public Offering and basis of allotment under the Hong Kong Public Offering on 19 October 2010 (Tuesday) in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on our website at www.wuxi-power.com and the website of the Stock Exchange at www.hkexnews.hk. The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where appropriate) under the Hong Kong Public Offering will be made available at the times and date and in the manner specified below:

- on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.wuxi-power.com on 19 October 2010 (Tuesday);
- on our Hong Kong Public Offering results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on 19 October 2010, Tuesday to 12:00 midnight on 25 October 2010, Monday. The user of our Hong Kong Public Offering results of allocations website at **www.iporesults.com.hk** will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their application has been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from 19 October 2010 to 22 October 2010; and
- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from 19 October 2010 to 21 October 2010 at all the receiving banker branches and sub-branches at the address set forth in the paragraph headed "Applying by Using a White or Yellow Application Form — Where to collect the WHITE and YELLOW Application Forms" in the section headed "How to Apply for Hong Kong Offer Shares".

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set forth in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf or applying online through the White Form eIPO service), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC or the designated White Form eIPO Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf may not be revoked on or before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) unless a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through White Form eIPO service and an application has been made by HKSCC Nominees or the White Form eIPO Service Provider respectively on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

  If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

  If your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company, the Joint Bookrunners or the designated White Form eIPO Service Provider or their agents and nominees to reject or accept your application:**

  Our Company, the Joint Bookrunners (as agents for our Company) or the designated White Form eIPO Service Provider, or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

  Our Company and the Joint Bookrunners, in their capacity as our Company's agents, and our agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

— within three weeks from the closing date of the application lists; or

— within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

— you make multiple applications or suspected multiple applications;

— you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares. By filling in any of the Application Forms or applying by giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider through White Form eIPO service, you agree not to apply for Hong Kong Offer Shares as well as International Offer Shares. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received International Offer Shares, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

— your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set forth in the designated website at **www.eipo.com.hk**;

— your payment is not made correctly;

— you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;

— your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

— our Company or the Joint Bookrunners believe that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed;

— if you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public Offering for subscription (that is 9,375,000 Offer Shares);

— the Underwriting Agreements do not become unconditional; or

— the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Shares under the Hong Kong Public Offering or indicate an interest for Shares under the International Offering, but may not do both.

DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONEY

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$6.38 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the paragraph headed "Conditions of the Hong Kong Public Offering" in the section headed "Structure of the Global Offering" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents or evidence of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) for applications on **WHITE** Application Forms or by giving **electronic application instructions** through the White Form eIPO service: (i) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful. For wholly successful and partially successful applications on **YELLOW** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below; and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms refund cheque(s) crossed "Account payee only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data could also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service are expected to be posted on 19 October 2010 (Tuesday). The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the paragraphs headed "Underwriting Arrangements and Expenses" and "Grounds for Termination" in the section headed "Underwriting" has not been exercised

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) from our Hong Kong Share Registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from our Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 19 October 2010 (Tuesday) such other date as notified by us in the newspapers as the date of collection/despatch of share certificates/e-Refund payment instructions/refund cheques. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant who opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. If you do not collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address on your Application Form on 19 October 2010 (Tuesday) by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on 19 October 2010 (Tuesday), by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on 19 October 2010 (Tuesday), or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the paragraph headed "Publication of Results" in the section headed "How to Apply for Hong Kong Offer Shares" on 19 October 2010 (Tuesday). You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on 19 October 2010 (Tuesday) or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(c) If you apply through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your share certificate(s) (where applicable) in person from our Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on 19 October 2010 (Tuesday), or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** on 19 October 2010 (Tuesday), by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be despatched to the application payment bank account in the form of e-Refund payment instructions on 19 October 2010 (Tuesday); If you apply through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be despatched to the address as specified on the your **White Form eIPO** application in the form of refund cheque(s) on 19 October 2010 (Tuesday), by ordinary post at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated White Form eIPO Service Provider set forth above in the paragraph headed "Applying Through White Form eIPO — Additional Information" in the section headed "How to Apply for Hong Kong Offer Shares".

(d) If you apply by giving electronic application instructions to HKSCC:

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- No temporary documents or evidence of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on 19 October 2010 (Tuesday), in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- We expect to make available the Offer Price, the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner described in the paragraph headed "Publication of Results" in the section headed "How to Apply for Hong Kong Offer Shares" and to publish the basis of allotment of the Hong Kong Offer Shares in the newspapers on 19 October 2010 (Tuesday). You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on 19 October 2010 (Tuesday) or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on 19 October 2010 (Tuesday). Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on 19 October 2010 (Tuesday). No interest will be paid thereon.

Shares will be eligible for CCASS

Subject to the granting of listing of, and permission to deal in, the shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Dealings in the Offer Shares on the Stock Exchange are expected to commence on 20 October 2010 (Wednesday).

The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 1685.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

7 October 2010

The Board of Directors
Boer Power Holdings Limited
CCB International Capital Limited

Dear Sirs

INTRODUCTION

We set out below our report on the financial information relating to Boer Power Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group, for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 (the "Relevant Period"), and the combined balance sheets of the Group as at 31 December 2007, 2008 and 2009 and 30 June 2010, together with the notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 7 October 2010 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 12 February 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to and upon the completion of a group reorganisation on 30 September 2010 (the "Reorganisation") as detailed in the section headed "History and Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company and the Predecessor Entity (as defined in Section A below), as they are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

All companies now comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in note 31 of Section C. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") or the relevant accounting rules and regulations applicable to entities in the People's Republic of China (the "PRC") in which they were incorporated and/or established.

The directors of the Company have prepared the combined financial statements of the Group for the Relevant Period in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustments made thereon.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2010.

OPINION

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Section A below and in accordance with the accounting policies set out in Section C below, gives a true and fair view of the Group's combined results and cash flows for the Relevant Period, and the state of affairs of the Group as at 31 December 2007, 2008 and 2009 and 30 June 2010.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the combined income statement, the combined statement of comprehensive income, the combined statement of changes in equity and the combined cash flow statement for the six months ended 30 June 2009, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 12 February 2010 and became the holding company of the companies now comprising the Group pursuant to the Reorganisation completed on 30 September 2010. The companies taking part in the Reorganisation were controlled by Mr. Qian Yixiang and Ms. Jia Lingxia (together referred to as the "Controlling Shareholders") who are husband and wife.

Wuxi Boer Power Instrumentation Company Ltd.* (無錫博耳電力儀錶有限公司) (the "Predecessor Entity"), incorporated in the PRC on 18 October 1988, was also controlled by the Controlling Shareholders. During the Relevant Period and as part of the restructuring of the Predecessor Entity's business operations in the design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solutions services (collectively, the "Predecessor Operations"), the Predecessor Operations were assumed by the companies now comprising the Group. The assumption of the Predecessor Operations was completed on 31 December 2009.

As the Controlling Shareholders owned or controlled the Predecessor Entity and the companies now comprising the Group before the assumption of the Predecessor Operations and the Reorganisation and continue to control the companies now comprising the Group after the assumption of the Predecessor Operations and the Reorganisation, there was a continuation of the risks and benefits to the Controlling Shareholders and the Financial Information has been prepared as a combination of businesses under common control.

The combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group as set out in Section B include the combined results of operations of the Predecessor Entity and that of the companies now comprising the Group as if the Group had been in existence throughout the Relevant Period (or where the companies were incorporated/established at a date later than 1 January 2007, for the period from the date of incorporation/establishment to 30 June 2010) and as if the assumption of the Predecessor Operations by the Group had been completed at the beginning of the Relevant Period.

The combined balance sheets of the Group as at 31 December 2007, 2008 and 2009 and 30 June 2010 as set out in Section B include the combined assets and liabilities of the companies now comprising the Group as at the respective dates. The assets and liabilities of the Predecessor Entity as at 31 December 2007 and 2008 have also been included in the Group's combined balance sheets as at the respective dates. Certain assets and liabilities previously associated with the Predecessor Operations were retained by the Predecessor Entity (the "Retained Assets") upon the completion of the assumption as at 31 December 2009, as they were not considered strategically complementary to the Predecessor Operations. The Retained Assets have been reflected as a deemed distribution on 31 December 2009 in the combined statement of changes in equity and consist of the following assets and liabilities:

	Section C Note	RMB'000
Assets		
Property, plant and equipment	10	3,485
Intangible assets	12	3,320
Interest in a subsidiary		9
Equity interest in Boer (Wuxi) Power System Co., Ltd. *(Note i)*		15,133
Interest in associates	14	7,768
Other financial assets	15	15,372
Trading securities		1,012
Deferred tax assets	24(b)	1,710
Trade and other receivables	17	26,295
Amounts due from directors	22	3,216
Amounts due from related parties	22	213,334
Amounts due from the Group		21,057
Pledged deposits	18	31,589
Cash at bank and in hand	19	30,224
		373,524
Liabilities		
Bank loans	20	57,500
Trade and other payables	21	90,029
Amounts due to the Group		151,258
Current taxation	24(a)	1,406
		300,193
Net assets		73,331

All material intra-group transactions and balances have been eliminated on combination.

* The English translation of the company name is for reference only. The official name of the company is in Chinese.

Note i) During the Relevant Period, the Predecessor Entity held a 15% equity interest in Boer (Wuxi) Power System Co., Ltd., one of the companies now comprising the Group. The investment was eliminated in the combined balance sheets as at 31 December 2007 and 2008. Upon the deemed distribution of the Retained Assets on 31 December 2009, the 15% equity interest held by the Predecessor Entity was presented in the combined balance sheet as at 31 December 2009 as a non-controlling interest. The non-controlling interest is equivalent to 15% net assets value of Boer (Wuxi) Power System Co., Ltd. attributable to the Predecessor Entity.

The particulars of the Company's subsidiaries, either through legal ownership or trust arrangement, as at the date of this report are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Cheer Success Holdings Limited	British Virgin Islands ("BVI") 18 January 2010	US$100/ US$100	100%	–	Investment holding
Power Investment (H.K.) Limited ("Boer Hong Kong")	Hong Kong Special Administrative Region of the PRC ("Hong Kong") 30 March 2005	HK$100,000/ HK$100,000	–	100%	Investment holding
Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi") *(Note ii)*	PRC 11 July 2005	US$13,000,000/ US$13,000,000	–	100%	Design, manufacture and sale of electrical distribution equipment
Boer (Yixing) Power System Co., Ltd. ("Boer Yixing")	PRC 7 November 2005	US$1,250,000/ US$1,250,000	–	100%	Design, manufacture and sale of electrical distribution equipment
Yixing Boai Automation Complete Sets of Equipment Co., Ltd. ("Yixing Boai") *(Note iii)*	PRC 15 January 2004	RMB10,000,000/ RMB10,000,000	–	75%	Design, manufacture and sale of electrical distribution equipment
Wuxi Boer Power Engineer Co., Ltd. (無錫博耳電氣工程服務有限公司) or "Boer Service") *(Note iv)*	PRC 4 November 2008	RMB5,000,000/ RMB5,000,000	–	100%	Provision of energy efficiency solutions

Note ii) During the Relevant Period, the Group and the Predecessor Entity held 85% and 15% equity interest in Boer Wuxi respectively. On 12 January 2010, the Group acquired the remaining 15% of the total paid-in capital of Boer Wuxi from the Predecessor Entity for a consideration of US$1,950,000. Upon completion of the transaction, Boer Wuxi became a wholly-owned subsidiary of the Group.

Note iii) Prior to 5 March 2007, the Controlling Shareholders had 55% ownership interest in Yixing Boai. On 5 March 2007, the Controlling Shareholders transferred their 55% ownership interest to a third party individual, who agreed to enter into a trust arrangement with the Group, the details of which are further described in the section headed "History and Reorganisation" in the Prospectus, providing Boer Hong Kong the ability to control the operating and financial policies of Yixing Boai. Pursuant to the trust arrangement Boer Hong Kong is entitled to 75% of the financial results and the economic benefits and residual risk of Yixing Boai.

Note iv) The English translation of the company name is for reference only. The official name of the company is in Chinese.

The particulars of the Predecessor Entity are set out below:

Name of company	**Place and date of incorporation/ establishment**	**Issued and fully paid up registered capital**	**Principal activities**
Wuxi Boer Power Instrumentation Company Ltd.* (無錫博耳電力儀錶有限公司)	PRC 18 October 1988	RMB50,000,000/ RMB50,000,000	Design, manufacture and sale of electrical distribution equipment

* The English translation of the company name is for reference only. The official name of the company is in Chinese.

B COMBINED FINANCIAL INFORMATION

1 COMBINED INCOME STATEMENTS

	Section C Note	Year ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Turnover	2	357,274	405,514	490,716	213,918	432,516
Cost of sales		(277,934)	(282,401)	(334,587)	(147,804)	(277,999)
Gross profit		79,340	123,113	156,129	66,114	154,517
Other revenue	3	3,605	3,172	10,994	5,370	1,693
Selling and distribution expenses		(9,336)	(17,633)	(23,719)	(8,493)	(16,349)
Administrative expenses		(13,672)	(29,181)	(31,028)	(13,166)	(34,556)
Profit from operations		59,937	79,471	112,376	49,825	105,305
Finance expenses	4(a)	(17,815)	(13,401)	(12,225)	(6,453)	(1,030)
Share of (loss)/profit of associates		(528)	81	403	249	–
Profit before taxation	4	41,594	66,151	100,554	43,621	104,275
Income tax	5	(1,588)	(12,800)	(15,331)	(6,431)	(14,603)
Profit for the year/period		40,006	53,351	85,223	37,190	89,672
Attributable to:						
Equity shareholders of the Company		39,343	51,557	76,403	36,294	87,508
Non-controlling interests		663	1,794	8,820	896	2,164
Profit for the year/period		40,006	53,351	85,223	37,190	89,672
Earnings per share – basic and diluted (RMB)	9	0.07	0.09	0.14	0.06	0.16

The accompanying notes form part of the Financial Information.

2 COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit for the year/period	40,006	53,351	85,223	37,190	89,672
Other comprehensive income for the year/period (after tax and reclassification adjustments)					
Exchange differences on translation of financial statements of a Hong Kong subsidiary	659	212	5	–	(122)
Total comprehensive income for the year/period	40,665	53,563	85,228	37,190	89,550
Attributable to:					
Equity shareholders of the Company	40,002	51,769	76,408	36,294	87,386
Non-controlling interests	663	1,794	8,820	896	2,164
Total comprehensive income for the year/period	40,665	53,563	85,228	37,190	89,550

The accompanying notes form part of the Financial Information.

3 COMBINED BALANCE SHEETS

	Section C Note	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 30 June 2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	10	24,360	44,270	41,981	42,458
Construction in progress	11	–	–	–	772
Intangible assets	12	4,348	3,846	24	12
Lease prepayments	13	5,574	6,453	20,131	20,017
Interest in associates	14	2,034	2,115	–	–
Other financial assets	15	12,431	16,307	–	–
Deferred tax assets	24(b)	2,512	3,241	1,110	1,306
Total non-current assets		51,259	76,232	63,246	64,565
Current assets					
Inventories	16	13,127	9,589	34,379	36,057
Trade and other receivables	17	218,688	224,556	213,758	386,192
Amounts due from directors	22	305	1,303	631	78
Amounts due from related parties	22	161,112	174,107	177,628	3,702
Tax recoverable	24(a)	–	443	–	–
Pledged deposits	18	28,602	39,488	94,057	41,392
Cash at bank and in hand	19	32,260	14,979	27,762	54,516
Total current assets		454,094	464,465	548,215	521,937
Total assets		505,353	540,697	611,461	586,502

The accompanying notes form part of the Financial Information.

	Section C Note	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 30 June 2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Bank loans	20	169,500	145,000	50,000	70,000
Trade and other payables	21	198,308	198,372	323,949	290,217
Amounts due to directors	22	127	138	138	–
Amounts due to related parties	22	6,569	9,128	25,424	221
Current taxation	24(a)	2,047	4,462	6,766	16,666
Total current liabilities		376,551	357,100	406,277	377,104
Net current assets		77,543	107,365	141,938	144,833
Total assets less current liabilities		128,802	183,597	205,184	209,398
Non-current liabilities					
Deferred tax liabilities	24(b)	–	1,882	1,439	–
Total non-current liabilities		–	1,882	1,439	–
Total liabilities		376,551	358,982	407,716	377,104
Equity					
Paid-in capital	25	57,511	57,511	7,511	7,590
Reserves	26	67,360	118,479	164,644	197,219
Total equity attributable to equity shareholders of the Company		124,871	175,990	172,155	204,809
Non-controlling interests		3,931	5,725	31,590	4,589
Total equity		128,802	181,715	203,745	209,398
Total liabilities and equity		505,353	540,697	611,461	586,502

The accompanying notes form part of the Financial Information.

4 COMBINED STATEMENTS OF CHANGES IN EQUITY

	Section C Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Paid-in capital	Capital reserves	Exchange reserve	Statutory reserves	Retained profits	Total		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At as 1 January 2007		55,511	–	15	4,246	22,705	82,477	6,010	88,487
Total comprehensive income for the year		–	–	659	–	39,343	40,002	663	40,665
Distributions to equity owners	8	–	–	–	–	(350)	(350)	–	(350)
Increase in shareholdings in subsidiaries		2,000	742	–	–	–	2,742	(2,742)	–
Appropriation to statutory reserves		–	–	–	6,264	(6,264)	–	–	–
At as 31 December 2007		57,511	742	674	10,510	55,434	124,871	3,931	128,802
Total comprehensive income for the year		–	–	212	–	51,557	51,769	1,794	53,563
Distributions to equity owners	8	–	–	–	–	(650)	(650)	–	(650)
Appropriation to statutory reserves		–	–	–	7,486	(7,486)	–	–	–
As at 31 December 2008		57,511	742	886	17,996	98,855	175,990	5,725	181,715
Total comprehensive income for the year		–	–	5	–	76,403	76,408	8,820	85,228
Distributions to equity owners	8	–	–	–	–	(5,000)	(5,000)	–	(5,000)
Appropriation to statutory reserves	26(b)	–	–	–	(3,389)	3,389	–	–	–
Deemed distribution		(50,000)	–	–	(1,912)	(23,331)	(75,243)	17,045	(58,198)
As at 31 December 2009		7,511	742	891	12,695	150,316	172,155	31,590	203,745
Total comprehensive income for the period		–	–	(122)	–	87,508	87,386	2,164	89,550
Distributions to equity shareholders	8	–	–	–	–	(60,962)	(60,962)	–	(60,962)
Distributions to a non-controlling shareholder	8	–	–	–	–	–	–	(9,702)	(9,702)
Acquisition of non-controlling interests	26(a)	–	6,151	–	–	–	6,151	(19,463)	(13,312)
Capital injection		79	–	–	–	–	79	–	79
As at 30 June 2010		7,590	6,893	769	12,695	176,862	204,809	4,589	209,398
As at 31 December 2008		57,511	742	886	17,996	98,855	175,990	5,725	181,715
Total comprehensive income for the period (Unaudited)		–	–	–	–	36,294	36,294	896	37,190
As at 30 June 2009 (Unaudited)		57,511	742	886	17,996	135,149	212,284	6,621	218,905

The accompanying notes form part of the Financial Information.

5 COMBINED CASH FLOW STATEMENTS

	Section C Note	Year ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating activities						
Profit before taxation		41,594	66,151	100,554	43,621	104,275
Adjustments for:						
– Depreciation	4(c)	3,049	3,945	4,966	2,444	2,357
– Amortisation of lease prepayments	4(c)	119	137	137	69	161
– Finance expenses	4(a)	17,815	13,401	12,225	6,453	1,030
– Interest income	3	(3,509)	(3,078)	(9,162)	(4,838)	(924)
– Gain on early settlement of other loans	3	–	–	(1,011)	–	–
– Share of loss/(profit) of associates		528	(81)	(403)	(249)	–
– Amortisation of intangible assets	4(c)	502	502	502	252	12
– Impairment losses for trade receivables	4(c)	–	4,295	1,641	1,379	37
– Impairment losses for other receivables	4(c)	–	129	–	–	–
– Foreign exchange (gain)/loss		(13)	3	–	–	–
Changes in working capital						
(Increase)/decrease in inventories		(2,594)	3,538	(24,790)	(21,143)	(1,678)
Increase in trade and other receivables		(93,306)	(10,292)	(17,138)	(16,251)	(172,471)
Net increase in amounts due (from)/to related parties		–	33	(9,681)	–	(277)
Increase/(decrease) in trade and other payables		32,513	64	215,598	175,597	(33,732)
Cash (used in)/generated from operations		(3,302)	78,747	273,438	187,334	(101,210)
Income tax paid		(1,572)	(9,675)	(11,200)	(4,053)	(6,338)
Net cash (used in)/generated from operating activities		(4,874)	69,072	262,238	183,281	(107,548)

The accompanying notes form part of the Financial Information.

	Section C Note	Year ended 31 December 2007	2008	2009	Six months ended 30 June 2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Investing activities						
Payment for purchase of property, plant and equipment		(4,157)	(23,855)	(6,162)	(1,199)	(4,615)
Proceeds from sale of property, plant and equipment		–	–	–	–	1,009
Payment for lease prepayments		–	(1,016)	(13,815)	–	(47)
Payment for intangible assets		(11)	–	–	–	–
Payment for investments in associates		(2,562)	–	(5,250)	(5,250)	–
Net advances (to)/ repayments from related parties		(25,218)	(10,469)	(56,559)	(96,949)	75,357
Net advances from/(to) directors		164	(987)	(2,544)	(2,438)	(216)
New loans to other parties		(20,000)	(3,100)	–	–	–
Loans repaid by other parties		–	–	4,600	–	–
Payment for purchases of unlisted securities		–	–	(9)	–	–
Payment for purchases of trading securities		–	–	(1,012)	–	–
Interest received		2,436	570	2,398	397	924
(Increase)/decrease in pledged deposits		(15,321)	(10,886)	(86,158)	(156,731)	52,665
Net cash (used in)/ generated from investing activities		(64,669)	(49,743)	(164,511)	(262,170)	125,077
Financing activities						
Proceeds from bank loans		312,500	298,700	489,500	254,500	150,000
Repayment of bank loans		(230,000)	(323,200)	(527,000)	(134,500)	(130,000)
Proceeds from capital injection		–	–	–	–	79
Distribution to equity owners		(350)	(650)	(5,000)	–	–
Distribution to non-controlling shareholder		–	–	–	–	(9,702)
Deemed distribution (Section A)		–	–	(30,224)	–	–
Interest paid		(8,864)	(11,669)	(12,225)	(6,453)	(1,030)
Net cash generated from/ (used in) financing activities		73,286	(36,819)	(84,949)	113,547	9,347

The accompanying notes form part of the Financial Information.

	Section C Note	Year ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net increase/(decrease) in cash		3,743	(17,490)	12,778	34,658	26,876
Cash at 1 January		27,845	32,260	14,979	14,979	27,762
Effect of foreign exchange rate changes		672	209	5	–	(122)
Cash at 31 December/ 30 June		32,260	14,979	27,762	49,637	54,516

Non-cash transactions

(a) As described in Section A, upon the completion of the assumption of the Predecessor Operations to the Group, net assets of the Predecessor Entity of RMB73,331,000 (including cash of RMB30,224,000) were retained by the Predecessor Entity and were reflected as deemed distribution to the Controlling Shareholders of the Company.

(b) On 12 January 2010, Boer Hong Kong acquired 15% equity interest in Boer Wuxi from the Predecessor Entity at a consideration of US$1,950,000, which was settled by way of offsetting the amount due from the Predecessor Entity.

The accompanying notes form part of the Financial Information.

C NOTES TO COMBINED FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with HKFRSs, which collective term includes HKASs and related Interpretations, promulgated by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the Financial Information, the Group has adopted all these new and revised HKFRSs applicable to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting year ending 31 December 2010. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year ending 31 December 2010 are set out in note 35.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of combination

The Financial Information comprises the Company and its subsidiaries and has been prepared as if the Group had always been in existence, as further explained in Section A.

(c) Basis of measurement

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("functional currency"). The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand except per share data. RMB is the functional currency and the reporting currency for the Predecessor Entity and the Company's subsidiaries established in the PRC. The functional currency of the Company is Hong Kong dollar.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and the major sources of estimation uncertainty are discussed in note 33.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is included in the combined financial information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Business combinations arising from transfer of interests in entities that are under the common control of the equity holders that control the Group are accounted for using book value accounting as if the acquisition had occurred at the beginning of the earliest comparative period presented.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the equity shareholders, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the combined balance sheet within equity, separately from equity attributable to the equity shareholders of the

Company. Non-controlling interests in the results of the Group are presented on the face of the combined income statement and the combined statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in an interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the controlling and non-controlling interests is adjusted to reflect the changes in their relative interests in the subsidiary, and any difference between the fair value of consideration paid or received and the amount by which the non-controlling interests is adjusted is recognised directly in equity and attributed to the equity holders of the Company.

(f) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the combined financial information under the equity method. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see note 1(m)). The Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year is recognised in the combined income statements, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised in the combined statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

(g) Other financial assets

Other financial assets include loans to other parties and are recognised initially at fair value. Subsequent to initial recognition, other financial assets are carried at amortised cost using the effective interest method.

(h) Property, plant and equipment

Items of property, plant and equipment are stated in the combined balance sheet at cost less accumulated depreciation and impairment losses (see note 1(m)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.
- Plant and machinery 5 – 10 years
- Motor vehicles 5 years
- Furniture, fixtures and other equipment 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see note 1(m)). Cost of self-constructed items of property, plant and equipment include the cost of materials, direct labour, and an appropriate proportion of production overheads and borrowing costs (see note 1(x)). Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(j) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC governmental authorities. Lease prepayments are carried at cost less accumulated amortisation and impairment losses (see note 1(m)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(k) Intangible assets

Intangible assets represent patent and software and are stated in the combined balance sheets at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Patents — amortised over shorter of the licensed period and the estimated useful lives
- Software — 5 years

Both the period and method of amortisation are reviewed annually.

(l) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(m) Impairment of assets

(i) Impairment of trade and other receivables and other financial assets

Trade and other receivables and other financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses recognised in respect of trade debtors are included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- lease prepayments;
- intangible assets; and
- investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash

Cash comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(s) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(t) Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in the combined income statements except to the extent that it relates to items recognised directly in the combined statements of comprehensive income, in which case they are recognised in the combined statements of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary difference arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. For goods that do not require acceptance testing, revenue is recognised when they are delivered to the customers' premises. For goods that require acceptance testing, revenue is recognised when customers confirmed acceptance of the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Deposits and instalments received prior to the date of revenue recognition are included in the balance sheet under receipt in advance under trade and other payables.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Service income

Service income is recognised when the services are rendered and the amount receivable can be measured reliably.

(iv) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised as revenue in profit or loss over the useful life of the asset.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside the mainland China are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare that asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(y) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making finance and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

2 TURNOVER AND SEGMENT REPORTING

The principal activities of the Group are design, manufacture and sale of electrical distribution equipment.

Turnover represents the sales value of goods sold less returns, discounts, and value added taxes and other sales taxes.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

The Group has four separate segments:

– Electrical Distribution System Solutions ("EDS Solutions");

– Intelligent Electrical Distribution System Solutions ("iEDS Solutions");

– Energy Efficiency Solutions ("EE Solutions"); and

– Components and Spare Parts Business ("CSP Business")

In presenting the information on the basis of business segments, segment turnover and results are based on the sales and gross profits of EDS Solutions, iEDS Solutions, EE Solutions and CSP Business.

	EDS Solutions	iEDS Solutions	EE Solutions	CSP Business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2007					
Turnover	254,691	54,465	–	48,118	357,274
Cost of sales	(204,500)	(37,635)	–	(35,799)	(277,934)
Gross profit	50,191	16,830	–	12,319	79,340
Depreciation and amortisation included in cost of sales	1,857	255	–	150	2,262
Year ended 31 December 2008					
Turnover	277,809	70,522	–	57,183	405,514
Cost of sales	(200,611)	(43,855)	–	(37,935)	(282,401)
Gross profit	77,198	26,667	–	19,248	123,113
Depreciation and amortisation included in cost of sales	2,075	341	–	716	3,132
Year ended 31 December 2009					
Turnover	258,936	161,017	915	69,848	490,716
Cost of sales	(178,416)	(110,077)	(295)	(45,799)	(334,587)
Gross profit	80,520	50,940	620	24,049	156,129
Depreciation and amortisation included in cost of sales	1,542	713	–	1,769	4,024
Six months ended 30 June 2010					
Turnover	185,671	202,890	1,249	42,706	432,516
Cost of sales	(120,398)	(129,272)	(448)	(27,881)	(277,999)
Gross profit	65,273	73,618	801	14,825	154,517
Depreciation and amortisation included in cost of sales	325	333	–	1,178	1,836

	EDS Solutions	iEDS Solutions	EE Solutions	CSP Business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2009 (Unaudited)					
Turnover	116,003	67,130	288	30,497	213,918
Cost of sales	(83,901)	(44,792)	(119)	(18,992)	(147,804)
Gross profit	32,102	22,338	169	11,505	66,114
Depreciation and amortisation included in cost of sales	697	278	–	982	1,957

The reconciliation of depreciation and amortisation included in cost of sales to combined depreciation and amortisation is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of sales	2,262	3,132	4,024	1,957	1,836
Administrative expenses	1,408	1,452	1,581	808	694
	3,670	4,584	5,605	2,765	2,530

The Group has only one customer with whom transactions have exceeded 10% of the Group's aggregate revenues in each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010. The amount of sales to these customers amounted to approximately RMB45,176,000, RMB52,622,000, RMB67,605,000, RMB23,906,000 and RMB87,102,000 for each of the year ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010 respectively. Details of concentrations of credit risk arising from these customers are set out in note 27(a).

The Group does not allocate any specific assets or expenditures for property, plant and equipment to the operating segments as Chief Operating Decision Maker does not use the information to measure the performance of the reportable segments.

No geographical segment analysis is presented as substantially all assets, liabilities, turnover and gross profit of the Group are attributable to the PRC.

3 OTHER REVENUE

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other revenue					
Interest income – financial institutions	686	570	2,398	397	924
Interest income – related parties	1,750	–	4,110	2,497	–
Effective interest income on other financial assets *(note 15)*	1,073	2,508	2,654	1,944	–
Gain on early settlement of other loans	–	–	1,011	–	–
Government grants	96	94	722	532	684
Others	–	–	99	–	85
	3,605	3,172	10,994	5,370	1,693

The government grants of the Group were not conditional and were therefore recognised as income when received.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Year ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(a)	Finance expenses:					
	Interest on bank borrowings	8,864	11,669	12,225	6,453	1,030
	Difference between fair value and loan amount on initial recognition of other financial assets	8,951	1,732	–	–	–
		17,815	13,401	12,225	6,453	1,030
(b)	Staff costs:					
	Contributions to defined contribution retirement plans *(note 23)*	2,124	3,211	3,445	1,935	1,646
	Salaries, wages and other benefits	19,720	30,953	37,853	20,029	21,070
		21,844	34,164	41,298	21,964	22,716

Staff costs included directors' remuneration *(Note 6)*.

		2007	2008	2009	2009	2010
(c)	Other items:					
	Amortisation of lease prepayments *(note 13)*	119	137	137	69	161
	Amortisation of intangible assets *(note 12)*	502	502	502	252	12
	Auditors' remuneration	42	50	60	23	69
	Depreciation *(note 10)*	3,049	3,945	4,966	2,444	2,357
	Impairment losses for trade receivables	–	4,295	1,641	1,379	37
	Impairment losses for other receivables	–	129	–	–	–
	Operating lease charges in respect of properties	135	450	450	224	672
	Research and development (other than staff costs)	–	–	–	–	11,853
	Cost of inventories#	277,934	282,401	334,587	147,804	277,999

Cost of inventories includes RMB20,711,000, RMB26,027,000, RMB28,357,000, RMB16,933,000 and RMB16,748,000 in the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 respectively relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in notes 4(b) and (c) for each of these types of expenses.

5 INCOME TAX IN THE COMBINED INCOME STATEMENTS

(a) Taxation in the combined income statements represents:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax-PRC income tax					
Provision for the year/period	3,457	11,647	15,353	4,794	16,238
Deferred tax					
Origination and reversal of temporary differences	(2,024)	1,153	(22)	1,637	(1,635)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	155	–	–	–	–
	(1,869)	1,153	(22)	1,637	(1,635)
	1,588	12,800	15,331	6,431	14,603

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before taxation	41,594	66,151	100,554	43,621	104,275
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	13,818	16,514	27,157	10,891	26,717
Tax effect of PRC preferential tax treatments *(ii)*	(15,895)	(8,084)	(17,235)	(6,539)	(13,922)
Tax effect of non-deductible expenses	2,690	2,508	1,665	614	1,831
Tax effect of non-taxable income	(9)	(20)	(111)	(70)	(23)
Effect of change in tax rate	155	–	–	–	–
Tax rate differential	829	–	–	–	–
Withholding tax on profits of PRC subsidiaries *((iii) and note 24(b))*	–	1,882	3,855	1,535	–
Actual tax expense	1,588	12,800	15,331	6,431	14,603

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax during the Relevant Period.

(ii) Prior to 1 January 2008, PRC entities were, in general, subject to the statutory income tax rate of 33%, consisting of 30% state tax and 3% local tax. In addition, production-type foreign investment enterprises with an operating period of 10 years or more were exempt from corporate income tax for the first and the second years starting from the first profitable year from PRC tax perspective, and were subject to 50% of the applicable corporate income tax rates in the third through the fifth years ("the 2+3 tax holidays").

Boer Wuxi, Boer Yixing and Yixing Boai were each entitled to the 2+3 tax holidays and commenced their tax holidays in 2006, 2006 and 2008, respectively.

According to the PRC Corporate Income Tax ("CIT") Law that was passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007, the statutory income tax rate was revised to 25% with effect from 1 January 2008. Further, according to the Notice of the State Council on the Implementation of the Transitional Preferential CIT Policies issued on 26 December 2007, for enterprises that were established before 16 March 2007 and were entitled to the 2+3 tax holidays under the then effective tax laws and regulations, such tax holidays were grandfathered.

Based on the above, Boer Wuxi and Boer Yixing were exempted from income tax for 2007 and are subject to income tax at 12.5% and 25% from 2008 to 2010 and from 2011 onwards, respectively. Yixing Boai did not generate taxable profits in 2007 and was exempted from income tax for 2008 and 2009, and is subject to income tax at 12.5% and 25% from 2010 to 2012 and from 2013 onwards, respectively.

(iii) According to the CIT Law, its implementation rules and the relevant regulations, PRC-resident enterprises are levied withholding tax at 10% on dividends to their non-PRC-resident corporate investors for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong company will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong company is the "beneficial owner" and holds 25% of equity interests or more of the PRC company directly.

As all of the Group's PRC subsidiaries are directly or indirectly owned by a Hong Kong incorporated subsidiary, a rate of 5% is applicable to the calculation of this withholding tax. The Predecessor Entity is owned and controlled by the Controlling Shareholders who are PRC residents and therefore its earnings are not subject to the withholding tax.

6 DIRECTORS' REMUNERATION

Directors' remuneration is as follows:

Year ended 31 December 2007

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Qian Yixiang	–	57	5	–	62
Ms. Jia Lingxia	–	45	5	–	50
Mr. Qian Zhongming	–	–	–	–	–
Mr. Zha Saibin	–	38	5	–	43
Total	–	140	15	–	155

Year ended 31 December 2008

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Qian Yixiang	–	151	6	–	157
Ms. Jia Lingxia	–	123	6	–	129
Mr. Qian Zhongming	–	–	–	–	–
Mr. Zha Saibin	–	59	6	–	65
Total	–	333	18	–	351

Year ended 31 December 2009

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Qian Yixiang	–	204	7	–	211
Ms. Jia Lingxia	–	196	7	–	203
Mr. Qian Zhongming	–	–	–	–	–
Mr. Zha Saibin	–	144	7	–	151
Total	–	544	21	–	565

Six months ended 30 June 2010

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Qian Yixiang	–	321	4	–	325
Ms. Jia Lingxia	–	290	4	–	294
Mr. Qian Zhongming	–	–	–	–	–
Mr. Zha Saibin	–	249	3	–	252
Total	–	860	11	–	871

Six months ended 30 June 2009 (Unaudited)

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Qian Yixiang	–	109	3	–	112
Ms. Jia Lingxia	–	107	4	–	111
Mr. Qian Zhongming	–	–	–	–	–
Mr. Zha Saibin	–	82	4	–	86
Total	–	298	11	–	309

7 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one, two, three, three and three of them in 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010 respectively are directors whose remuneration is disclosed in note 6 above. The aggregate of the emoluments in respect of the other four, three, two, two and two individuals for the years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010 respectively are as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	248	294	322	155	624
Contributions to retirement benefit scheme	6	18	13	5	39
	254	312	335	160	663

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals*	*Number of individuals*
HK$1 to HK$1,000,000	4	3	2	2	2

8 DIVIDENDS

Dividends of RMB350,000, RMB650,000 and RMB5,000,000 for the years ended 31 December 2007, 2008 and 2009 respectively represent dividends declared by the Predecessor Entity to its shareholders. There was no dividend declared for the six months ended 30 June 2009. During the six months ended 30 June 2010, Boer Hong Kong declared a dividend of HK$69,689,000 (equivalent to RMB60,962,000) to its Controlling Shareholders. In addition, Yixing Boai, a subsidiary of the Group declared and paid a dividend of RMB9,702,000 to its non-controlling shareholder.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company during the Relevant Period and the 562,500,000 shares in issue upon capitalisation issue of shares prior to the Listing as if the share were outstanding throughout the entire Relevant Period.

There were no dilutive potential ordinary shares during the Relevant Period and, therefore, diluted earnings per share are the same as the basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2007	12,750	18,876	4,062	806	36,494
Additions	576	3,105	326	150	4,157
At 31 December 2007	13,326	21,981	4,388	956	40,651
Additions	12,084	10,187	869	715	23,855
At 31 December 2008	25,410	32,168	5,257	1,671	64,506
Additions	296	4,194	945	727	6,162
Deemed distribution	(6,432)	(8,274)	(1,985)	(472)	(17,163)
At 31 December 2009	19,274	28,088	4,217	1,926	53,505
Additions	787	1,559	919	578	3,843
Disposals	–	(1,871)	(1,319)	(248)	(3,438)
At 30 June 2010	20,061	27,776	3,817	2,256	53,910
Accumulated depreciation:					
At 1 January 2007	5,779	5,194	1,850	419	13,242
Charge for the year	343	1,867	745	94	3,049
At 31 December 2007	6,122	7,061	2,595	513	16,291
Charge for the year	374	2,730	706	135	3,945
At 31 December 2008	6,496	9,791	3,301	648	20,236
Charge for the year	1,026	3,054	657	229	4,966
Deemed distribution	(5,753)	(5,617)	(1,854)	(454)	(13,678)
At 31 December 2009	1,769	7,228	2,104	423	11,524
Charge for the period	482	1,385	311	179	2,357
Written back on disposals	–	(1,147)	(1,136)	(146)	(2,429)
At 30 June 2010	2,251	7,466	1,279	456	11,452
Net book value:					
At 31 December 2007	7,204	14,920	1,793	443	24,360
At 31 December 2008	18,914	22,377	1,956	1,023	44,270
At 31 December 2009	17,505	20,860	2,113	1,503	41,981
At 30 June 2010	17,810	20,310	2,538	1,800	42,458

All property, plant and equipment owned by the Group are located in the PRC.

There was no property, plant and equipment pledged as securities for bank loans as at 31 December 2007, 2008 and 2009 and 30 June 2010.

As at 31 December 2009, buildings, plant and machinery, motor vehicles and furniture, fixtures and other equipment with aggregate net book value of approximately RMB679,000, RMB2,657,000, RMB131,000 and RMB18,000 respectively were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

11 CONSTRUCTION IN PROGRESS

	RMB'000
At 1 January 2010	–
Additions	772
At 30 June 2010	772

12 INTANGIBLE ASSETS

	Patent	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2007	4,800	100	4,900
Additions	–	11	11
At 31 December 2007	4,800	111	4,911
Additions	–	–	–
At 31 December 2008	4,800	111	4,911
Additions	–	–	–
Deemed distribution	(4,800)	–	(4,800)
At 31 December 2009 and 30 June 2010	–	111	111
Accumulated amortisation:			
At 1 January 2007	40	21	61
Amortisation for the year	480	22	502
At 31 December 2007	520	43	563
Amortisation for the year	480	22	502
At 31 December 2008	1,000	65	1,065
Amortisation for the year	480	22	502
Deemed distribution	(1,480)	–	(1,480)
At 31 December 2009	–	87	87
Amortisation for the period	–	12	12
At 30 June 2010	–	99	99
Net book value:			
At 31 December 2007	4,280	68	4,348
At 31 December 2008	3,800	46	3,846
At 31 December 2009	–	24	24
At 30 June 2010	–	12	12

At 31 December 2009, patent with net book value of approximately RMB3,320,000 was retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009. The Group has agreed with the Predecessor Entity that they will continue to use this patent with no consideration.

13 LEASE PREPAYMENTS

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	5,848	5,848	6,864	20,679
Additions	–	1,016	13,815	47
At 31 December/30 June	5,848	6,864	20,679	20,726
Accumulated amortisation:				
At 1 January	155	274	411	548
Charge for the year/period	119	137	137	161
At 31 December/30 June	274	411	548	709
Net book value:				
At 31 December/30 June	5,574	6,453	20,131	20,017

Lease prepayments represent prepayments of land use rights premiums to the PRC authorities. The Group's land is located in the PRC. The Group is granted with land use rights for a period of 50 years.

14 INTEREST IN ASSOCIATES

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	2,034	2,115	–	–

The following contains the particulars of associates during the Relevant Period, all of which are unlisted corporate entities:

Name of associate	Form of business structure	Place of establishment and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activity
Shanghai Electrical Apparatus Research Institute Switch Apparatus Co., Ltd.* (上海電科博耳電器開關有限公司 or "Shanghai Boer")	Incorporated	PRC	RMB3,400,000	49%	Manufacturing and trading of power switches
Jiangsu Diadem Pawn Co., Ltd.* (江蘇大唐典當有限公司 or "Diadem")	Incorporated	PRC	RMB15,000,000	35%	Pledging and impawning business

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

The Group's 49% and 35% interest in Shanghai Boer and Diadem were acquired by Predecessor Entity in July 2007 and February 2009 for a consideration of RMB2,562,000 and RMB5,250,000 respectively. As at 31 December 2009, interest in Shanghai Boer and Diadem with aggregate net book value of approximately RMB2,496,000 and RMB5,272,000 respectively were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

Summary financial information on associates:

Shanghai Boer

	Assets	Liabilities	Equity	Revenue	(Loss)/ profit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2007					
100 per cent	21,812	(17,661)	4,151	24,775	(207)
Group's effective interest	10,688	(8,654)	2,034	6,352	(528)
2008					
100 per cent	25,144	(20,827)	4,317	30,616	166
Group's effective interest	12,320	(10,205)	2,115	15,002	81
2009					
100 per cent	–	–	–	35,416	777
Group's effective interest	–	–	–	17,354	381

Diadem

	Assets	Liabilities	Equity	Revenue	Profit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2009					
100 per cent	–	–	–	1,083	64
Group's effective interest	–	–	–	379	22

15 OTHER FINANCIAL ASSETS

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans to other parties	12,431	16,307	–	–

The principal amounts and maturity dates of the Group's loan to other parties at 31 December 2007, 2008 and 2009 and 30 June 2010 are as follows:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Maturity date				
1 August 2011	20,000	20,000	–	–
13 July 2013	–	1,500	–	–
28 December 2013 (early settled in 2009)	–	1,600	–	–
28 February 2016	1,062	1,062	–	–
	21,062	24,162	–	–

All loans to other parties are unsecured and interest free. The loans are initially recognised based on an estimated fair value using expected future cash flows and a pre-tax discount rate of 17.32% and 12.84% to 15.70% respectively for each of the year ended 31 December 2007 and 2008. The discount rates reflected the specific risks relating to the relevant loan to other parties. Details of the policy are set out in note 1(g).

The movement of the other financial assets during the year 2007, 2008 and 2009 and 30 June 2010 is as follows:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other financial assets				
– loans to other parties:				
At 1 January	309	12,431	16,307	–
New loans to other parties	20,000	3,100	–	–
Difference between fair value and loan amount on initial recognition of other financial assets	(8,951)	(1,732)	–	–
Effective interest income on other financial assets *(Note 3)*	1,073	2,508	2,654	–
Early settlements	–	–	(3,589)	–
Deemed distribution	–	–	(15,372)	–
At 31 December/30 June	12,431	16,307	–	–

During 2009, loans to other parties with carrying amount of RMB3,589,000 were early settled with proceeds of RMB4,600,000, resulting in a gain of RMB1,011,000.

As at 31 December 2009, loans to other parties with an aggregate net book value of RMB15,372,000 were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

16 INVENTORIES

Inventories in the combined balances sheets comprise:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	5,969	3,256	15,986	24,257
Work in progress	4,984	4,358	15,664	6,159
Finished goods	2,174	1,975	2,729	5,641
	13,127	9,589	34,379	36,057

17 TRADE AND OTHER RECEIVABLES

Trade and other receivables in the combined balances sheets comprise:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	128,340	137,001	151,121	347,952
Bills receivable	4,319	2,140	7,831	5,798
Deposits and prepayments	24,912	20,538	17,682	16,815
Other receivables	61,117	64,877	37,124	15,627
	218,688	224,556	213,758	386,192

All of the trade and other receivables are expected to be recovered or realised within one year as the Group usually grants its customers a credit period ranging from one to twelve months, depending on the nature of the products.

(a) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivable directly (see note 1(m)(i)).

The movement in the allowance for doubtful debts during the year ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, including specific loss components, is as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	1,201	1,201	5,496	4,489
Impairment loss recognised	–	4,295	1,641	37
Deemed distribution	–	–	(2,648)	–
At 31 December/30 June	1,201	5,496	4,489	4,526

The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes amongst other, externals ratings, credit history, market conditions, prior year's purchases and estimated purchases for the coming year, where available. The credit terms given to the customers vary which are based on the sales contracts signed with individual customers and are generally based on their financial strengths. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases its customers to settle due balances and monitors the settlement progress on an ongoing basis.

(b) Ageing analysis

Included in trade and other receivables are trade receivables and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date.

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	78,971	79,329	127,677	327,791
Less than 3 months past due	19,534	16,349	8,394	9,204
More than 3 months but less than 6 months past due	9,722	5,298	8,200	6,673
More than 6 months but less than 1 year past due	11,473	21,181	8,722	4,659
More than 1 year past due	12,959	16,984	5,959	5,423
	53,688	59,812	31,275	25,959
	132,659	139,141	158,952	353,750

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a wide range of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The directors consider that this is in line with the industry practice especially for infrastructure investment. The directors have considered the projects and background of each overdue debtor and considered that no additional impairment is needed.

The Group does not hold any collateral over these balances.

As at 31 December 2009, trade receivables, bills receivables, deposits and prepayments and other receivables with an aggregate carrying value of approximately RMB14,880,000, RMB300,000, RMB760,000 and RMB10,355,000, respectively were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

18 PLEDGED DEPOSITS

Bank deposits have been pledged to banks for bills payable (see note 21). The pledged deposits are expected to be released within 12 months.

As at 31 December 2009, pledged deposits with an aggregate carrying value of approximately RMB31,589,000 were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

19 CASH AT BANK AND IN HAND

As at 31 December 2007, 2008 and 2009 and 30 June 2010, bank balances denominated in RMB that were placed with banks in the PRC and included in the balance amounted to RMB31,485,000, RMB14,079,000, RMB26,702,000 and RMB54,227,000 respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

As at 31 December 2009, cash at bank and in hand with an aggregate carrying value of approximately RMB30,224,000 were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

20 BANK LOANS

All bank loans were denominated in RMB and were repayable within one year.

Details of bank loans and respective effective interest rates are as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured floating rate loans	169,500	145,000	50,000	70,000
Effective interest rates	5.58% to 7.47%	4.86% to 7.47%	4.86% to 5.31%	4.86% to 5.31%

As at 31 December 2009, bank loans with an aggregate carrying value of approximately RMB57,500,000 were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

21 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	66,922	98,026	112,858	219,068
Bills payable	38,219	35,058	152,000	40,093
Receipts in advance	78,106	47,759	39,938	3,310
Other payables and accruals	15,061	17,529	19,153	27,746
	198,308	198,372	323,949	290,217

Bills payable as at 31 December 2007, 2008 and 2009 and 30 June 2010 were secured by pledged bank deposits (see note 18).

All of the trade and other payables are expected to be settled within one year as the credit period granted by suppliers ranges from 15 to 180 days.

An ageing analysis of the trade and bills payables is as follows:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due within 1 month or on demand	59,567	98,045	85,774	191,864
Due after 1 month but within 3 months	20,760	7,629	39,084	7,414
Due after 3 months but within 6 months	24,814	27,410	140,000	59,883
	105,141	133,084	264,858	259,161

As at 31 December 2009, trade payables, bills payable, receipts in advance and other payables and accruals with an aggregate carrying value of approximately RMB28,246,000, RMB56,000,000, RMB1,385,000 and RMB4,398,000 respectively were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

22 AMOUNTS DUE FROM/TO RELATED PARTIES AND DIRECTORS

The amounts due from/to related parties and directors were unsecured, interest-free and had no fixed repayment terms, except for an advance to Shanghai Shuanghuan Investment Development Co., Ltd.* ("上海雙歡投資發展有限公司" or "Shanghai Shuanghuan") amounted to RMB69,356,000 and RMB78,117,000 as at 31 December 2007 and 2009, respectively, which carried an interest of 2.22% and 5.55% per annum for the year ended 31 December 2007 and 2009. The directors confirm that no interest was charged for the advance in 2008.

As at 31 December 2009, the amounts due from related parties and directors with an aggregate carrying value of approximately RMB213,334,000 and RMB3,216,000 respectively were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

* The English translation of the company name is for reference only. The official name of this company is in Chinese.

23 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal government authorities in Jiangsu province whereby the Group is required to make contributions to the Schemes at the rate of 18% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

24 INCOME TAX IN THE COMBINED BALANCE SHEETS

(a) Current taxation in the combined balance sheets represents:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provision for PRC income tax	2,047	4,019	6,766	16,666
Represented by:				
Tax payable	2,047	4,462	6,766	16,666
Less: Tax recoverable	–	(443)	–	–
	2,047	4,019	6,766	16,666

As at 31 December 2009, current taxation with an aggregate carrying value of RMB1,406,000 was retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

(b) **Deferred tax assets and liabilities**

Recognised deferred tax assets/ (liabilities) are attributable to the following:

	Provision for impairment of trade receivables	Unrealised profits of intragroup sales	Other financial assets	Unremitted profits of PRC subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	395	–	248	–	643
Credited to combined income statements	–	55	1,969	–	2,024
Effect of change in tax rate	(95)	–	(60)	–	(155)
At 31 December 2007	300	55	2,157	–	2,512
Credited/(charged) to combined income statements	1,062	(52)	(281)	(1,882)	(1,153)
At 31 December 2008	1,362	3	1,876	(1,882)	1,359
Credited/(charged) to combined income statements	410	(3)	(828)	443*	22
Deemed distribution	(662)	–	(1,048)	–	(1,710)
At 31 December 2009	1,110	–	–	(1,439)	(329)
Credited to combined income statements	193	3	–	1,439	1,635
At 30 June 2010	1,303	3	–	–	1,306

* The amount includes the provision of withholding tax on profits of PRC subsidiaries for 2009 amounting RMB3,855,000 and the reversal of such withholding tax in respect of dividends declared in 2009 amounting RMB4,298,000.

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Represented by:				
Deferred tax assets	2,512	3,241	1,110	1,306
Deferred tax liabilities	–	(1,882)	(1,439)	–
	2,512	1,359	(329)	1,306

As at 31 December 2009, deferred tax assets with an aggregate carrying value of approximately RMB1,710,000 were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

25 PAID-IN CAPITAL

The Company was incorporated on 12 February 2010. Since the Reorganisation was not completed as at 30 June 2010, the paid-in capital in the combined balance sheets as at the respective balance sheet dates represented the aggregate amount of paid-in capital of the companies comprising the Group after elimination of investments in subsidiaries.

On 29 January 2010, the authorised and issued share capital of Boer Hong Kong was increased from HK$10,000 to HK$100,000 comprising 100,000 shares.

26 RESERVES

(a) Capital reserve

The capital reserves in the combined balance sheet as at 31 December 2007, 2008 and 2009 and 30 June 2010 included the excess on transfer of equity from non-controlling interests of Yixing Boai amounted to RMB742,000. As the Group has obtained controlling interests when it owns 55% of the equity shares of Yixing Boai, subsequent acquisitions are accounted for at book value, with the premiums on subsequent purchases from non-controlling interests of Yixing Boai accounted for in equity under capital reserve.

On 8 January 2010, Boer Hong Kong acquired the remaining 20% equity interest in Boer Yixing from Yixing Boai at a consideration of US$250,000. Prior to this transaction, the Group had a 95% effective interest in Boer Yixing, represented by an 80% equity interest held by Boer Hong Kong, a wholly-owned subsidiary of the Group, and a 20% equity interest held by Yixing Boai, a 75% owned subsidiary of the Group. As a result of this transaction, Boer Yixing become a wholly-owned subsidiary of Boer Hong Kong and the Group. The change of the Group's effective equity interest in Boer Yixing did not result in a change of control and is therefore accounted for as an equity transaction. The carrying amount of the 25% non-controlling interest in Yixing Boai has been adjusted by RMB2,419,000, with a corresponding credit to capital reserves, to reflect the non-controlling interest's share of the difference between the consideration received by Yixing Boai and 20% of the net assets of Boer Yixing that was transferred to Boer Hong Kong.

On 12 January 2010, Boer Hong Kong acquired 15% equity interest in Boer Wuxi from the Predecessor Entity at a consideration of US$1,950,000. The excess of the non-controlling interest over the cost of acquisition of approximately RMB3,732,000 was credited to capital reserve. Following this acquisition, Boer Wuxi became a wholly-owned subsidiary of the Group.

(b) Statutory reserve

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Predecessor Entity and the Company's subsidiary established in the PRC. Transfers to the reserves were approved by the respective board of directors.

According to the Articles of Association of Boer Wuxi, Boer Yixing and Yixing Boai, these entities are required to transfer part of its net profits (after offsetting prior year losses), as determined under the approval by the respective board of directors, to statutory general reserve. For the year ended 31 December 2007, appropriations were made by Boer Wuxi and Boer Yixing to the general reserve and the enterprise expansion fund at 10% and 3% respectively of their profit after taxation determined under PRC GAAP. For the year ended 31 December 2008, appropriations were made by Boer Wuxi, Boer Yixing and Yixing Boai to the general reserve and the enterprise expansion fund at 10% and 3% respectively of their profit after taxation determined under PRC GAAP.

Enterprise expansion fund can be used to increase the capital of the subsidiaries, to acquire property, plant and equipment and to increase current assets while statutory general reserve can be used to make good prior years' losses, if any, and may be converted into share capital by issuing new shares to equity owners proportionate to their existing percentage of equity interests provided that the balance after such issue is not less than 25% of the registered capital.

On 5 August 2009 and 31 December 2009, the board of directors of Boer Yixing approved the distribution of dividends to equity holders, out of which RMB3,389,000 were paid out of the statutory reserve comprising the enterprise expansion reserve and general reserve, after reversal of appropriation of such reserve.

(c) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside mainland China.

The reserve is dealt with in accordance with the accounting policies set out in note 1(w).

(d) Distributable reserve

There was no reserve available for distribution to shareholders by the Company during the Relevant Period as the Company has not carried on any business since it was incorporated on 12 February 2010.

The aggregate amount of distributable reserves at 31 December 2007, 2008 and 2009 and 30 June 2010 of the companies now comprising the Group were RMB55,434,000, RMB98,855,000, RMB150,316,000 and RMB176,862,000, respectively.

(e) Deemed distribution to equity holders upon the reorganisation

Upon the completion of the assumption of the Predecessor Operations to the Group on 31 December 2009, assets and liabilities with an aggregate net book value of RMB73,331,000 were retained by the Predecessor Entity and were deemed to have been distributed to the equity holders of the Company on 31 December 2009. Details of the Restained Assets are set out in Section A.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The company defines "capital" as including all components of equity. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and bills payable), plus unaccrued proposed dividends, less cash and capital is defined as the total equity.

The Group's adjusted net debt-to-capital ratio was 136.2%, 90.8%, 85.5% and 26.5% as at 31 December 2007, 2008 and 2009 and 30 June 2010. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Neither the Company nor any of the companies now comprising the Group are subject to externally imposed capital requirements.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to honour its contractual obligations, and arises principally from the Group's trade and other receivables and other financial assets.

The Group's exposure to credit risks is influenced mainly by the individual characteristics of each customer. Approximately 13%, 13%, 14%, 11% and 20% of the Group's revenue is attributable to sales transactions with a single customer for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 respectively. The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes amongst other things, external ratings, credit history, market conditions, prior year's purchases and estimated purchases for the coming year, where available. The credit terms given to the customers vary which are based on the sales contracts signed with individual customers and are generally based on their financial strengths. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis.

At the balance sheet date, the Group has a certain concentration of credit risk as 12% and 22%, 12% and 28%, 8% and 30% and 19% and 43% of the total trade receivables were due from the Group's largest customer and the five largest customers as at 31 December 2007, 2008 and 2009 and 30 June 2010 respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets after deducting any impairment allowance.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

(c) Interest rate risk

The interest rates of the Group's bank loans are disclosed in note 20.

A general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax by an amount as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
100 basis point increase	312	341	77	180	13

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date.

(d) Foreign currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group currently does not have a policy on foreign currency risk as it had minimal export sales in the Relevant Period and the impact of foreign currency risk on the Group's total sales is minimal.

(e) Fair value

The carrying amounts of the Group's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2007, 2008 and 2009 and 30 June 2010.

28 CONCENTRATION OF SUPPLIERS

Although there are a number of suppliers of raw materials inside or outside PRC, the Group relies principally on a supplier for its supply of raw materials. Should this supplier fail to deliver in a timely manner, delays or disruptions in the supply and delivery of the Group's products could result. On the other hand, the Group is an authorised system integrator of this supplier. Should the Group be unable to renew the license as an authorised system integrator, the Group may lose a significant portion of its business.

The Group has a certain concentration of suppliers as 31%, 35%, 33%, 33% and 21% of the total raw materials were purchased from this supplier for the year ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2009 and 2010 respectively.

29 COMMITMENTS

(a) Capital commitments

Capital commitments for the acquisition of property, plant and equipment outstanding at 31 December 2007, 2008 and 2009 and 30 June 2010 were as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	12,176	4,487	–	–
Authorised but not contracted for	8,140	5,458	50,000	171,217
	20,316	9,945	50,000	171,217

(b) Operating leases commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	125	450	302	1,655
After 1 year but within 5 years	135	335	845	4,132
After 5 years	–	–	240	3,356
	260	785	1,387	9,143

The Group leases certain properties under operating leases. The leases typically run for an initial period of ten years, with an option to renew when all terms are renegotiated. None of the lease includes contingent rentals.

30 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions.

During the Relevant Period, the directors are of the view that the following are related parties of the companies now comprising the Group:

Name of party	Relationship
Mr. Qian Yixiang	Controlling Shareholder
Ms. Jia Lingxia	Controlling Shareholder
Mr. Qian Zhongming	Father of Mr. Qian Yixiang
Mr. Tao Qi	Brother in law of Mr. Qian Yixiang
Mr. Jia Minghao	Relative of Ms. Jia Lingxia
Shanghai Boer	Associate company to the Group
Diadem	Associate company to the Group
Shanghai Shuanghuan	Effectively 33% and 67% owned by Mr. Qian Yixiang and Mr. Qian Zhongming respectively
Shanghai Changcheng Construction Development Company Limited* (上海長城建設開發有限公司 or "Shanghai Changcheng")	Effectively 16.5% and 33.5% owned by Mr. Qian Yixiang and Mr. Qian Zhongming respectively
Shanghai High-Speed Rail Electrical Technology Company Limited* (上海高鐵電氣科技有限公司 or "Shanghai High-Speed Rail")	Effectively 51% owned by Mr. Qian Yixiang
Predecessor Entity	Effectively 80% and 20% owned by Mr. Qian Yixiang and Mr. Qian Zhongming respectively. Upon the completion of the assumption of Predecessor Operations on 31 December 2009 as explained in section A, the Predecessor Entity was considered a related party for disclosure purpose.

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

(a) Related parties transactions

Included in the balance as at 31 December 2007, 2008 and 2009 and 30 June 2010 set out in note 30(b) are unsecured, interest free advance made to/from related parties of the Group except for short term advance to Shanghai Shuanghuan, which charged interest of 2.22% and 5.55% per annum respectively for the year ended 31 December 2007 and 2009. Advances to and from related parties are set out as below:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Short-term advances to/(from) related parties of the Group					
– Mr. Qian Yixiang	(39)	788	(1,019)	(780)	39
– Ms. Jia Lingxia	(125)	199	3,563	3,219	39
– Mr. Qian Zhongming	–	(1,460)	(540)	(540)	–
– Mr. Tao Qi	15	175	(173)	(213)	–
– Mr. Jia Minghao	4,520	3,395	1,266	1,266	–
– Shanghai Shuanghuan	(16,282)	929	17,826	13,716	–
– Shanghai Changcheng	32,215	9,230	38,178	73,158	–
– Shanghai Boer	–	500	(500)	647	–
– Shanghai High-Speed Rail	3,000	(2,300)	10	–	–
– Predecessor Entity	–	–	–	–	–
	23,304	11,456	58,611	90,473	78
Interest income received from Shanghai Shuanghuan	1,750	–	4,110	2,497	–

The directors of the Company have confirmed that the above transactions will not be continued in the future after the Listing.

In addition, the Group had the following significant transactions with related parties:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sales of EDS Solutions					
– Shanghai Changcheng	–	–	29,642	8,915	–
Sales of CSP Business					
– Shanghai Boer	–	–	–	–	678
Purchases of raw materials					
– Shanghai Boer	–	968	4,715	–	2,712
Rental expenses					
–Predecessor Entity *(note(c))*	–	–	–	–	424

(b) Balances with related parties

As at each balance sheet date, the Group had the following balances with related parties:

(i) Amounts due from related parties

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
– Shanghai Changcheng	–	–	10,146	–
Non-trade related				
– Mr. Qian Yixiang	305	1,099	60	39
– Ms. Jia Lingxia	–	204	571	39
– Mr. Qian Zhongming	–	540	–	–
– Mr. Tao Qi	38	213	40	–
– Mr. Jia Minghao	4,520	7,915	9,181	–
– Shanghai Shuanghuan	70,356	71,806	5,531	–
– Shanghai Changcheng	83,198	92,428	–	–
– Shanghai Boer	–	505	762	–
– Shanghai High-Speed Rail	3,000	700	710	–
– Predecessor Entity *(Note i)*	–	–	151,258	3,702
	161,417	175,410	178,259	3,780

(ii) Amounts due to related parties

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
– Shanghai Boer	–	33	498	221
Non-trade related				
– Mr. Qian Yixiang	64	69	69	–
– Ms. Jia Lingxia	63	69	69	–
– Mr. Qian Zhongming	–	2,000	2,000	–
– Shanghai Shuanghuan	6,569	7,090	1,107	–
– Shanghai Boer	–	5	762	–
– Predecessor Entity *(Note i)*	–	–	21,057	–
	6,696	9,266	25,562	221

Note i) The amounts due from/to the Predecessor Entity as at 31 December 2007 and 2008 have been eliminated on the Group's combined balance sheets. Upon completion of the assumption of the Predecessor Operations as explained in Section A, the amounts due from/to the Predecessor Entity were no longer eliminated and were presented as amounts due from/to a related party in the combined balance sheet as at 31 December 2009.

Except for amount due from Shanghai Shuanghuan (note 30(a)), the amounts due from/to related parties as at 31 December 2007, 2008 and 2009 and 30 June 2010 are unsecured, interest free and have no fixed repayment terms. There was no provision made against these amounts due from related parties as at 31 December 2007, 2008 and 2009 and 30 June 2010.

All of the above non-trade related parties balances have been settled before the Listing.

As at 31 December 2009, guarantees were given by Mr. Qian Yixiang and the Predecessor Entity in respect of loans to the Group totalling to RMB20,000,000. These financial guarantees were discharged in April 2010.

As at 31 December 2009, a subsidiary of the Group provided guarantees in favour of the Predecessor Entity for its bank loans of RMB46,500,000 for no consideration. These guarantees have been released before the Listing.

As at 31 December 2009, the amounts due from related parties and directors with an aggregate carrying value of approximately RMB213,334,000 and RMB3,216,000 respectively were retained by the Predecessor Entity and had been reflected as deemed distribution to the Controlling Shareholders of the Company for the year ended 31 December 2009.

(c) Lease agreements

Boer Wuxi entered into a lease agreement on 1 January 2008 with the Predecessor Entity, pursuant to which Boer Wuxi leased from the Predecessor Entity the production premise and office building with a total floor area of 2,000 square metres, with a fixed monthly rental payable of RMB10,000. The lease terminated on 31 December 2009. In February 2010, Boer Wuxi entered into a new lease agreement with the Predecessor Entity, pursuant to which Boer Wuxi leased from the Predecessor Entity production premise and office building, with a fixed monthly rental payable of RMB70,000 for a period of 10 years from 1 January 2010 to 31 December 2019.

Boer Service entered into a lease agreement on 4 November 2008 with the Predecessor Entity, pursuant to which Boer Service leased the production premise and office building with a total floor area of 80 square metres from the Predecessor Entity without consideration. The lease terminated on 31 December 2009. In February 2010, Boer Service entered into a new lease agreement with the Predecessor Entity, pursuant to which Boer Service leased from the Predecessor Entity, production premise and office space with a fixed monthly rental payable of RMB600 for 10 years which from 1 January 2010 to 31 December 2019.

(d) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Short-term employee benefits	235	512	1,328	555	2,283
Contributions to retirement benefit scheme	33	41	71	20	66
Total	268	553	1,399	575	2,349

Total remuneration is included in "staff costs" (note 4(b)).

(e) Contributions to defined contribution retirement plans

The Group participates in defined contribution retirement plans organised by municipal governments for its employees in the PRC. The details of the Group's defined contribution retirement plan are described in note 23.

There were no material outstanding contributions to post-employment benefit plans as at 31 December 2007, 2008 and 2009 and 30 June 2010.

31 SUBSIDIARIES

The following list contains details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors.

Name of company	Financial period	Statutory auditors
Boer Hong Kong	Years ended 31 March 2007, 2008 and 2009	Kwok & Partners Certified Public Accountants
	For the period from 1 April to 31 December 2009**	KPMG
Boer Wuxi	Years ended 31 December 2007, 2008 and 2009	Wuxi Zheng Zhuo CPAs Ltd.
Boer Yixing	Years ended 31 December 2007 and 2008	Yixing Fangzheng CPAs Ltd.* (宜興方正會計師事務所有限公司)
	Year ended 31 December 2009	Wuxi Jiayu Certified Public Accountants Co., Ltd.
Yixing Boai	Years ended 31 December 2007 and 2008	Yixing Fangzheng CPAs Ltd.* (宜興方正會計師事務所有限公司)
	Year ended 31 December 2009	Wuxi Jiayu Certified Public Accountants Co., Ltd.
Boer Service	Period from 4 November to 31 December 2008 and year ended 31 December 2009	Wuxi Jiayu Certified Public Accountants Co., Ltd.

* The English translation of the auditor is for reference only. The official names of these companies are in Chinese.

** The change of the financial period end date of Boer Hong Kong from 31 March to 31 December was to conform with the financial year of the Company and the Group's subsidiaries.

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors consider the ultimate controlling party of the Company as at 30 June 2010 was the Controlling Shareholders.

33 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Impairments

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at each balance sheet date.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at each balance sheet date.

(d) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets except for those with an indefinite live are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

34 FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 12 February 2010 with authorised share capital of HK$390,000 divided into 3,900,000 shares of HK$0.1 par value. On 12 February 2010, the Company issued 1 share at par value of HK$0.1. On the same date, the Company issued 999 shares at par for cash to broaden the capital base of the Company.

The Company has not carried on any business since its date of incorporation. As at 30 June 2010, the Company only has nominal amounts of net assets.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIOD

Up to the date of issue of this report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Period and which have not been adopted in preparing the Financial Information.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

So far it has concluded that the adoption of them is unlikely to result in material impacts to the Group's results of operations and financial position.

36 SUBSEQUENT EVENTS

The following significant event took place subsequent to 30 June 2010:

(a) Group reorganisation

On 30 September 2010, the Group completed the Reorganisation to rationalise the Group's structure in preparation for the listing of the Company's share on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History and Reorganisation" in the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group.

(b) Capitalisation issue

Pursuant to the resolutions in writing of the shareholders of the Company passed on 30 September 2010, the authorised share capital of the Company was increased to HK$200,000,000 by the creation of an additional 1,996,100,000 ordinary shares of HK$0.1 each. In addition, conditional on the share premium account of the Company being credited as a result of the issue of the offer shares by the Company pursuant to the initial public offering of shares of the Company ("IPO") and subject to the IPO price, the Company will capitalise up to an amount of HK$56,249,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par up to 562,490,000 shares, each of which will be allotted and issued to the shareholders of the Company.

D SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 30 June 2010.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the accountants' report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in appendix I to this prospectus.

(A) UNAUDITED PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE

The following unaudited pro forma fully diluted forecast earnings per Share for the year ending 31 December 2010 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2010. This unaudited pro forma fully diluted forecast earnings per Share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering and the Reorganisation set out in Appendix VI to the Prospectus.

Forecast of our combined profit attributable to the equity Shareholders for the year ending 31 December 2010 *(Note 1)*	Not less than RMB180 million (Approximately HK$207 million)
Unaudited pro-forma forecast earnings per Share – fully diluted *(Note 3)*	Not less than RMB0.24 (Approximately HK$0.28)

Notes:

(1) The forecast of our combined profit attributable to the equity Shareholders for the year ending 31 December 2010 is extracted from the section headed "Profit Forecast". The bases and assumptions on which the profit forecast for the year ending 31 December 2010 have been prepared are summarised in Appendix III to this prospectus.

(2) The forecast of our combined profit attributable to equity Shareholders of the Company for the year ending 31 December 2010 prepared by the Directors is based on the forecast of our combined profits for the year ending 31 December 2010. The forecast has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by the Group as set out in Note 1 of section C of the Accountants' Report, contained in Appendix I to this prospectus.

(3) The calculation of the forecast earnings per Share on a pro forma fully diluted basis of RMB0.24 (approximately HK$0.28) is based on the forecast combined profit attributable to equity Shareholders of the Company for the year ending 31 December 2010, assuming that the Company had been listed since 1 January 2010 and a total of 750,000,000 Shares have been in issue during the entire year.

(4) The forecast of our combined profit attributable to the equity Shareholders and the unaudited pro forma forecast earnings per share are translated into Hong Kong dollars at the exchange rate of RMB0.8702 to HK$1. No representation is made that the Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

(B) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is based on the combined net assets derived from the financial information of the Group as at 30 June 2010, as set out in appendix I to this prospectus and adjusted as follows:

	Combined net tangible assets of the Group as at 30 June 2010	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000	*RMB'000* *(Note 1)*	*RMB'000*	*RMB* *(Note 2)*
Based on the Offer Price of HK$4.38 per Share	189,369	641,991	831,360	1.11
Based on the Offer Price of HK$6.38 per Share	189,369	955,263	1,144,632	1.53

Notes:

(1) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$4.38 and HK$6.38 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be allotted and issued upon exercise of the Over-allotment Option.

(2) The unaudited pro forma adjusted net tangible asset per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 750,000,000 Shares are in issue assuming that the Global Offering has been completed on 30 June 2010, which takes no account any Shares which may be allotted and issued upon exercise of the Over-allotment Option.

(3) The Group's property interests as at 31 July 2010 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, the relevant property valuation report is set out in Appendix IV to this prospectus, "Property Valuation" (Note). The revaluation surplus of these properties was not incorporated in the Group's combined financial information for the six months ended 30 June 2010 and will not be included in the Group's financial information for the year ending 31 December 2010. The above adjustments do not take into account the revaluation surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB19.8 million. If the revaluation surplus was recorded in the Group's financial statements, additional annual depreciation and amortisation of approximately RMB0.9 million would be charged against profit for the year ending 31 December 2010.

Note: As at the date of valuation, a property has not been assigned to the Group and thus the title of this property has not been vested in the Group. Therefore Jones Lang LaSalle Sallmanns Limited has attributed no commercial value to this property. However, Jones Lang LaSalle Sallmanns Limited is, of the opinion that the capital value of this property as at the date of valuation would be RMB44,339,000, on condition that the registered owner of this property is under the name of the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of this property.

(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong in respect of the additional unaudited proforma financial information of the Group.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

7 October 2010

The Board of Directors
Boer Power Holdings Limited

Dear Sirs,

Boer Power Holdings Limited (the "Company")

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of the Company and its subsidiaries (collectively referred to as the "Group") set out in Part A and B of Appendix II to the prospectus dated 7 October 2010 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the initial public offering of shares of the Company to be listed on the Main Board of The Stock Exchange of Hong Kong Limited might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Part A and B of Appendix II to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2010 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2010 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Use of Proceeds" in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The forecast of our combined profit attributable to the equity Shareholders of the Company for the year ending 31 December 2010 is set out in the section headed "Financial Information – Profit Forecast" in this prospectus.

(A) BASES AND ASSUMPTIONS

Our Directors have prepared the forecast of the combined profit attributable to the equity Shareholders of the Company for the year ending 31 December 2010 based on our audited results for the six months ended 30 June 2010, the unaudited combined results of the Group for the two months ended 31 August 2010 and a forecast of the combined results of the Group for the remaining four months ending 31 December 2010. The significant accounting policies adopted in preparing the forecast are consistent in all material respects with those adopted by the Group as set out in Section C, Note 1 of the Accountants' Report as set out in Appendix I to this prospectus. The profit forecast is prepared based on the following principal assumptions:

(a) there will be no material changes in the existing government policies or political, legal, fiscal, market or economic conditions in the PRC, Hong Kong and other countries in which the Group operates;

(b) there will be no material changes in legislation or regulations or rules in the operating regions which will adversely affect the business of the Group;

(c) there will be no material changes in the bases or rates of taxation in the PRC, Hong Kong and any countries applicable to the activities of the Group;

(d) there will be no material change in interest rates, exchange rates and inflation rates in the PRC;

(e) the Group is not materially and adversely affected by any of the risk factors set out in the section headed "Risk Factors" in this prospectus;

(f) there will be no changes in the existing government macroeconomic and monetary policies in the operating regions;

(g) there will be no changes in the existing accounting policies, critical accounting estimates and judgement from those adopted in the preparation of the Group's results for each of the three years ended 31 December 2009 and the six months ended 30 June 2010;

(h) the Group's operations will not be adversely affected by interruptions to the supplies of raw materials and labour disputes, for reasons that are beyond the control of the Directors;

(i) the Group will not experience significant changes in seasonal fluctuations in respect of market demand and production of its products;

(j) the Group can substantially maintain the business relationship with all the major customers and suppliers;

(k) there will be no material changes in the bank loan facilities; and

(l) the Group will be able to retain its key management and personnel.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong in connection with the forecast of our combined profit attributable to the equity Shareholders of the Company for the year ending 31 December 2010.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

7 October 2010

The Board of Directors
Boer Power Holdings Limited

CCB International Capital Limited

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecasted combined profit attributable to equity shareholders of Boer Power Holdings Limited (the "Company") for the year ending 31 December 2010 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated 7 October 2010 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the audited results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010, the unaudited combined results of the Group for the two months ended 31 August 2010 and a forecast of the combined results of the Group for the remaining four months ending 31 December 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 7 October 2010, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Sponsor, in connection with the forecast of our combined profit attributable to the equity Shareholders of our Company for the year ending 31 December 2010.

(C) LETTER FROM THE SPONSOR

CCB International

CCB International Capital Limited
34th Floor, Two Pacific Place
88 Queensway, Admiralty
Hong Kong

7 October 2010

The Directors
Boer Power Holdings Limited

Dear Sirs,

We refer to the forecast of the combined profit attributable to the equity shareholders of Boer Power Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2010 (the "Profit Forecast"), as set out in the prospectus of the Company dated 7 October 2010 (the "Prospectus").

The Profit Forecast, for which the Directors are solely responsible, has been prepared by the Directors based on the audited results of the Group for the six months ended 30 June 2010, the unaudited combined results of the Group for the two months ended 31 August 2010 and a forecast of the combined results of the Group for the remaining four months ending 31 December 2010.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 7 October 2010 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by KPMG, we have formed the opinion that the Profit Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
CCB International Capital Limited
Lai Voon Wai
Managing Director, Corporate Finance

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 July 2010 of the property interests of the Group.

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

7 October 2010

The Board of Directors
Boer Power Holdings Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the properties in which Boer Power Holdings Limited (the "Company") or its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 July 2010 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interest in Group I by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of property interest in Group II and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interests have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interests in Group III and IV, which are rented by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Grandall Legal Group (Shenzhen), concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I – Property interest held for future development by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2010 *RMB*
1.	A parcel of land (Lot No. 6204-26) located at Zhenbei Village and Qunsheng Village Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	13,169,000
	Sub-total:	**13,169,000**

Group II – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2010 *RMB*
2.	Two parcels of land, various buildings and structures located at the Centralised Industrial Area Dajian Village Wanshi Town Yixing City Jiangsu Province The PRC	No commercial value
	Sub-total:	**Nil**

Group III – Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2010 *RMB*
3.	3 buildings beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	No commercial value
4.	A unit on Level 2 of Building No. 7 beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	No commercial value
5.	Unit 508 on Level 5 of Tower A Jiahao International Center No. 116 Zizhuyuan Road Haidian District Beijing The PRC	No commercial value
6.	Unit 2210 on Level 22 of Tower No. 3 Jiaye International Mansion No. 158 Lushan Road Jianye District Nanjing City Jiangsu Province The PRC	No commercial value
	Sub-total:	**Nil**

Group IV – Property interest rented and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 31 July 2010 *RMB*
7.	Unit 1805 on the 18th Floor Vicwood Plaza 199 Des Voeux Road Central Hong Kong	No commercial value
	Sub-total:	**Nil**
	Grand total:	**13,169,000**

VALUATION CERTIFICATE

Group I – Property interest held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
1.	A parcel of land (Lot No. 6204-26) located at Zhenbei Village and Qunsheng Village Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 33,941.9 sq.m. which is planned to be developed into a factory complex. The land use rights of the property have been granted for a term with the expiry date on 24 October 2059 for industrial use.	The property is currently vacant.	13,169,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Xi Hui Guo Yong (2010) Di No. 0237, the land use rights of the property with a site area of approximately 33,941.9 sq.m. have been granted to Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), an indirect wholly-owned subsidiary of the Company, for a term with the expiry date on 24 October 2059 for industrial use.

2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. F-320206201000118 in favour of Boer Wuxi, the development with a gross floor area of approximately 23,367 sq.m. has been approved for construction.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Boer Wuxi has the rights to occupy, use, benefit from and transfer the land use rights of the property; and

   b. According to the written confirmation from Boer Wuxi, the land use rights of the property are not subject to any mortgages or third party encumbrance.

VALUATION CERTIFICATE

Group II – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
2.	Two parcels of land, various buildings and structures located at the Centralised Industrial Area Dajian Village Wanshi Town Yixing City Jiangsu Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 74,887.2 sq.m., 4 buildings and various structures erected thereon which were completed in various stages between 2005 and 2007. The buildings have a total gross floor area of approximately 35,905 sq.m. The buildings comprise 3 industrial buildings and a dormitory. The structures mainly include roads, boundary fences, a bicycle shed, etc. The land use rights of the property have been granted for terms with the expiry dates on 28 November 2055 and 26 May 2057 respectively for industrial use.	The property is currently occupied by Yixing Boai for production and ancillary purposes except for a portion of the property which is leased to Boer Yixing (see note 4).	No commercial value

Notes:

1. Power Investment (H.K.) Limited ("Boer Hong Kong"), an indirect wholly-owned subsidiary of the Company, and Mr. Jia Minghao entered into an Equity Transfer Agreement on 20 May 2010, pursuant to which both parties agreed to transfer the legal title of the 75% equity interest in Yixing Boai Automation Complete Sets of Equipment Co., Ltd. ("Yixing Boai") from Mr. Jia Minghao to Boer Hong Kong.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Yi Guo Yong (2010) Zi Di Nos. 27600006 and 27600007, the land use rights of 2 parcels of land of the property with a total site area of approximately 74,887.2 sq.m. have been granted to Yixing Boai for different terms with the expiry dates on 28 November 2055 and 26 May 2057 respectively for industrial use.

3. Pursuant to 4 Building Ownership Certificates – Yi Fang Quan Zheng Wan Shi Zi Di Nos. 1000022662 to 1000022664 and 1000025918, 4 buildings with a total gross floor area of approximately 35,905 sq.m. are owned by Yixing Boai.

4. Pursuant to a Tenancy Agreement entered into between Yixing Boai and Boer (Yixing) Power System Co., Ltd. ("Boer Yixing"), an indirect wholly-owned subsidiary of the Company, portions of the property under the Building Ownership Certificates – Yi Fang Quan Zheng Wan Shi Zi Di Nos. 1000022662 and 1000022663 with a total gross floor area of approximately 4,460 sq.m. are leased to Boer Yixing for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019 at an annual rent of RMB100,000.

5. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB44,339,000, on condition that the registered owner of the property is under the name of the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Yixing Boai has the rights to occupy, use, benefit from and transfer the land use rights of the property;

   b. Yixing Boai has the rights to occupy, use, benefit from and dispose of the building ownership rights of the property;

   c. According to the written confirmation from Yixing Boai, the land use rights and the building ownership rights of the property are not subject to any mortgages or third party encumbrance;

   d. The Tenancy Agreement has been duly registered and filed with the relevant authorities.

VALUATION CERTIFICATE

Group III – Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
3.	3 buildings beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	The property comprises 3 single-storey industrial buildings completed in about 1998. The property has a gross floor area of approximately 8,498.42 sq.m. The property is leased from Wuxi Boer Power Instrumentation Company Ltd., a connected party of the Company for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019 at an annual rent of RMB840,000, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for production and storage purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated 22 February 2010, entered into between Wuxi Boer Power Instrumentation Company Ltd. ("Wuxi Boer"), a connected party of the Company, and Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), an indirect wholly-owned subsidiary of the Company, the property is leased to Boer Wuxi for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019 at an annual rent of RMB840,000, exclusive of management fees, water and electricity charges.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to 3 Building Ownership Certificates – Xi Fang Quan Zheng Hui Shan Zi Di Nos. HS1000243853-1 to HS10000243853-3, the property is owned by Wuxi Boer;

   b. The Tenancy Agreement is valid; and

   c. The Tenancy Agreement has been duly registered and filed with the relevant authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
4.	A unit on Level 2 of Building No. 7 beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	The property comprises a unit on Level 2 of a 2-storey industrial building completed in 1998. The property has a gross floor area of approximately 80 sq.m. The property is leased from Wuxi Boer Power Instrumentation Company Limited, a connected party of the Company, for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019 at an annual rent of RMB7,200.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated 22 February 2010, entered into between Wuxi Boer Power Instrumentation Company Ltd, ("Wuxi Boer"), a connected party of the Company, and Wuxi Boer Power Engineer Co., Ltd. ("Boer Services Co"), an indirect wholly-owned subsidiary of the Company, the property is leased to Boer Wuxi for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019 at an annual rent of RMB7,200.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to a Building Ownership Certificate – Xi Fang Quan Zheng Hui Shan Zi Di No. HS1000243853-3, the property is owned by Wuxi Boer;

   b. The Tenancy Agreement is valid; and

   c. The Tenancy Agreement has been duly registered and filed with the relevant authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
5.	Unit 508 on Level 5 of Tower A Jiahao International Center No. 116 Zizhuyuan Road Haidian District Beijing The PRC	The property comprises a unit on Level 5 of a 15-storey composite building completed in 2004. The property has a gross floor area of approximately 150 sq.m. The property is leased from Zhang Jianqi, an independent third party, for a term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012 at an annual rent of RMB150,000, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated 1 January 2010, entered into between Zhang Jianqi, an independent third party, and Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), an indirect wholly-owned subsidiary of the Company, the property is leased to Boer Wuxi for a term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012 at an annual rent of RMB150,000.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to a Building Ownership Certificate – Jing Fang Quan Zheng Hai Si Yi Zi Di No. 0073659, the property is owned by Zhang Jianqi;

   b. The Tenancy Agreement is valid; and

   c. The Tenancy Agreement has been duly registered and filed with the relevant authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
6.	Unit 2210 on Level 22 of Tower No. 3 Jiaye International Mansion No. 158 Lushan Road Jianye District Nanjing City Jiangsu Province The PRC	The property comprises a unit on Level 22 of a 29-storey office building completed in 2006. The property has a gross floor area of approximately 327.57 sq.m. The property is leased from Zheng Feng, an independent third party, for a term of 3 years commencing from 16 January 2010 and expiring on 15 January 2013 at an annual rent of RMB182,400, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement dated 25 December 2009, entered into between Zheng Feng, an independent third party, and Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), an indirect wholly-owned subsidiary of the Company, the property is leased to Boer Wuxi for a term of 3 years commencing from 16 January 2010 and expiring on 15 January 2013 at an annual rent of RMB182,400.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Tenancy Agreement is valid; and

   b. The non-registration of the Tenancy Agreement with the relevant authorities will not affect the validity of the Tenancy Agreement. However, Boer Wuxi is preparing to apply for the registration of the Tenancy Agreement with relevant authorities as otherwise Boer (Wuxi) may be subject to a penalty of up to RMB10,000 according to the Regulation of Nanjing on the Lease of Premises.

VALUATION CERTIFICATE

Group IV – Property interest rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2010 *RMB*
7.	Unit 1805 on the 18th Floor Vicwood Plaza 199 Des Voeux Road Central Hong Kong	The property comprises a unit on the 18th Floor of a 39-storey office building completed in about 1987. The property has a lettable area of approximately 142.1 sq.m. Pursuant to Tenancy Agreements made between Power Investment (H.K.) Limited, as Tenant, and Foxhill Investment Limited, as Landlord and an Independent Third Party, the property is leased by the Group for a term of 2 years commencing from 1 April 2010 and expiring on 31 March 2012 at a monthly rent of HK$56,030, exclusive of rates, management fees and air-conditioning charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. The registered owner of the property is Foxhill Investment Limited with Memorial No. UB8989535 dated 31 July 2003.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2010 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 30 September 2010. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate for his shares. The Companies Law prohibits the issue of bearer shares to any person other than an authorised or recognised custodian defined in the Companies Law. The requirement on all service providers to implement appropriate due diligence procedures on the identity of a client in order to "know your client" as a result of proceeds of crime legislation mandates that special procedures should be followed when issuing bearer shares.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a member or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or

(ff) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election. There is no shareholding qualification for Directors.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than fourteen clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

(i) the chairman of the meeting; or

(ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to Shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the Shareholders not less than twenty-one days before the general meeting to those Shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a newspaper circulating generally in Hong Kong or, where applicable, any other newspapers in accordance with the requirements of the Stock Exchange, at such times and for such periods as the Board may determine. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 12 February 2010 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) in the redemption and repurchase of shares (in accordance with the detailed provisions of section 37 of the Companies Law);

(iv) writing-off the preliminary expenses of the company;

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(vi) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorised the manner of purchase, a company cannot purchase any of its own shares without the manner of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details).

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is *ultra vires* the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking for the Company is for a period of twenty years from 2 March 2010.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments. The Cayman Islands are not a party to any double tax treaties.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as the directors may, from time to time, think fit. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the members so resolve in general meeting by special resolution, or, by ordinary resolutions when the company is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed off, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (b) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY AND SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 12 February 2010.

Our Company has been registered in Hong Kong under Part XI of the Companies Ordinance as a non-Hong Kong company and our principal place of business in Hong Kong is at Unit 1805,18/F, Vicwood Plaza,199 Des Voeux Road Central, Hong Kong. In compliance with the requirements of the Companies Ordinance, Ms. Jia Lingxia (an executive Director and the chief operating officer of our Company) and Mr. To Kwong Yeung (the company secretary and the chief financial officer of our Company) of No. 99, Qian Road, Qian Xiang Village, Luoshe Town, Huishan District, Jiangsu Province, PRC and Flat B, 31/F, Block 4, Phase 3 Belvedere Garden, Tsuen Wan, Hong Kong respectively have been appointed as our agents for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulation of the Cayman Islands and our Company's constitution which comprises the Memorandum of Association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in Appendix V of this prospectus.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK$390,000 divided into 3,900,000 shares with a par value of HK$0.1 each;

On 12 February 2010, one ordinary share was issued and allotted to Reid Services Limited as the initial subscriber, which was subsequently transferred by Reid Services Limited to King Able at a consideration of HK$0.1 and 999 ordinary shares were issued and allotted to King Able.

On 30 September 2010, our Company acquired the entire share capital of Cheer Success from its then shareholders, King Able and Silver Crest. In consideration of the aforesaid acquisition, our Company issued and allotted a total of 9,000 new Shares to the then shareholders of Cheer Success.

Pursuant to the resolutions in writing of the sole Shareholder of our Company passed on 30 September 2010 below, the authorised share capital of our Company was increased from HK$390,000 to HK$200,000,000 by the creation of an additional 1,996,100,000 Shares.

Save for the aforesaid and as mentioned in the section headed "Resolutions in writing of the sole Shareholder passed on 30 September 2010" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of the sole Shareholder passed on 30 September 2010

Pursuant to the resolutions in writing passed by the sole Shareholder on 30 September 2010:

(a) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue (including the Offer Shares) and to be issued as mentioned herein (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); (ii) the agreement on the Offer Price having been entered into between the Company and the Joint Global Coordinators; (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators acting for themselves and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, in each case prior to

8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares commence on the Stock Exchange (which is expected to be on or around 20 October 2010) (or such later time and/or date as may be agreed in writing):

(i) the International Offering and the Hong Kong Public Offering were approved and the Directors were authorised to effect the same and to allot and issue the new Shares in the International Offering and the Hong Kong Public Offering;

(ii) the Over-allotment Option was approved, and the Directors were authorised to effect the same and to allot and issue the Shares upon the exercise of the Over-allotment Option;

(iii) the rules of the Share Option Scheme (the principal terms of which are set out in the section headed "Other Information – Share Option Scheme" below) were approved and adopted and the Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with the Shares pursuant thereto and to take all such steps as they consider necessary and/or desirable to implement or give effect to the Share Option Scheme; and

(iv) the share premium account of our Company was approved to be credited as a result of the issue of the Offer Shares pursuant to the Global Offering, and conditional on the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, an amount of HK$56,249,000 (then standing to the credit of the share premium account of our Company) be capitalised and applied to pay up in full at par value of a total number of 562,490,000 Shares for allotment and issue to the following Shareholders of our Company in the following manner:

Shareholder	**No. of Shares to be allotted and Issued**
King Able	517,490,800
Silver Crest	44,999,200
Total	562,490,000

(b) the authorised share capital of our Company was increased from HK$390,000 to HK$200,000,000 by the creation of additional 1,996,100,000 Shares;

(c) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with Shares (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to, or in consequence of, the Global Offering, the Capitalisation Issue, a rights issue, the exercise of any subscription rights granted or to be granted under the Share Option Schemes, any scrip dividend scheme or similar arrangement, any adjustment of rights to subscribe for Shares under options or warrants or a special authority granted by the shareholders of the Company, with an aggregate nominal value of not more 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of any options granted or to be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable law or the Articles of Association of the Company; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(d) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares with a total nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable law or the Articles of Association of the Company; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(e) the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above provided that such extended amount shall not exceed 10% of the total nominal value of Shares in issue immediately following the completion of the Global Offering and Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme) such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable law or the Articles of Association of the Company; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(f) the share swap agreement to be entered into between King Able, Silver Crest, Mr. Qian Yixiang and Ms. Jia Lingxia and the Company was approved and the Directors were authorised to effect the same and to allot and issue new Shares to King Able and Silver Crest pursuant to such share swap agreement; and

(g) our Company approved and adopted the Articles.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the Listing, pursuant to which our Company became the ultimate holding company within our Group. The Reorganisation involved the following procedures:

(a) King Able was incorporated in the BVI on 5 January 2010 and it was wholly owned by Mr. Qian Yixiang and Ms. Jia Lingxia. Cheer Success was incorporated in the BVI on 18 January 2010 and it was wholly owned by our Company;

(b) pursuant to an equity transfer agreement dated 8 January 2010, Yixing Boai transferred 20% equity interest in Boer Yixing to Boer Hong Kong at a consideration of US$250,000;

(c) pursuant to an equity transfer agreement dated 12 January 2010, Wuxi Boer transferred 15% equity interest in Boer Wuxi to Boer Hong Kong at a consideration of US$1.95 million;

(d) on 29 January 2010, Cheer Success subscribed for and Boer Hong Kong issued and allotted to it 90,000 new shares in Boer Hong Kong at a subscription price of HK$90,000;

(e) Cheer Success acquired an aggregate of 10,000 shares held by Mr. Qian Yixiang and Ms. Jia Lingxia in Boer Hong Kong at a total consideration of HK$10,000 on 31 January 2010;

(f) on 2 March 2010, Silver Crest purchased from King Able 80 ordinary shares of US$1.00 each in Cheer Success at a consideration of US$15 million;

(g) pursuant to an equity transfer agreement dated 20 May 2010, Mr. Jia Minghao transferred 75% equity interest in Yixing Boai (which had been held by Mr. Jia Minghao on trust for Boer Hong Kong since 5 March 2007) to Boer Hong Kong at a consideration of US$100. Our Group had submitted the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong to the Foreign Trade and Economic Cooperation Department of Jiangsu Province for approval and the application was still being processed as at the Latest Practicable Date;

(i) on 30 September 2010, our Company acquired Cheer Success by entering into a share swap agreement with King Able and Silver Crest, pursuant to which our Company acquired from King Able and Silver Crest 1,000 ordinary shares of US$1.00 each in Cheer Success representing the entire issued and paid up share capital of Cheer Success. The consideration for the acquisition was satisfied by the allotment and issue of 8,200 and 800 new Shares of HK$0.10 each in the share capital of our Company, credited as fully paid, to King Able and Silver Crest, respectively.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. The following sets out the changes to the share capital made by the subsidiaries of our Company during the two years preceding the date of this prospectus:

(a) Cheer Success

(i) On 18 January 2010, Cheer Success was incorporated in the BVI with an authorised share capital of US$50,000.

(ii) On 29 January 2010, King Able subscribed for 100 ordinary shares of US$1.00 each in the share capital of Cheer Success at the consideration of US$100.00. After such subscription, the issued share capital of Cheer Success was US$100, made up of 100 ordinary shares of US$1.00 each.

(iii) On 1 March 2010, King Able subscribed for 900 ordinary shares of US$1.00 each in the share capital of Cheer Success at the consideration of US$900. After such subscription, the issued share capital of Cheer Success was increased to US$1,000, made up of 1,000 ordinary shares of US$1.00 each.

(iv) On 2 March 2010, King Able transferred 80 shares in Cheer Success to Silver Crest. After such transfer, Cheer Success was owned as to 92% by King Able and 8% by Silver Crest.

(v) On 30 September 2010, our Company acquired the entire share capital of Cheer Success from its then shareholders, King Able and Silver Crest. In consideration of such acquisition, our Company issued and allotted a total of 9,000 new Shares to the then shareholders of Cheer Success.

(b) Boer Hong Kong

(i) On 30 March 2005, Boer Hong Kong was incorporated in Hong Kong with authorised share capital of HK$10,000.00 divided into 10,000 ordinary shares of HK$1.00 each. 5,000 ordinary shares were issued and allotted to each of Mr. Qian Yixiang and Ms. Jia Lingxia as fully paid.

(ii) On 29 January 2010, the authorised share capital of Boer Hong Kong was increased to HK$100,000, divided into 100,000 shares of HK$1.00 each, by the creation of 90,000 shares of HK$1.00 each. On the same day, Cheer Success subscribed for 90,000 ordinary shares of HK$1.00 each in the share capital of Boer Hong Kong. After such subscription, 90,000 shares were owned by Cheer Success (representing 90% of its then issued share capital), 5,000 shares were owned by Mr. Qian Yixiang (representing 5% of its then issued share capital) and 5,000 shares were owned by Ms. Jia Lingxia (representing 5% of its then issued share capital).

(iii) On 31 January 2010, Mr. Qian Yixiang transferred 5,000 shares in Boer Hong Kong to Cheer Success and Ms. Jia Lingxia transferred 5,000 shares in Boer Hong Kong to Cheer Success. Since then, Cheer Success has owned all the 100,000 shares in Boer Hong Kong.

(c) Boer Wuxi

(i) On 11 July 2005, Boer Wuxi was established in the PRC as a sino-foreign equity joint venture with a registered share capital of US$1 million. On incorporation, it was owned as to 70% by Wuxi Boer and 30% by Boer Hong Kong.

(ii) On 1 August 2007, it was approved that the registered capital of Boer Wuxi be increased from US$1.0 million to US$13.0 million and the increased registered capital was fully settled on 13 November 2009. As a result, the registered capital of US$13.0 million of Boer Wuxi was contributed as to 15% by Wuxi Boer and 85% by Boer Hong Kong.

(iii) On 1 February 2010, Boer Hong Kong acquired from Wuxi Boer 15% of the equity interest in Boer Wuxi, upon which Boer Hong Kong owned the entire equity interest in Boer Wuxi and Boer Wuxi was converted from a sino-foreign equity joint venture to a wholly foreign-owned enterprise.

(d) Boer Yixing

(i) On 7 November 2005, Boer Wuxi was established in the PRC as a sino-foreign equity joint venture with a registered share capital of US$1.25 million. On incorporation, it was owned as to 20% by Yixing Boai and 80% by Boer Hong Kong.

(ii) On 2 February 2010, Boer Hong Kong acquired from Yixing Boai 20% of the equity interest in Boer Yixing, upon which, Boer Hong Kong owned the entire equity interest in Boer Yixing and Boer Yixing was converted from a sino-foreign equity joint venture to a wholly foreign-owned enterprise.

(e) Yixing Boai

(i) Yixing Boai was incorporated as a PRC domestic limited liability company on 15 January 2004 with a registered capital of RMB10 million. The registered capital was fully settled in cash on 6 January 2004 and since then the entire equity interest in Yixing Boai was owned as to 50% by Mr. Qian Yixiang, 20% by Mr. Zha Saibin, 5% by Ms. Jia Lingxia, 5% by Mr. Yao Yunliang (姚雲良), 5% by Ms. Ding Huifang (丁惠芳), 5% by Mr. Huang Jian (黃健), 5% by Mr. Wu Chang (吳昶) and 5% by Mr. Shen Weizu (沈偉祖).

(ii) On 8 March 2007, Mr. Qian Yixiang, Mr. Yao Yunliang, Ms. Jia Lingxia, Ms. Ding Huifang, Mr. Huang Jian and Mr. Wu Chang transferred an aggregate of 75% of the equity interest in Yixing Boai to Mr. Jia Minghao, while Mr. Zha Saibin and Mr. Shen Weizu transferred an aggregate of 25% of the equity interest in Yixing Boai to Wuxi Weiqi. Upon such transfer, Yixing Boai was converted into a sino-foreign equity joint venture, which was held as to 25% by Wuxi Weiqi and 75% by Mr. Jia Minghao on trust for Boer Hong Kong.

(iii) On 20 May 2010, Mr. Jia Minghao entered into an equity transfer agreement with Boer Hong Kong, pursuant to which it would transfer 75% equity interest in Yixing Boai (which had been held by Mr. Jia Minghao on trust for Boer Hong Kong since 5 March 2007) to Boer Hong Kong at a consideration of US$100. The application for such transfer had been submitted to the Foreign Trade and Economic Cooperation Department of Jiangsu Province for approval and the application was still being processed as at the Latest Practicable Date.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

Save as set out above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Further information about our Group's PRC subsidiaries

Our Group has interests in a number of major PRC subsidiaries. Set out below is a summary of the corporate information of these PRC subsidiaries:

(1) Boer Wuxi

Date of Establishment:	11 July 2005 (as a sino-foreign joint venture at its incorporation)
Place of Establishment:	Jiangsu, the PRC
Nature:	Wholly-owned foreign enterprise
Registered Capital:	US$13 million
Shareholder:	Boer Hong Kong

(2) Boer Yixing

Date of Establishment:	7 November 2005 (as a sino-foreign joint venture at its incorporation)
Place of Establishment:	Jiangsu, the PRC
Nature:	Wholly-owned foreign enterprise
Registered Capital:	US$1.25 million
Shareholder:	Boer Hong Kong

(3) Boer Services Co

Date of Establishment:	4 November 2008
Place of Establishment:	Jiangsu, the PRC
Nature:	Limited liability company
Registered Capital:	RMB5 million
Shareholder:	Boer Wuxi

(4) Yixing Boai (Note 1)

Date of Establishment:	15 January 2004
Place of Establishment:	Jiangsu, the PRC
Nature:	Sino-foreign joint venture
Registered Capital:	RMB10 million
Shareholders:	Boer Hong Kong (75%)
	Wuxi Weiqi (25%)

Note 1: On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement, pursuant to which both parties agreed to transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at nominal consideration and terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group had submitted to the Foreign Trade and Economic Cooperation Department of Jiangsu Province the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong for approval and the application was still being processed as at the Latest Practicable Date.

7. Repurchase by our Company of its own securities

This section includes information relating to the repurchase of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(A) Relevant legal and regulatory requirements in Hong Kong

The Listing Rules permit shareholders to grant a general mandate to the Directors of a company to repurchase shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by shareholders in general meeting.

(a) Shareholders' approval

All the proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by the sole Shareholder on 30 September 2010, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which our Company's securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (excluding the Shares which may be issued under the Over-allotment Option).

(b) Source of funds

Repurchases by our Company must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) Trading Restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of the Shares in issue immediately after the completion of the Global Offering (excluding the Shares which may be issued under the Over-allotment Option). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by it to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. Our Company also shall not purchase its Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

(d) Status of repurchased shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(e) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as at the date hereof, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the Shares on the Stock Exchange if our Company has breached the Listing Rules.

(f) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares, reporting the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(g) Connected parties

Our Company is prohibited from knowingly repurchasing Shares on the Stock Exchange from a "connected person" (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to our Company on the Stock Exchange.

(B) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(C) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our Company's working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 750,000,000 Shares in issue immediately after the Global Offering (assuming that the Over-allotment Option is not exercised), could accordingly result in up to 75,000,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by Cayman Islands law or the Articles of Association to the held; or (3) the revocation or variation of the purchase mandate by ordinary resolution of Shareholders in a general meeting, whichever occurs first (the "Relevant Period"). If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 778,125,000 Shares in issue immediately after the Global Offering could result in up to 77,812,500 Shares being repurchased by our Company during the Relevant Period.

(D) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Group.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Group is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Group, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

8. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(A) a trust agreement dated 5 March 2007 between Mr. Jia Minghao and Boer Hong Kong relating to the trust arrangement for the 75% equity interest in Yixing Boai (which was supplemented by a supplemental trust agreement between Mr. Jia Minghao and Boer Hong Kong dated 19 January 2010 and described in item (H) below);

(B) an agreement dated 6 September 2008 between Fuyang Industry and Boer Yixing relating to an acquisition of 48.9% equity interest in an independent third party company ("**the Independent Company**") and provision of a loan of RMB6 million by Boer Yixing to Fuyang Industry (the "**Loan**");

(C) a loan agreement dated 6 September 2008 between Boer Yixing, Fuyang Industry and Fuyang Electrical relating to certain arrangements for repayment of the Loans;

(D) a contracted operation and management agreement dated 8 March 2009 between Boer Yixing and Fuyang Industry (the "**Contracted Operation and Management Agreement**") relating to the operation and management arrangements in respect of the Independent Company;

(E) an equity transfer agreement dated 8 March 2009 between Boer Yixing and Fuyang Electrical (the "**Equity Transfer Agreement**") relating to the acquisition of 48.9% equity interest in the Independent Company by Boer Yixing;

(F) an equity transfer agreement dated 8 January 2010 between Boer Hong Kong and Yixing Boai relating to the acquisition of 20% equity interest in Boer Yixing by Boer Hong Kong;

(G) an equity transfer agreement dated 12 January 2010 between Boer Hong Kong and Wuxi Boer relating to the acquisition of 15% equity interest in Boer Wuxi by Boer Hong Kong;

(H) a supplemental trust agreement dated 19 January 2010 between Boer Hong Kong and Mr. Jia Minghao relating to the trust arrangement for the 75% equity interest in Yixing Boai (together with the original trust agreement dated 5 March 2007 and entered into between Mr. Jia Minghao and Boer Hong Kong described in item (A) above);

(I) a supplemental agreement dated 20 January 2010 between Boer Yixing, Fuyang Electrical and Fuyang Industry relating to, inter alia:

(i) the postponement of the performance of Boer Yixing's obligations under the Contracted Operation and Management Agreement;

(ii) the transfer of the benefit of the Loan from Fuyang Electrical to Boer Yixing and the determining of the term of the Loan to one year from the date on which the Loan was provided to the Independent Company by Fuyang Electrical; and

(iii) the postponement of the performance of Boer Yixing's obligations under the Equity Transfer Agreement and the granting of an option to Boer Yixing to elect whether to proceed with the acquisition of 48.9% equity in the Independent Company;

(J) an investment agreement dated 1 March 2010 between Cheer Success, King Able, Mr. Qian Yixiang, Ms. Jia Lingxia and Silver Crest relating to, inter alia, transfer of certain shares representing 8% of the then issued share capital of Cheer Success from King Able to Silver Crest;

(K) the Master Agreement dated 15 March 2010 between Boer Yixing and Shanghai Boer relating to the sale and purchase of electrical components and parts between Boer Yixing and Shanghai Boer, details of which are set out in the paragraph headed "Non-exempt Continuing Connected Transactions" in the section headed "Connected Transactions" of this prospectus;

(L) a termination and equity transfer agreement dated 20 May 2010 between Boer Hong Kong and Mr. Jia Minghao relating to the termination of the trust arrangement for the 75% equity interest in Yixing Boai;

(M) an equity transfer agreement dated 20 May 2010 between Boer Hong Kong and Mr. Jia Minghao relating to the transfer of 75% equity interest in Yixing Boai to Boer Hong Kong;

(N) a cornerstone investment agreement dated 28 September 2010 between the Company, Oceanbase and the Joint Global Coordinators;

(O) a cornerstone investment agreement dated 4 October 2010 between the Company, VP and the Joint Global Coordinators;

(P) a share swap agreement dated 30 September 2010 between King Able, Silver Crest, Mr. Qian Yixiang, Ms. Jia Lingxia and our Company relating to the transfer of the entire issued share capital in Cheer Success by King Able and Silver Crest to our Company in exchange for an issue of 8,200 and 800 Shares in our Company to King Able and Silver Crest, respectively;

(Q) Deed of indemnity dated 6 October 2010 entered into between King Able, Mr. Qian Yixiang, Ms. Jia Lingxia and our Company whereby our Controlling Shareholders have provided certain indemnities in favour of our Company, details of the taxation and estate duty related indemnities are set out in the paragraph headed "Estate duty and tax indemnity" below;

(R) Deed of non-competition dated 6 October 2010 entered into between our Controlling Shareholders and our Company, details of which are set out in the section headed "Relationship with our Controlling Shareholders" of this prospectus; and

(S) Hong Kong Underwriting Agreement dated 6 October 2010, details of which are set out in the section headed "Underwriting" in this prospectus.

9. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks in the PRC:

Trademark	Registered owner	Class	Registration number	Validity period
BOER	Boer Wuxi	9	5677835	14 February 2010 to 13 February 2020
博 耳	Boer Wuxi	9	5677836	28 August 2009 to 27 August 2019
BOER Technologies 博耳科技	Boer Wuxi	9	5678334	14 March 2010 to 13 March 2020
pozer	Boer Wuxi	9	5733108	14 September 2009 to 13 September 2019
pozer	Boer Wuxi	9	6058781	21 January 2010 to 20 January 2020
博 耳	Boer Wuxi	30	6254943	14 February 2010 to 13 February 2020
博 耳	Boer Wuxi	29	6254944	21 September 2009 to 20 September 2019
博 耳	Boer Wuxi	28	6254945	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	27	6254946	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	26	6254947	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	25	6254948	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	24	6254949	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	23	6254950	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	22	6254951	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	21	6254952	21 February 2010 to 20 February 2020

Trademark	Registered owner	Class	Registration number	Validity period
博 耳	Boer Wuxi	20	6254953	14 February 2010 to 13 February 2020
博 耳	Boer Wuxi	19	6254954	28 February 2010 to 27 February 2020
博 耳	Boer Wuxi	18	6254955	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	17	6254956	28 February 2010 to 27 February 2020
博 耳	Boer Wuxi	16	6254957	28 February 2010 to 27 February 2020
博 耳	Boer Wuxi	15	6254958	28 January 2010 to 27 January 2020
博 耳	Boer Wuxi	14	6254959	14 February 2010 to 13 February 2020
博 耳	Boer Wuxi	13	6254960	7 March 2010 to 6 March 2020
博 耳	Boer Wuxi	12	6254961	7 February 2010 to 6 February 2020
博 耳	Boer Wuxi	11	6254962	21 March 2010 to 20 March 2020
博 耳	Boer Wuxi	10	6254963	21 January 2010 to 20 January 2020
博 耳	Boer Wuxi	9	6254964	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	8	6254965	14 March 2010 to 13 March 2020
博 耳	Boer Wuxi	7	6254966	7 February 2010 to 6 February 2020
博 耳	Boer Wuxi	6	6254967	7 February 2010 to 6 February 2020
博 耳	Boer Wuxi	5	6254968	14 March 2010 to 13 March 2020
博 耳	Boer Wuxi	4	6254969	14 March 2010 to 13 March 2020
博 耳	Boer Wuxi	3	6254970	28 February 2010 to 27 February 2020

Trademark	Registered owner	Class	Registration number	Validity period
博耳	Boer Wuxi	2	6254971	21 March 2010 to 20 March 2020
博耳	Boer Wuxi	1	6254972	21 March 2010 to 20 March 2020
pozer	Boer Wuxi	10	6254973	14 March 2010 to 13 March 2020
pozer	Boer Wuxi	9	6254974	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	8	6254975	14 March 2010 to 13 March 2020
pozer	Boer Wuxi	7	6254976	28 May 2010 to 27 May 2020
pozer	Boer Wuxi	6	6254977	21 February 2010 to 20 February 2020
pozer	Boer Wuxi	4	6254979	28 June 2010 to 27 June 2020
pozer	Boer Wuxi	2	6254981	21 August 2010 to 20 August 2020
pozer	Boer Wuxi	1	6254982	21 March 2010 to 20 March 2020
pozer	Boer Wuxi	20	6254993	28 June 2010 to 27 June 2020
pozer	Boer Wuxi	19	6254994	14 April 2010 to 13 April 2020
pozer	Boer Wuxi	17	6254996	28 February 2010 to 27 February 2020
pozer	Boer Wuxi	15	6254998	14 February 2010 to 13 February 2020
pozer	Boer Wuxi	14	6254999	21 February 2010 to 20 February 2020
pozer	Boer Wuxi	13	6255000	7 March 2010 to 6 March 2020
pozer	Boer Wuxi	12	6255001	7 February 2010 to 6 February 2020
pozer	Boer Wuxi	11	6255002	28 March 2010 to 27 March 2020

Trademark	Registered owner	Class	Registration number	Validity period
pozer	Boer Wuxi	30	6255003	7 February 2010 to 6 February 2020
pozer	Boer Wuxi	29	6255004	21 September 2009 to 20 September 2019
pozer	Boer Wuxi	28	6255005	28 June 2010 to 27 June 2020
pozer	Boer Wuxi	27	6255006	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	26	6255007	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	24	6255009	28 June 2010 to 27 June 2020
pozer	Boer Wuxi	23	6255010	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	22	6255011	28 June 2010 to 27 June 2020
pozer	Boer Wuxi	21	6255012	7 May 2010 to 6 May 2020
博耳	Boer Wuxi	45	6255013	28 March 2010 to 27 March 2020
博耳	Boer Wuxi	44	6255014	28 March 2010 to 27 March 2020
博耳	Boer Wuxi	43	6255015	28 March 2010 to 27 March 2020
博耳	Boer Wuxi	42	6255016	14 June 2010 to 13 June 2020
博耳	Boer Wuxi	41	6255017	14 June 2010 to 13 June 2020
pozer	Boer Wuxi	45	6255018	7 June 2010 to 6 June 2020
pozer	Boer Wuxi	44	6255019	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	43	6255020	7 June 2010 to 6 June 2020
pozer	Boer Wuxi	42	6255021	14 June 2010 to 13 June 2020

Trademark	Registered owner	Class	Registration number	Validity period
pozer	Boer Wuxi	41	6255022	14 June 2010 to 13 June 2020
pozer	Boer Wuxi	40	6255023	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	39	6255024	14 June 2010 to 13 June 2020
pozer	Boer Wuxi	38	6255025	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	37	6255026	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	36	6255027	28 March 2010 to 27 March 2020
pozer	Boer Wuxi	35	6255028	14 June 2010 to 13 June 2020
pozer	Boer Wuxi	34	6255029	21 September 2009 to 20 September 2019
pozer	Boer Wuxi	33	6255030	21 January 2010 to 20 January 2020
pozer	Boer Wuxi	32	6255031	28 January 2010 to 27 January 2020
pozer	Boer Wuxi	31	6255032	21 September 2009 to 20 September 2019
博 耳	Boer Wuxi	40	6255033	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	39	6255034	14 June 2010 to 13 June 2020
博 耳	Boer Wuxi	38	6255035	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	37	6255036	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	36	6255037	28 March 2010 to 27 March 2020
博 耳	Boer Wuxi	35	6255038	14 June 2010 to 13 June 2020
博 耳	Boer Wuxi	34	6255039	21 September 2009 to 20 September 2019

Trademark	Registered owner	Class	Registration number	Validity period
博 耳	Boer Wuxi	33	6255040	21 January 2010 to 20 January 2020
博 耳	Boer Wuxi	32	6255041	28 January 2010 to 27 January 2020
博 耳	Boer Wuxi	31	6255042	21 September 2009 to 20 September 2019
	Boer Wuxi	37	6607193	7 April 2010 to 6 April 2020

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks in the PRC, the registration of which have not been granted:

Trademark	Applicant	Class	Application number	Application date
pozer	Boer Wuxi	5	6254978	3 September 2007
pozer	Boer Wuxi	25	6255008	3 September 2007

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks in Hong Kong, the registration of which have not been granted:

Trademark	Applicant	Class	Application Number	Application Date
博 耳	Boer Wuxi	9, 35, 37, 41, 42	301567738	19 March 2010
博耳科技 博耳科技	Boer Wuxi	9, 37	301567747	19 March 2010
A BOER B BOER	Boer Wuxi	9, 35, 37, 41, 42	301568584	22 March 2010

(b) Patents

All the patents appearing in this paragraph (b) are patents owned by our Group and are not part of the deemed distribution from Wuxi Boer.

As at the Latest Practicable Date, our Group had registered the following patents in the PRC:

Patent	Registered owner	Type	Certificate number	Validity period
Multi Circuit Monitoring device (多回路多功能電力綜合通訊儀錶)	Boer Wuxi	Invention	ZL200710021450.9	13 April 2007 to 12 April 2027
Multi Circuit Monitoring device (多回路多功能電力綜合通訊儀錶)	Boer Wuxi	Utility model	ZL200720036149.0	13 April 2007 to 12 April 2017
Low consumption digital meter case (低功耗電池供電儀錶外殼結構)	Boer Wuxi	Utility model	ZL200820040945.6	26 June 2008 to 25 June 2018
Power monitoring meter (綜合電力測控儀)	Boer Wuxi	Utility model	ZL200820116416.X	8 May 2008 to 7 May 2018
Visible cut-off safety isolation switch box (斷點式可視安全隔離開關箱)	Boer Wuxi	Utility model	ZL200820037232.4	4 June 2008 to 3 June 2018
Three phase current meter (低功耗電池供電三相電流表)	Boer Yixing	Utility model	ZL200820040944.1	26 June 2008 to 25 June 2018
Movable lifting truck (可移動專用開關小車)	Boer Yixing	Utility model	ZL200820038462.2	20 June 2008 to 19 June 2018
Automation meter case (自動化儀錶盒外殼結構)	Boer Yixing	Utility model	ZL200820040943.7	26 June 2008 to 25 June 2018

Patent	Registered owner	Type	Certificate number	Validity period
Power monitoring meter (綜合電力測控儀) (PMW2000)	Boer Wuxi	Design	ZL200830030116.5	15 May 2008 to 14 May 2018
Power monitoring device 電力測控儀 (PMW300)	Boer Wuxi	Design	ZL200830030117.X	15 May 2008 to 14 May 2018
Digital meter for frequency transducer 數顯頻率變送智能儀錶 (M300H)	Boer Yixing	Design	ZL200830030119.9	16 May 2008 to 15 May 2018
Mutli circuit monitoring device 多回路綜合通訊儀錶 (PMW1000)	Boer Yixing	Design	ZL200830030120.1	16 May 2008 to 15 May 2018
Current meter 電流錶 (IM100)	Boer Yixing	Design	ZL200830030118.4	16 May 2008 to 15 May 2018
Circuit structure for MV electrical distribution system (輸變電系統中中壓開關櫃的電路結構)	Boer Wuxi	Utility model	ZL200920045263.9	12 May 2009 to 11 May 2019
Intelligent electrical control switchgear (智能型電力控制櫃)	Boer Wuxi	Utility model	ZL200920234082.0	6 August 2009 to 5 August 2019

As at the Latest Practicable Date, our Group had applied for registration of the following patents in the PRC:

Title	Applicant	Type	Application number	Application date
Power monitoring device used in operating theatre (潔淨手術室專用的測量監控指示器)	Boer Yixing	Invention	201010158159.8	28 April 2010
Power monitoring service used in operating theatre (潔淨手術室專用的測量監控指示器)	Boer Yixing	Utility model	201020172961.8	28 April 2010
Intelligent electrical controlgear for shield digging machine (智能型盾構機電力控制裝置	Boer Wuxi	Utility model	201020223062.6	4 June 2010
Intelligent Power Monitoring System for Substation (變電站智能監控系統)	Boer Yixing	Utility model	201020256792.6	13 July 2010
Field Bus Power Monitoring System for LV Switchgear (總綫型低壓控制系統)	Boer Wuxi	Utility Model	201020271033.7	21 July 2010
Motorised operational mechanism molded case circuit breaker (塑殼斷路器電動操作顯示裝置)	Boer Yixing	Utility model	201020268779.2	23 July 2010
Ring main unit mechanical interlock (環網櫃機械連鎖機構)	Boer Wuxi	Utility model	201020299916.9	17 August 2010
Ring main unit mechanical interlock (環網櫃機械連鎖機構)	Boer Wuxi	Invention	201010258609.0	17 August 2010

(c) Domain

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Registered owner	Expiry date
Wuxi-power.com	Boer Wuxi	14 April 2011
Yixing-boer.com	Boer Yixing	25 December 2011
Yixing-boai.com	Yixing Boai	9 April 2011

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF AND EXPERTS

10. Directors

(a) Disclosure of interest – interests and short positions of the Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalisation Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the interest or short position of Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions seven and eight of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed are as follows:

Name	Capacity/Nature of interest	Number of Shares directly or indirectly held immediately following completion of the Global Offering	Approximate percentage of issued Share immediately following completion of the Global Offering
Mr. Qian Yixiang[1]	Interest of a controlled corporation	517,500,000	69%
Ms. Jia Lingxia[2]	Interest of a controlled corporation	517,500,000	69%

Notes:

1. Mr. Qian Yixiang is the beneficial owner of 50% of the entire issued share capital in King Able and a director of King Able. Mr. Qian Yixiang is deemed to be interested in the Shares held by King Able by virtue of the SFO as King Able is controlled by Mr. Qian Yixiang. Mr. Qian Yixiang, the spouse of Ms. Jia Lingxia, is deemed to be interested in Ms. Jia Lingxia's interests in the Company by virtue of the SFO.

2. Ms. Jia Lingxia is the beneficial owner of 50% of the entire issued share capital in King Able and a director of King Able. Ms. Jia Lingxia is deemed to be interested in the Shares held by King Able by virtue of the SFO as King Able is controlled by Ms. Jia Lingxia. Ms. Jia Lingxia, the spouse of Mr. Qian Yixiang, is deemed to be interested in Mr. Yan's interests in the Company by virtue of the SFO.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity	Number of shares	Percentage of shareholding interest
Mr. Qian Yixiang	King Able	Beneficial owner	50	50%
Ms. Jia Lingxia	King Able	Beneficial owner	50	50%

(c) Particulars of Directors' service contracts and remuneration

Each of the executive Directors has entered into a service contract with our Company for a term of three years commencing from the date of listing, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the Executive Directors is entitled to a director's fee. Each Executive Director shall be paid a remuneration on the basis of twelve months in a year. The current annual director's fees and remuneration of the executive Directors are as follows:

Name	Annual Amount
	(HK$)
Mr. Qian Yixiang	1,200,000
Ms. Jia Lingxia	960,000
Mr. Zha Saibin	960,000
Mr. Qian Zhongming	960,000

The independent non-executive Directors have been appointed for a term of three years. Our Company intends to pay a director's fee of HK$120,000 per annum for each of Mr. Zhao Jianfeng and Mr. Tang Jianrong, and HK$180,000 per annum to Mr. Yeung Chi Tat.

Under the arrangement currently in force, the aggregate amount of emoluments payable by our Group to the Directors for the year ending 31 December 2010 will be approximately HK$1,125,000.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2009 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2009.

11. Interest discloseable under the SFO and substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the shares of our Company which, once our Shares are listed, would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company.

12. Disclaimers

Save as disclosed herein:

(a) none of the Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions seven and eight of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

(b) none of the Directors or experts referred to under the paragraph headed "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of the Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of the Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions two and three of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

(f) none of the experts referred to under the paragraph headed "Consents of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) so far as is known to the Directors, none of the Directors, their respective associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

13. Share Option Scheme

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

"Adoption Date"	30 September 2010, the date on which the Share Option Scheme was conditionally adopted by written resolutions of all the Shareholders;
"Board"	the Board of Directors for the time being or a duly authorised committee thereof;
"Business Day"	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
"Date of Grant"	in respect of an Option, the Business Day on which the Board resolves to make an Offer, or the grant of an Option to a Participant, whether or not the Offer is subject to Shareholders' approval on the terms of the Share Option Scheme;
"Grantee"	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the personal representative of such person;
"Group"	the Company and its Subsidiaries;
"Offer"	the offer of the grant of an Option;
"Option"	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
"Option Period"	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
"Participants"	directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group;
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of our Company, the shares forming part of the ordinary equity share capital of our Company or such nominal amount as shall result from any such sub-division reduction, consideration, reclassification or reconstruction;

"Shareholder(s)"	holder(s) of the Shares;
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (iv) below; and
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) of our Company, whether incorporated in Hong Kong or elsewhere.

(a) Summary of terms

The Share Option Scheme contains the following terms:

(i) Purpose

The purpose of the Share Option Scheme is to reward Participants who have contributed to our Group and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole.

(ii) Who may join

The Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (iv) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme is terminated or after the Participant has ceased to be a Participant.

An Offer is deemed to be accepted when our Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to our Company of HK$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.

The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of the Board, include, among other things, (aa) the minimum period for which an Option must be held before it can be exercised; and/or (bb) a performance target that must be reached before the Option can be exercised in whole or in part; and (cc) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

The Directors may or may not set performance targets that must be achieved before the options can be exercised, but no such performance targets are presently prescribed under the Share Option Scheme.

The rules of the Share Option Scheme enable the Directors to determine the terms and conditions of any option based in each case on relevant factors as they consider appropriate. The Directors believe that the authority given to them under the Share Option Scheme to set any minimum holding period and/or performance targets as conditions in any option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of our Company and any of its subsidiaries as well as to achieve the purpose of the Share Option Scheme.

(iii) Grant of Options to connected persons or any of their associates

Any grant of Options to any Director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of our Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of our Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

(aa) representing in aggregate over 0.1 per cent. of the Shares in issue on the date of such grant; and

(bb) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). Our Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of our Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

(iv) Subscription Price

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(aa) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;

(bb) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and

(cc) the nominal value of the Shares.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, any lock up period, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the options as the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

(v) Maximum number of Shares

(aa) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 75,000,000 Shares, representing 10% in nominal amount of the aggregate of Shares in issue on the Listing Date (not taking into account any Shares which may be allotted and issued under the Over-allotment Option) (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Our Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

(bb) Notwithstanding the foregoing, our Company may grant Options beyond the Scheme Mandate Limit to Participants if:

(1) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before such Shareholders' approval is sought; and

(2) our Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

(cc) Subject to paragraph (dd) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of our Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "Individual Limit").

(dd) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(ee) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time.

(vi) Time of exercise of option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period.

(vii) Rights are personal to grantees

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

(viii) (aa) Rights on termination of employment by dismissal

(1) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or, has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option will lapse automatically and not be exercisable (to the extent not already exercised) on or after the date of termination of his employment.

(2) If the Grantee who is an employee or a Director of our Company or another member of our Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (viii)(aa)(1) above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of his employment (which date shall be the Grantee's last actual working day with our Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable; and shall on that day cease to be exercisable.

(bb) Rights on death

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (viii)(aa)(1) above have arisen, his personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of twelve months following the date of his death provided that where any of the events set out in paragraphs (x), (xi), (xii) and (xiii) occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods set out in such paragraphs provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (xi) which would have entitled our Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and our Company shall return to him the amount of the Subscription Price for the Shares received by our Company in respect of the purported exercise of such Option;

(ix) Effect of alterations to share capital

In the event of an alteration in the capital structure of our Company, whilst any Option remains exercisable, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or, consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made to:

(aa) the number or nominal amount of Shares subject to the Option so far as unexercised; or

(bb) the Subscription Price,

or any combination thereof, provided that:

(1) any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled; and

(2) notwithstanding paragraph (ix)(aa) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the Supplemental Guidance on Listing Rule 17.03 issued by the Stock Exchange on 5 September 2005;

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or our Company's auditors must confirm to the Directors in writing that the adjustments are in their opinion fair and reasonable.

(x) Rights on a general offer by way of takeover

In the event of a general offer by way of takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by our Company at any time within such period as shall be notified by our Company.

(xi) Rights on a general offer by way of scheme of arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter, (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company.

(xii) Rights on winding up

In the event a notice is given by our Company to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(xiii) Rights on a compromise or arrangement

In the event a compromise or arrangement (other than a scheme of arrangement) between our Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(xiv) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Memorandum of Association and Articles of Association of our Company for the time being in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which these Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividend or other distributions paid or made after the date on which the Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(xv) Period of the Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. Our Company may, by ordinary resolution in a general meeting or, such date as the board of Directors determines, terminate the Share Option Scheme at any time without prejudice to the exercise of Options granted prior to such termination.

(xvi) Alterations to the Share Option Scheme

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(xvii) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to:

(aa) the passing of the resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;

(bb) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date (being 75,000,000 Shares)); and

(cc) the commencement of trading of the Shares on the Main Board of the Stock Exchange.

(xviii) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

(aa) the expiry of the Option Period;

(bb) the expiry of the periods referred to in paragraphs (viii)(aa), (viii)(bb), (x), (xi), (xii), (xiii) above respectively;

(cc) the expiry of the period referred to in paragraph (x) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;

(dd) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (xi) above;

(ee) the date of commencement of the winding-up of our Company;

(ff) the date on which the Grantee ceases to be a Participant as referred to in paragraph (viii)(aa)(1) above;

(gg) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and

(hh) subject to paragraph (viii)(aa)(2), the date the Grantee ceases to be a Participant for any other reason.

(xix) Termination of the Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at anytime terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

(xx) Restriction on Grant of Option

In addition, a grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers or in such other manner as prescribed by the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(aa) the date of the board meeting of our Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and

(bb) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(xxi) Cancellation

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits prescribed by paragraph (v), excluding the cancelled Options, and are otherwise granted in accordance with the terms of the Share Option Scheme.

(b) Present Status of the Share Option Scheme

As at the date of this prospectus, no Option has been granted or agreed to be granted pursuant to the Share Option Scheme.

14. Indemnities

Our Controlling Shareholders have given indemnities pursuant to the Deed of Indemnity as referred to in this section of this prospectus headed "Summary of our material contracts" in connection with, inter alia, any losses, costs and/or expenses that our Group may suffer directly or indirectly in connection with the failure of the landlord of the office premises leased by us in Hong Kong to obtain consent from its bank regarding such lease, and taxation liabilities of our Group (if any) relating to events or matters occurred on or before the Listing Date.

The taxation indemnities in the Deed of Indemnity shall not apply in, among others, the following circumstances:

(a) to the extent that provision has been made for such taxation in the audited accounts of our Group for the Track Record Period; or

(b) to the extent that liability for such taxation would not have arisen but for some act or omission of, or transaction entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of our Controlling Shareholders otherwise than in the course of normal day to day operations or carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date;

(c) to the extent that any provisions or reserve made for taxation in the audited accounts of our Group up to 30 June 2010 is finally established to be an over-provision or an excessive reserve; or

(d) to the extent that such taxation claim arises or is incurred as a consequence of any change in the law having retrospective effect and coming into force after the date thereof or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands.

15. Litigation

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group that would have a material adverse effect on our Group's results of operations or financial condition.

16. Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Main Board.

17. Preliminary expenses

The estimated preliminary expenses of our Company are approximately HK$156,000 and are payable by our Company.

18. Promoter

Our company has no promoter for the purposes of the Listing Rules. Within two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

19. Qualification of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
CCB International Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Stephenson Harwood	Legal advisers to our Company as to Hong Kong law
Grandall Legal Group (Shenzhen)	Legal advisers to our Company as to PRC law
Appleby	Cayman Islands attorneys-at-law
Jones Lang LaSalle Sallmanns Limited	Independent professional surveyors and valuers
Roland Berger	Independent strategy consultant

20. Roland Berger

In connection with the Global Offering, we commissioned Roland Berger to conduct a detailed analysis of the electrical distribution equipment and automation market in the PRC. Certain information set forth in this prospectus has been extracted from the Roland Berger Report.

Roland Berger, founded in 1967, is one of the world's leading strategy consultancies. With 36 offices in 25 countries, the company has successful operations in all major international markets. In 2008, it generated EUR 670 million in revenues with 2,100 employees. The strategy consultancy is an independent partnership exclusively owned by about 180 partners.

21. Consents of experts

Each of CCB International Capital Limited, KPMG, Stephenson Harwood, Grandall Legal Group (Shenzhen), Appleby, Jones Lang LaSalle Sallmanns Limited and Roland Berger has given and has not withdrawn its written consents to the issue of this prospectus with copies of their reports, letters, valuation, opinions or summaries of opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

22. Binding effects

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

23. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, the Selling Shareholders, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription of, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

24. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

25. Miscellaneous

(a) Save as disclosed herein:

(i) within two years immediately preceding the date of this prospectus:

- no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

- no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Share in our Company or any of its subsidiaries; and

- no amount or benefit has been paid or given or intended to be paid or given to the promoter of our Company;

(ii) neither our Company nor any of our subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures;

(iii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iv) there has been no material adverse change in the financial position or prospects of our Group since 30 June 2010 and there is no event since 30 June 2010 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus; and

(v) there has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group.

(b) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a Hong Kong branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by, our Company's Hong Kong Share Registrar in Hong Kong and may not be lodged in the Cayman Islands.

(c) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in sub-paragraph headed "Consents of experts" in Appendix VI to this prospectus and copies of the material contracts referred to in sub-paragraph headed "Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Stephenson Harwood at 35/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the audited financial statements of our Group for each of the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 (or for the period since their respective dates of incorporation where it is shorter), except for those companies that were incorporated after 30 June 2010 and those companies for which there are no statutory audit requirements in their jurisdiction of incorporation;

(c) the accountants' report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

(d) the letter from KPMG relating to unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the letters from KPMG and CCB International Capital Limited relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;

(f) the letter, summary of values and valuation certificate relating to the property interests of our Group prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV to this prospectus;

(g) the letter of advice prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix V to this prospectus;

(h) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus;

(i) the service agreements with the Directors, referred to in the sub-paragraph headed "Particulars of Directors' service contracts and remuneration" in Appendix VI to this prospectus;

(j) the written consents referred to in the sub-paragraph headed "Consents of experts" in Appendix VI of this prospectus;

(k) the PRC legal opinion issued by Grandall Legal Group (Shenzhen), our Company's PRC legal advisers, in relation to, among other things, the corporate status of the PRC subsidiaries of our Company;

(l) the Hong Kong legal due diligence report issued by Stephenson Harwood, our Company's legal advisers as to the Hong Kong law, in relation to, among other things, the corporate status of the Hong Kong subsidiary of our Company;

(m) the Roland Berger Report;

(n) the rules of the Share Option Scheme; and

(o) the Companies Law.

BOER POWER HOLDINGS LIMITED
博耳電力控股有限公司