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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- Revenue increased by 20.8% to approximately RMB2,473.6 million.
- Revenue from the new segment, Cloud-managed Service, amounted to approximately RMB1.1 million which represented 0.1% of total revenue.
- Revenue from sales of Intelligent Electrical Distribution System Solutions increased by 19.7% to approximately RMB1,385.3 million which represented 56.0% of total revenue.
- Revenue from sales of Energy Efficiency Solutions increased by 27.7% to approximately RMB879.6 million which represented 35.6% of total revenue.
- Revenue from Components and Spare Parts Business increased by 4.5% to approximately RMB202.2 million which represented 8.1% of total revenue.
- Revenue from sales of Electrical Distribution System Solutions decreased by 42.8% to approximately RMB5.5 million which represented 0.2% of total revenue.
- Gross profit margin increased slightly from 35.3% to 35.7%.
- Profit attributable to equity shareholders of the Company increased by approximately 13.3% to approximately RMB519.9 million.
- Both basic and diluted earnings per share were RMB69 cents (2014: RMB61 cents).
- The directors proposed to declare a second special dividend of HK13 cents per ordinary share.
- As at 31 December 2015, the outstanding contract backlog amounted to approximately RMB3,011.8 million. Most of the outstanding contract backlog is expected to be completed in 2016.

The Board of Directors (the "Board") of Boer Power Holdings Limited (the "Company" or "Boer Power") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** *RMB'000*	2014 *RMB'000*
Revenue	5	**2,473,646**	2,048,454
Cost of sales	5	**(1,590,704)**	(1,326,018)
Gross profit	5	**882,942**	722,436
Other income	6	**118,606**	123,280
Selling and distribution expenses		**(79,338)**	(58,156)
Administrative expenses		**(211,847)**	(164,565)
Profit from operations		**710,363**	622,995
Finance costs	7(a)	**(80,045)**	(74,117)
Profit before taxation	7	**630,318**	548,878
Income tax	8	**(106,494)**	(94,394)
Profit for the year		**523,824**	454,484
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside mainland China		**(16,719)**	(2,622)
Net movement in fair value reserve of available-for-sale investments		**–**	155
Other comprehensive income for the year		**(16,719)**	(2,467)
Total comprehensive income for the year		**507,105**	452,017
Profit attributable to:			
Equity shareholders of the Company		**519,884**	458,917
Non-controlling interests		**3,940**	(4,433)
Profit for the year		**523,824**	454,484

	Note	2015 RMB'000	2014 RMB'000
Total comprehensive income attributable to:			
Equity shareholders of the Company		**503,165**	456,450
Non-controlling interests		**3,940**	(4,433)
Total comprehensive income for the year		**507,105**	452,017
Earnings per share (RMB cents)	10		
Basic		**69**	61
Diluted		**69**	61

Details of the dividends payable to equity shareholders of the Company attributable to the profit for the year are disclosed in note 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Note	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000 (Restated)	At 1 January 2014 RMB'000 (Restated)
Non-current assets				
Investment property, other property, plant and equipment		**246,443**	207,661	212,077
Construction in progress		**75,549**	5,312	1,373
Intangible assets		**3,845**	4,441	5,034
Lease prepayments		**75,423**	77,350	79,277
Prepayments for purchase of equipment and acquisition of land use right		**3,056**	3,123	2,148
Prepayment for an investment		**30,180**	30,180	–
Deferred tax assets		**13,713**	7,725	4,847
		448,209	335,792	304,756
Current assets				
Inventories		**102,971**	129,691	68,969
Trade and other receivables	11	**4,630,933**	2,592,620	1,297,759
Current tax asset		**8,111**	9,496	21,012
Pledged deposits		**369,071**	403,925	128,346
Available-for-sale investments		**99,500**	229,000	649,641
Time deposits with original maturity over three months		**–**	50,000	103,449
Cash and cash equivalents		**155,285**	665,769	851,690
		5,365,871	4,080,501	3,120,866
Current liabilities				
Bank loans	12	**1,851,562**	671,074	429,541
Trade and other payables	13	**1,670,092**	1,408,041	824,091
Amount due to a related party		**26,556**	92,762	200,212
Current tax liabilities		**50,199**	49,204	6,625
		3,598,409	2,221,081	1,460,469
Net current assets		**1,767,462**	1,859,420	1,660,397
Total assets less current liabilities		**2,215,671**	2,195,212	1,965,153
Non-current liability				
Deferred tax liabilities		**16,066**	2,340	2,574
NET ASSETS		**2,199,605**	2,192,872	1,962,579
CAPITAL AND RESERVES				
Share capital		**66,010**	66,010	66,241
Reserves		**2,130,230**	2,127,437	1,892,580
Total equity attributable to equity shareholders of the Company		**2,196,240**	2,193,447	1,958,821
Non-controlling interests		**3,365**	(575)	3,758
TOTAL EQUITY		**2,199,605**	2,192,872	1,962,579

NOTES

1. GENERAL INFORMATION

Boer Power Holdings Limited 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. The Company and its subsidiaries (together referred to as the "Group") are principally engaged in design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solution services in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

The Group prepares its financial statements in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong.

These consolidated financial statements for the year ended 31 December 2015 comprise the Company, its subsidiaries and a trust established for the Group's share award scheme. The consolidated financial statements are presented in Renminbi ("RMB") because the functional currency of most of the Group's subsidiaries is RMB. All financial information presented in RMB has been rounded to the nearest thousand, except when otherwise indicated. The measurement basis used in the preparation of the financial statements is the historical cost basis except for available-for-sale investments. 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.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. PRIOR YEAR ADJUSTMENTS

Restatements of Certain Line Items of the Group's Consolidated Statement of Financial Position and Consolidated Cash Flow Statement in relation to the Group's Factoring Arrangements

In the second half of 2015, the Group reviewed its factoring arrangements and made certain adjustments for the year ended 31 December 2013 and 2014, which resulted in restatements to certain line items of its consolidated statement of financial position and consolidated cash flow statement.

Factoring arrangements are value-added features that the Group provides to qualified customers since 2012, which reduce the customers' time pressure to make payments while also reducing the Group's outstanding trade receivables. When the Group enters into a factoring arrangement with a bank and a customer in relation to certain trade receivables from the customer, the Group assigns the trade receivables to the bank in exchange of payment by the bank for the acquisition of the creditor's right. The Group bears the factoring charges as stipulated in the factoring agreements. The customer agrees to settle the outstanding amount with the bank upon the agreed-upon time of maturity. Repayment of outstanding amount should be made through a factoring account maintained by the Group with the relevant bank, and the Group is not under any obligation to repay any outstanding amount under the factoring arrangement in the event that the customer fails to pay upon maturity. Consequently, such trade receivables are derecognised from the Group's trade receivables balance when the Group is paid in full by the bank.

Since 2013, certain customers requested the relevant banks to grant re-financing when their outstanding amount under the relevant factoring arrangements reached maturity. As outstanding amounts of factoring arrangements are tied to the Group's factoring accounts as well as the available lines of credit of the Group with such banks in general, and also as a measure to maintain relationship with the customers and the banks, the Group decided to finance the customers to settle certain outstanding amount upon maturity by repaying such outstanding amounts directly to the relevant banks. Such amount settled by the Group on behalf of customers should be recognised as "Loans to customers" which is included in the trade and other receivables on the Group's consolidated statements of financial position.

As such settlements on behalf of customers were not initially planned and took place on an ad-hoc and individually negotiated basis, the finance department of the Group due to oversight, failed to properly and systematically document such transactions, including loans to customers, financing for such loans, and subsequent settlement from customers as they took place. Such oversight was discovered recently during the process in preparation of the annual results for the year ended 31 December 2015. Following that, the management immediately performed a full examination and assessment of its trade receivables previously derecognised under the factoring arrangement and the financing of the customers. In addition to making the necessary adjustments and restatements of the Group's consolidated statements of financial position and consolidated cash flow statement, the Group has adopted certain immediate and long-term measures to remedy and prevent future occurrence of such oversight. Such measures include:

1. the Group decided to relieve Mr. Huang Liang from his current role as the chief financial officer of the Group. The Group is currently searching for qualified candidates for a replacement. Until such replacement is appointed, Ms. Jia Lingxia, a Director and Controlling Shareholder, will actively assume the role of the chief financial officer.

2. the Group is in the process of hiring additional qualified personnel for its finance department and implementing specific internal control procedures in relation to factoring arrangements.

3. the Group hired additional qualified personnel to add to its internal audit department and granted the internal audit department additional authority to oversee the performance of the finance department, including a quarterly internal audit process to be performed by the internal audit department.

4. the Group is in the process of drafting additional internal control measures and considering setting up an internal control department to further enhance its internal control to ensure the finance department of the Group properly and systematically document and record all transactions in time.

4. PRIOR YEAR ADJUSTMENTS (CONTINUED)

The Group also reviewed and re-evaluated its general practice of factoring arrangements. After careful deliberation, the Group believes the factoring arrangements serve a valid business purpose in terms of fostering business relationship with valuable customers and commercial banks. Going forward, the Group will continue to adopt a stringent evaluation process in selecting factoring arrangements to enter into as well as liaise with the relevant banks to provide a more flexible period of factoring to selected customers which better suits their repayment schedule. The restatements and impacts to the consolidated statement of financial position and consolidated cash flow statement include:

Consolidated statement of financial position

	As at 31 December 2014		
	As previously reported	**Adjustments Increase/ (decrease)**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Trade and other receivables	1,652,244	940,376	2,592,620
Cash and cash equivalents	1,287,182	(621,413)	665,769
Bank loans	421,074	250,000	671,074
Trade and other payables	1,431,840	(23,799)	1,408,041
Amount due to a related party	–	92,762	92,762

	As at 1 January 2014		
	As previously reported	**Adjustments Increase**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Trade and other receivables	1,097,547	200,212	1,297,759
Amount due to a related party	–	200,212	200,212

Consolidated cash flow statement

	Year ended 31 December 2014		
	As previously reported	**Adjustments Increase/ (decrease)**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from/(used in) operating activities	509,868	(763,962)	(254,094)
Net cash used in financing activities	(281,024)	142,549	(138,475)

	Year ended 31 December 2013		
	As previously reported	**Adjustments Increase/ (decrease)**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	548,870	(350,592)	198,278
Net cash generated from financing activities	291,042	350,592	641,634

4. PRIOR YEAR ADJUSTMENTS (CONTINUED)

(a) Increases of trade and other receivables

As a result of the financing for the customers and after adjusting for the settlement of those loans, the trade and other receivables were restated to RMB1,297,759,000 and RMB2,592,620,000 as at 31 December 2013 and 2014, respectively, from the previously stated amount of RMB1,097,547,000 and RMB1,652,244,000, respectively.

(b) Increase of bank loans

Bank loans of RMB250,000,000 were drawn in 2014 to facilitate the financing for customers. As a result, the bank loans were restated to RMB671,074,000 as at 31 December 2014 from the previously stated amount of RMB421,074,000.

(c) Amount due to a related party

The Group took certain interest-free advances from a Controlling Shareholder which were repayable on demand in 2013 to finance the loans to customers and partially repaid such advances subsequently, which resulted in a liability due to a related party in the amount of RMB200,212,000 and RMB92,762,000 as at 31 December 2013 and 2014, respectively.

(d) Change in consolidated cash flow statement

For reasons stated above, certain adjustments were also made to the consolidated cash flow statement, including: decreases in operating cash flow in the amount of RMB350,592,000 and RMB763,962,000 for the year ended 31 December 2013 and 2014, respectively, and increases in financing cash flow in the amount of RMB350,592,000 and RMB142,549,000 for the year ended 31 December 2013 and 2014, respectively.

The restatements do not affect the Group's net current assets, net assets, consolidated statement of profit or loss and other comprehensive income and profit attributable to equity shareholders of the Company. The Group further notes that, of the RMB805,715,000 loans to customers and outstanding as at 31 December 2014, RMB237,153,000, or 29%, was repaid as at 29 March 2016.

5. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are design, manufacture and sale of electrical distribution equipment, and provision of electrical distribution systems solution services in the PRC.

Revenue represents the sales value of goods and services sold less returns, discounts and value added 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 five separate segments:

– Cloud-managed Service ("Cloud-managed Service"), which is a segment newly set up in 2015;

– Electrical Distribution System Solutions ("EDS Solutions");

– Intelligent Electrical Distribution System Solutions ("iEDS Solutions"), which include product line series of Intelligent Power Grid Solutions and Intelligent Power Distribution Integrated Solutions;

– Energy Efficiency Solutions ("EE Solutions"), which include product line series of Managed and Enhanced EE Solutions and Equipment-enhanced EE Solutions; and

– Components and Spare Parts Business ("CSP Business"), which includes product line series of Special CSP and Standard CSP.

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

In presenting the information on the basis of business segments, segment revenue and results are based on the revenue and gross profits of Cloud-managed Service, EDS Solutions, iEDS Solutions, EE Solutions, CSP Business.

	Revenue *RMB'000*	Cost of sales *RMB'000*	Gross profit *RMB'000*	Depreciation and amortisation included in cost of sales *RMB'000*
Year ended 31 December 2015				
Cloud-managed Service	**1,108**	**(832)**	**276**	**7**
EDS Solutions	**5,500**	**(4,245)**	**1,255**	**34**
iEDS Solutions	**1,385,303**	**(919,542)**	**465,761**	**8,505**
Intelligent Power Grid Solutions	**194,467**	**(122,728)**	**71,739**	
Intelligent Power Distribution Integrated Solutions	**1,190,836**	**(796,814)**	**394,022**	
EE Solutions	**879,566**	**(516,416)**	**363,150**	**5,400**
Managed and Enhanced EE Solutions	**841,707**	**(481,999)**	**359,708**	
Equipment-enhanced EE Solutions	**37,859**	**(34,417)**	**3,442**	
CSP Business	**202,169**	**(149,669)**	**52,500**	**1,241**
Special CSP	**116,981**	**(86,811)**	**30,170**	
Standard CSP	**85,188**	**(62,858)**	**22,330**	
	2,473,646	**(1,590,704)**	**882,942**	**15,187**
Year ended 31 December 2014				
Cloud-managed Service	–	–	–	–
EDS Solutions	9,615	(7,141)	2,474	67
iEDS Solutions	1,156,832	(784,683)	372,149	8,010
Intelligent Power Grid Solutions	193,950	(133,084)	60,866	
Intelligent Power Distribution Integrated Solutions	962,882	(651,599)	311,283	
EE Solutions	688,574	(401,023)	287,551	4,768
Managed and Enhanced EE Solutions	658,285	(375,002)	283,283	
Equipment-enhanced EE Solutions	30,289	(26,021)	4,268	
CSP Business	193,433	(133,171)	60,262	1,339
Special CSP	87,492	(60,065)	27,427	
Standard CSP	105,941	(73,106)	32,835	
	2,048,454	(1,326,018)	722,436	14,184

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

The reconciliation of depreciation and amortisation included in cost of sales to consolidated depreciation and amortisation is as follows:

	2015	2014
	RMB'000	*RMB'000*
Cost of sales	**15,187**	14,184
Administrative expenses	**8,867**	8,622
	24,054	22,806

The Group does not allocate any specific assets or expenditures for property, plant and equipment to the operating segments as the 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 revenue and gross profit of the Group are attributable to the PRC.

6. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income from financial institutions	**15,523**	20,908
Other interest income	**8,257**	–
Investment income	**10,511**	43,946
Refund of value added taxes ("VAT")^	**69,030**	51,239
Net gain on disposal of available-for-sale investments	**–**	2,230
Government grants	**936**	1,896
Others	**14,349**	3,061
	118,606	123,280

^ Pursuant to the VAT law implemented by the State Administration of Taxation in the PRC, taxpayers selling self-developed software products are required to pay VAT at the rate of 17% but are entitled to a 14% VAT refund. Refund of VAT is recognised by the Group when the amount is received from the relevant tax authority.

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2015 *RMB'000*	2014 *RMB'000*
(a)	Finance costs:		
	Interest on bank borrowings	**36,302**	21,333
	Interest on factoring of trade receivables	**43,743**	52,784
		80,045	74,117
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	**8,983**	8,901
	Equity-settled share-based payment expenses	**11,781**	4,785
	Salaries, wages and other benefits	**124,368**	79,645
		145,132	93,331
(c)	Other items:		
	Amortisation of intangible assets	**570**	579
	Amortisation of lease prepayments	**1,927**	1,927
	Depreciation	**21,557**	20,300
	Auditors' remuneration	**5,714**	3,307
	Impairment losses for trade and other receivables	**5,641**	13,042
	Operating lease charges in respect of properties	**4,910**	3,605
	Research and development (other than staff costs)	**52,944**	50,203
	Net loss on disposal of property, plant and equipment	**4**	110
	Net foreign exchange losses	**6,217**	3,849
	Cost of inventories sold#	**1,590,704**	1,326,018

Cost of inventories sold includes approximately RMB54,453,000 (2014: RMB50,490,000) 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 7(b) and (c) for each of these types of expenses.

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax for the year	**100,074**	85,580
(Over)/under-provision in respect of prior year	**(2,703)**	410
Withholding tax *(note (iv))*	**1,385**	11,516
Deferred tax		
Origination and reversal of temporary differences		
– Withholding tax *(note (iv))*	**14,000**	–
– Others	**(6,262)**	(3,112)
	106,494	94,394

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision has been made for Profits Tax in Hong Kong and Corporate Taxes in Spain as the Group did not earn any income subject to Hong Kong Profits Tax and did not earn any taxable profit subject to Spanish Corporate Taxes during each of the years ended 31 December 2015 and 2014.

(iii) PRC income tax

Pursuant to the PRC Corporate Income Tax Law and its implementation, provision for PRC income tax of the Group is calculated based on the statutory income tax rate of 25% except for (a) Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), Boer (Yixing) Power System Co., Ltd.* ("博耳(宜興)電力成套有限公司" or "Boer Yixing") and 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"), which are qualified as High and New Technology Enterprises, and are therefore entitled to a preferential tax rate of 15%; and (b) Boer (Wuxi) Software Technology Limited* ("博耳(無錫)軟件科技有限公司" or "Boer Software") which is a qualified Software Enterprise and is therefore entitled to a preferential tax rate of 12.5% in 2015 and 2014.

(iv) Withholding tax

According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

Dividends withholding tax represents mainly tax charged by the PRC tax authority on dividends distributed by the Group's subsidiaries in Mainland China during the year.

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

9. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year:

	2015	2014
	RMB'000	*RMB'000*
Interim dividend declared and paid of HK26 cents per share (2014: Nil)	**162,158**	–
Special dividend declared and paid of HK20 cents per share (2014: HK18 cents declared after the end of the reporting period)	**126,779**	109,144
Second special dividend proposed after the end of the reporting period of HK13 cents per share (2014: Nil)	**81,555**	–
Final dividend proposed after the end of the reporting period (2014: HK19 cents per share)	**–**	114,072
	370,492	223,216

The dividends declared and proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB519,884,000 (2014: RMB458,917,000) and the weighted average of 749,227,000 ordinary shares (2014: 753,612,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**773,769**	776,469
Effect of shares repurchased	**–**	(185)
Effect of shares held for share award scheme	**(24,542)**	(22,672)
Weighted average number of ordinary shares at 31 December	**749,227**	753,612

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB519,884,000 (2014: RMB458,917,000) and the weighted average number of 749,257,000 ordinary shares (2014: 753,684,000 shares) in issue adjusted for the potential dilutive effect caused by the shares granted under the share award scheme, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**749,227**	753,612
Effect of unvested shares under the Company's share award scheme	**30**	72
Weighted average number of ordinary shares (diluted) at 31 December	**749,257**	753,684

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables in the consolidated statement of financial position comprise:

	2015 *RMB'000*	2014 *RMB'000* (Restated)
Trade receivables	**2,922,656**	1,368,862
Loans to customers	**1,282,435**	805,715
Retention receivables	**165,204**	149,644
Bills receivable	**27,068**	6,450
Prepayments, deposits and other receivables	**233,570**	261,949
	4,630,933	2,592,620

Loans to customers of RMB1,282,435,000 (2014: RMB805,715,000) were made for settlement of their outstanding amounts to the banks on behalf of its customers under the factoring arrangements.

All of the trade and other receivables except for retention receivables are expected to be recovered or realised within one year.

(a) Impairment of trade receivables, loans to customers, retention receivables and bills receivable

Impairment losses in respect of trade receivables, loans to customers, retention 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, loans to customers, retention receivables and bills receivable directly.

The movement in the allowance for doubtful debts during the year, based on collective assessment, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**25,652**	12,610
Provision for impairment loss recognised	**5,641**	13,042
Uncollectible amounts written off	**(2,828)**	–
Exchange adjustments	**14**	–
At 31 December	**28,479**	25,652

The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered or before refinancing the customers for repayment of their outstanding amounts due to the banks upon maturity of the existing factoring arrangements. The Group's review includes amongst other, credit history, market conditions, prior year's purchases and estimated purchases for the coming year, where available. In addition, the terms and progress of the customer's project investment are also reviewed for refinancing of factoring receivables. 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. In the case of granting loans to customers, the Group will evaluate the value of the collaterals to ensure sufficiency of the existing pledge. The Group chases its customers to settle due balances and monitors the settlement progress on an ongoing basis.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, loans to customers, retention receivables and bills receivable (which are included in trade and other receivables) and net of allowance for doubtful debts, is as follows:

	2015 *RMB'000*	2014 *RMB'000* (Restated)
Current	**2,960,660**	1,153,923
Less than 3 months past due	**467,610**	573,909
More than 3 months but less than 6 months past due	**85,774**	71,959
More than 6 months but less than 1 year past due	**219,169**	116,754
More than 1 year past due	**664,150**	414,126
Amounts past due	**1,436,703**	1,176,748
	4,397,363	2,330,671

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 and/or have good financial strength. Based on experience, the directors believe 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 considered fully recoverable. The directors consider that this is in line with the industry practice especially for infrastructure investment projects. The directors have considered the projects involved and background of each overdue debtor and determined that no additional provision is needed.

At 31 December 2015, RMB2,105,235,000 of the Group's trade receivables and loans to customers balance were secured by the Group's customers, as follows:

(i) Collaterals in the form of leasehold land, properties and construction in progress; and

(ii) Pledge of the customers' certain assets, including equity interests and rights to collection of service fee income.

12. BANK LOANS

At 31 December 2015, the effective interest rates of the bank loans of the Group were in the range from 1.30% to 6.50% per annum (2014: range from 2.35% to 5.60% (restated) per annum) and were secured by certain of the Group's assets as follows:–

(i) Unlisted investments in wealth management products with principal amounts of RMB64,000,000; and

(ii) Pledged deposits of approximately RMB246,980,000.

As at 31 December 2015, bank loans of RMB909,253,000 were in connection to factoring arrangements with customers during the year.

13. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Trade payables	**1,289,704**	896,079
Bills payable	**231,071**	391,622
Receipts in advance	**11,274**	20,616
Other payables and accruals	**138,043**	99,724
	1,670,092	1,408,041

Bills payable as at 31 December 2015 and 2014 were secured by pledged bank deposits.

All of the trade and other payables are expected to be settled within one year.

As of the end of the reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), is as follows:

	2015	2014
	RMB'000	*RMB'000*
Due within 1 month or on demand	**1,185,052**	1,022,505
Due after 1 month but within 3 months	**273,221**	224,057
Due after 3 months but within 6 months	**62,502**	41,139
	1,520,775	1,287,701

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The growth of the total gross domestic product of the PRC met a slowdown in 2015 at a growth rate of 6.9% and amounted to RMB67.7 trillion. Despite the slower growth, the economic growth rate still remained at a reasonable level. Overall, the economic development of the PRC steered ahead stably with national fixed assets investment amounting to approximately RMB55.2 trillion, which represents a year-on-year growth of 10%.

The pace of power grid construction in the PRC in 2015 experienced stable acceleration with investment in the power grid construction for the year, amounting to RMB460.3 billion, which represents a year-on-year growth of 11.7%, the fastest growth since the period of the 12th five year plan. Along with more efforts put into the electricity distribution network construction and rapid development of smart grid, the power supply witnessed a robust demand. Meanwhile, rapid development of medical, intelligent data centers ("IDC") and telecommunication industries and the demanding trend on intelligent and energy-saving applications continued to boost the demand on intelligent electricity distribution and energy management products and services in those sectors. Taking advantages of the strong demand, the domestic intelligent electricity distribution and energy management markets in the PRC manifest an exponential growth.

For the global market of electricity transmission and distribution equipment, India, China, Brazil, Russia, and South Africa, the countries undergoing the stage of industrialization, have evolved to provide the primary growth driver of the global market. Secondary electricity distribution equipment such as protection and dispatching control systems emerged as the new growth driver of the global market in 2015.

Business Review

In the view of the fast-growing cloud computing market, the Group integrated its experience in the high-end intelligent electricity distribution and energy efficiency management market and the self-owned "Cloud Smart" mega-data platform, and launched Cloud-managed Service in the second half of 2015. During the 12 months ended in 31 December 2015 (the "Year"), the Group's business encompassed the following five segments:

– Cloud-managed Service ("Cloud-managed Service")

– 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 2015, the development of the medical service, IDC and telecommunication industries and the demand of transition into internet-of-things and energy-saving applications boosted the demand of intelligent electricity distribution ("iED") and energy management products and services in the domestic market. On international level, developing countries put more efforts on infrastructures and accelerated infrastructure construction, resulting in a growth in demand of iED products in the foreign markets. Leveraging its advantages of independent research and development, data accumulation and service team, the Group provided iEDS Solution and EE Solution to meet the needs of customers in different industries and provided remote monitoring and maintenance solutions through its own "Cloud Smart" mega-data platform. During the Year, the Group maintained good cooperation relationship with its existing customers and sought new clientele and markets on top of advantageous market shares in the major industries, resulting in growing clientele and market presence and in turn a rapid growth momentum. In terms of sector, the Group outperformed its peers in the medical services, telecommunications and IDC fields, contributing a combined revenue of 46% of the total revenue of the Group. In terms of segments, iEDS Solution and EE Solution remained in a strong growth momentum and contributed 56.0% and 35.6% of the total revenue of the Group respectively. In addition, Cloud-managed Service began to contribute revenue to the Group during the Year.

Since the implement of the policies by the central government that are favorable to hospital invested by social capital in 2014, the number of private hospitals has witnessed a rapid growth. As shown in the recent data of the National Health and Family Planning Commission, as at the end of September 2015, the number of private hospitals marked a year-on-year growth from 1,637 to 13,600, outrunning that of state-owned hospitals for the first time. The development of private hospitals is growing as the number of newly constructed hospital is increasing. In addition, stimulated by favorable national strategies, the progress of informatisation in the medical service industry speeded up and heftily promoted the growth in medical service industry's demand of intelligent electricity distribution equipment and energy management solution. As indicated in the "China Medical Informationisation Industry Indepth Research and Investment Strategy Planning Report, 2015-2020" by Qianzhan Industry Research Institute, the scale of medical information industry amounted to RMB24.8 billion in 2015 at a CAGR of 32.1%. Medical industry entails stringent requirements on safety, stability and energy saving in terms of use of electricity. As a result, the integrated solution for medical service provided by the Group, including intelligent electricity distribution equipment, medical information systems, procurement and installation of mechanical and electrical equipment, fully cater to the requirements of the medical service industry, and gained recognitions of its customers. During the Year, the Group provided integrated solution for medical service and factoring services for a number of hospitals, including Luoyang Jingdu Oncology Hospital, Luoyang Renda Hospital, Guizhou Muchuang Chinese Medicine Hospital, Linqu Aide Hospital and Zhoukou East New District People's Hospital. Revenue from the medical service industry represented 28.7% of the Group's total revenue.

Currently, the IDC market is in its fast growth with over 400,000 IDCs in China, representing 12% of the total number of IDCs worldwide. According to the latest data of the Ministry of Industry and Information Technology, the mobile data traffic in the PRC increased to 4.2 billion in 2015, representing a year-on-year growth of 103%, accelerating the formation of the IDC layout of telecommunication operators. Meanwhile, the expansion of cloud computing market facilitated more investment made by internet corporates and IDC service providers for the development of IDCs. However, the expansion of IDC industry and its modularised development posed significant energy consumption problems. In the "Opinion of the State Council regarding promotion of innovation development of cloud computering and fostering of new information industries and businesses", the Power Usage Effectiveness ("PUE") is clearly proposed to be used in the new sizable IDCs shall be above 1.5. In view of the rapid growth in number of IDC established and the trend moving towards eco-friendly applications, a continuous growth in demand of iED and energy management products and service was seen. As IDC has always been a major business to the Group, it provides "One stop Data Center Solution" featuring functions such as micro-modular machine room, iED, and dynamic environment monitoring so as to accommodate the demand of IDCs in terms of safety, stability and energy saving. Therefore, the solution is widely applied on IDCs by telecommunication operators, online content providers, financial institutions, and other industries. During the Year, the Group undertook a number of eco-friendly and large-scale IDC construction projects, including Aliyun Qiandao Lake Data Centre, Zhejiang Mobile Megadata Base, GDS Data Center, etc. Revenue from telecommunications and IDCs represented 17.3% of the Group's total revenue.

In 2015, the restructuring and upgrading projects of power grids in the rural areas, acceleration of power grid construction and restructuring and developing of comprehensive power grid, investment in power grid development in the PRC scaled up continuously, representing a record-breaking double-digital growth. The power grid industry's demand on eco-friendly electricity distribution equipment continued to grow. The Group self-developed new models of eco-friendly electricity transmission equipment, such as X-green-P Solid Insulated Ring Main Unit, which was in line with the requirement of environmental protection and intelligent applications of power grid industry. During the Year, the Group provided advanced electricity transmission and distribution equipment and solution for the Jiangxi, Shanxi, Ningxia and Heilongjiang subsidiaries of State Grid Corporation of China ("State Grid"). Revenue from the Intelligent Power Grid Solutions business represented 7.9% of the Group's total revenue.

In addition, the Group achieved fruitful results in the photovoltaics, infrastructure, and charging station industries in 2015. During the Year, the Solar Energy Product Testing and Inspection Base (Hainan) Phase I for which Boer acted as the Engineering, Procurement and Construction ("EPC") project contractor for the master contracting project was officially included as a part of the China Southern Power Grid and entered the trial run phase. In addition, the Group also cooperated with China Building Material Test & Certification Group Co., Ltd. and Xinyi Solar Group and provided them with EPC master contracting services and solar energy power system solutions for solar energy production testing base and a photovoltaic power plant projects, respectively. Meanwhile, focusing on the booming charging station market, the Group rolled out ENP AC and DC charging station featuring an array of intelligent functions during the year.

Stimulated by the policy benefits, the cloud computing market in the PRC has been growing continuously. As shown in the "The Research Report on the Development of Public Cloud in the PRC (2015)" issued by the China Academy of Telecommunication Research, the scale of public cloud market in the PRC would exceed RMB10 billion by 2015. Nowadays, for the sake of maximised cost efficiency, corporates' demand on cloud services supported by modern communication technology is growing from day to day. The Group realised the green field of the electricity distribution operation and maintenance management services, it captured this opportunity to enter into the cloud service business in reliance on the Group's "Cloud Smart" mega-data platform which can provide real time monitoring, remote operation and maintenance, energy efficiency analysis and energy saving service for customers. In June 2015, the Group cooperated with relevant governmental department to provide operation and maintenance management service of electrical distribution equipment for 20,000 households in Shijiazhuang City. In October 2015, Boer Power set up its first subsidiary named Guangdong Boer Cloud Technology Co., Ltd. for Cloud-managed Service. Boer Power's Cloud-managed Service provided services in cities such as Shijiazhuang, Foshan and Hangzhou, and began to generate revenue in the second half of 2015. Revenue from Cloud-managed Service amounted to RMB1.1 million for the Year.

For the overseas markets, countries and regions in Southeast Asia, South Asia, Middle Asia and Africa are accelerating infrastructure construction with more investment funded by the government, and this result in a substantial increase in demand of iED products in those areas. In addition, as the "One Belt, One Road" initiative buttresses the development of infrastructure of the covered areas, massive infrastructure projects comes into operation and provide power transmission and distribution enterprises in the PRC with opportunities to access to the overseas markets. According to the latest data of Ministry of Commerce, direct investments made by corporates in the PRC in the electricity, transportation, and telecommunication industries in the 60 countries covered by the "One Belt, One Road" initiative amounted to approximately US$11.7 billion, representing a year-on-year growth of 80.2%. The Group took this opportunity to expand its business overseas and formed of its global presence. During the Year, the Group entered in the South American market and was setting up a company in Mexico. Currently, the Group has deployed companies and sales teams in Spain, Mexico, Indonesia, and United Arab Emirates and established a research and development base in Spain for product development to meet local demands so as to ratchet up its market share in European markets. On the new development project front, the Group provided electricity distribution products and services for a combined-cycle power plant project in Curacao, Bangladesh, a cement project in Heidelberg, Indonesia, an oil and gas project in Turkmen, an oil project in Kazakhstan and a cement project in Saudi Arabia. In Africa, the Group also participated in electricity distribution construction for the New Luanda International Airport in Angola. During the Year, revenue from overseas markets represented 2.8% of the Group's total revenue.

During the Year, the Group stayed ahead in the industry for its research and development strengths and continued to increase its research and development capacity and launched 16 new products, including the new X-green-P Solid Insulated Ring Main Unit, e-BOX high and low voltage cabinet, NLE63NM breaker, SDW-2000A/65KA, BRX3 series micro-breakers, below 800A CB dual power source AC and DC vehicle charging station for cars and motorbikes as well as 8 new products including PMW1700 and PMW160 multi-loop power detention devices specially designed for Cloud-managed Service of the Group.

As at 31 December 2015, the Group's outstanding contract backlog amounted to approximately RMB3,011,820,000, which comprised iEDS Solutions, EE Solutions and CSP Business, mainly from customers of data centers, infrastructure, telecommunication, medical and distributors of spare parts, etc. Most of the outstanding contract backlog is expected to be completed in 2016.

The Group recorded a remarkable growth during the year. The total revenue of the Group amounted to approximately RMB2,473,646,000 for the year ended 31 December 2015, representing an increase of 20.8% as compared to that of 2014. The increase in revenue was mainly attributable to the initiatives to launch innovative products and services to suit different customer needs, meet the policies on smart grid development, energy saving and emission reduction in China, and ensure the quality enhancement of products and services. The customers became more reliant on and confident in the products and services of the Group, with an expansion in market demand as a result.

The total profit attributable to the equity shareholders of the Company amounted to approximately RMB519,884,000 for the year ended 31 December 2015, representing an increase of 13.3% as compared to that of 2014. The increase in profit was mainly due to the satisfactory growth in revenue contribution from both the iEDS Solutions and EE Solutions business segments.

As at 31 December 2015, the total assets of the Group were approximately RMB5,814,080,000 (31 December 2014 restated: approximately RMB4,416,293,000) while the total liabilities were approximately RMB3,614,475,000 (31 December 2014 restated: approximately RMB2,223,421,000) and the total equity of the Group amounted to approximately RMB2,199,605,000 (31 December 2014: approximately RMB2,192,872,000).

Operation and Financial Review

iEDS Solutions and EE Solutions performed well and in particular, sound performance and significant growth were recorded for EE Solutions during the year.

Cloud-managed Service

The Group provides customers with intelligence remote monitoring of power distribution equipment and maintenance solutions by relying on internet technology and its own "Cloud Smart" mega-data platform.

The Cloud-managed Service is the Group's new service launched to the market during 2015. The total sales of Cloud-managed Service of the Group for the year ended 31 December 2015 was approximately RMB1,108,000, which accounted for approximately 0.1% of the Group's total revenue for the year. The gross profit of this business segment was approximately RMB276,000.

The gross profit margin of Cloud-managed Service segment was 24.9% for the year.

EDS Solutions

Electrical distribution system lies between grid and end users to distribute electricity at converted voltage for end users. Nowadays, the Group's EDS Solutions have generally been replaced by iEDS Solutions.

The total sales of EDS Solutions of the Group for the year ended 31 December 2015 amounted to approximately RMB5,500,000 (2014: approximately RMB9,615,000), representing approximately 0.2% (2014: approximately 0.5%) of the Group's total revenue for the year. A decrease in sales of EDS Solutions of 42.8% was recorded and the gross profit of this business segment was approximately RMB1,255,000 (2014: approximately RMB2,474,000), representing a decline of 49.3% as compared to that of 2014.

The gross profit margin of EDS Solutions segment decreased from 25.7% for 2014 to 22.8% for the Year.

iEDS Solutions

In addition to EDS Solutions, the Group also provides electrical distribution systems with automation features which link all the electromechanical equipment together for automatic data acquisition and analysis, remote control and automated diagnosis, through which the users can remotely control the related data collected from the electromechanical systems and can be used on the analysis for energy saving solutions. These functions are useful and important to the users who require more stable and safer auto-controlled electrical distribution systems, such as intelligent data centre, telecommunication and medical services industries.

According to the different nature of the users, iEDS Solutions can be further classified into below categories:

– Intelligent Power Grid Solutions: the products and solutions being used in the power grids; and

– Intelligent Power Distribution Integrated Solutions: the products and solutions being used by end users.

The total sales of iEDS Solutions of the Group for the year ended 31 December 2015 was approximately RMB1,385,303,000 (2014: approximately RMB1,156,832,000), which accounted for approximately 56.0% (2014: approximately 56.5%) of the Group's total revenue for the year. The increase in the sales of iEDS Solutions was 19.7% for the year ended 31 December 2015. This is mainly attributable to the improvement in the security and stability of power supply of the iEDS solutions through analysis of the application data collected from customers in focused industries accumulated over the years, and the automatisation and data collection of major electrical equipment owned by the Group, through continuous optimisation of related services, as a result the services provided, could better meet the needs of the customers in focused industries, especially the customers in medical services industry. In addition, riding on the favorable national policies for the digitalisation construction relevant to medical and healthcare facilities, the demand of customers in medical services industry on the iEDS solutions of the Group was growing rapidly. The gross profit of this business segment was approximately RMB465,761,000 (2014: approximately RMB372,149,000), representing an increase of 25.2% as compared to that of 2014.

The gross profit margin of iEDS Solutions segment increased from 32.2% for 2014 to 33.6% for the year. The fluctuation in gross profit margin is within the normal range.

EE Solutions

Based on the data collected by the electrical distribution systems using its iEDS Solutions, the Group can analyse the power consumption status of users, and through management and with various consideration in relation to the power source, select the most appropriate power saving solutions and provide equipment and systems to customers that improve energy efficiency and save electricity costs. EE Solutions services include the provision and maintenance of equipment and a number of other value-added services.

According to the difference in approaches, EE Solutions can be further classified into below categories:

– Managed and Enhanced EE Solutions: the power saving products and solutions the Group provided to end-user customers of power consumption; and

– Equipment-enhanced EE Solutions: the power saving equipment and solutions the Group provided to customers at their power supply end.

The total sales of EE Solutions of the Group for the year ended 31 December 2015 was approximately RMB879,566,000 (2014: approximately RMB688,574,000), which accounted for approximately 35.6% (2014: approximately 33.6%) of the Group's total revenue for the year. The substantial increase in the sales of EE Solutions was due to the Group customises EE Solutions for different customers with the data from the customers in focused industries accumulated by the Group over the years, taking into account actual situations of various customers, to allow customers to control costs with ease. It was much more important for the customers in the industries which the energy consumption is high, thus the demand of the industries, like medical services, on the Group's EE solutions was continuously increasing. The gross profit of this business segment was approximately RMB363,150,000 (2014: approximately RMB287,551,000), representing an increase of 26.3% as compared to that of 2014.

The gross profit margin of EE Solutions segment decreased slightly from 41.8% for 2014 to 41.3% for the year. The fluctuation in gross profit margin is within the normal range.

CSP Business

The Group also manufactures components and spare parts for application on electrical distribution equipment or the basic function units of the solutions and sells such components and spare parts to its customers. Its functions can only be realised through the system or connecting with other hardware.

According to the differences of applications, CSP Business can be further classified into the below categories:

– Special CSP: the custom-made parts ordered by the Group's long term customers; and

– Standard CSP: the general parts and components being sold by the Group.

The total sales of CSP Business of the Group for the year ended 31 December 2015 was approximately RMB202,169,000 (2014: approximately RMB193,433,000), which accounted for approximately 8.1% (2014: approximately 9.4%) of the Group's total revenue for the year. An increase in the sales of CSP Business of 4.5% for the year ended 31 December 2015 was recorded. The gross profit of this business segment was approximately RMB52,500,000 (2014: approximately RMB60,262,000), representing a decrease of 12.9% as compared to that of 2014.

The gross profit margin of CSP Business segment decreased from 31.2% for 2014 to 26.0% for the year. The fluctuation in gross profit margin is within the normal range.

Prospect

As stated in the "National Medical and Healthcare System Development Plan (2015-2020)" issued by the State Council, the total number of bed spaces of the medical and healthcare institutions in the PRC is aimed to increase to over 8.40 million by 2020, and 80% of which are hospital bed spaces. According to the forecast by the Qianzhan Industry Institute, it is expected that the scale of the medical information market will exceed RMB100 billion by 2020; and according to the forecast by idcquan.com in "China IDC Industry Development Research Report", the scale of IDC market is expected to reach up to RMB91.9 billion at a CAGR of 36.6% by 2017. The construction of hospitals and IDCs will speed up, a contingent of medical institutions and IDCs will come into operation, and informatization of medical information industry and the trend of eco-friendly IDCs will become new demand drivers. All these give a boost of energy for the growth in demand of the comprehensive solutions provided by the Group. The comprehensive medical solutions and IDCs provided by the Group in line with the medical and IDC industry has been widely adopted in sizable medical institutions and IDCs, through which rich data of power consumption is collected and solid customer base is established. As a leading enterprise specializing in high-end iED and energy management, the Group is well-poised to ride on the growth of the medical services and IDC markets.

As stated in the "Power Distribution Reconstruction Plan" issued by the National Development and Reform Commission, it is expected that investments in the power distribution network will be no less than RMB2 trillion from 2015 to 2020. The State Grid Corporation of China plans to allocate RMB439.0 billion in 2016 to quicken the step of distribution network distribution while the China Southern Power Grid Company plans to invest RMB96.0 billion to strengthen power distribution networks in rural areas in 2016 and promote smart power network with an aim to raise the utilization rate of automation of power distribution network up to 80% in the urban areas 2020. The Group will continue to bring its advantages in R&D and develop more new eco-friendly power transmission and distribution equipment so as to take the opportunities brought by the robust demand in the market and capture more market shares continuously.

The scale electricity transmission and distribution management market is expected to amount to RMB100 billion. Leveraging its power consumption data collected by the Group's proprietary cloud platform, extensive experience gained, outperforming R&D competence and preeminent teams, the Group is well positioned to provide customized professional services for its customers. The Group plans to continue to develop and apply its cloud service nationwide.

The Group targets to market its Cloud-managed Service in 60 cities nationwide in 3 years and attain 2,000 customers in 15 of these cities.

On foreign market level, as estimated in "2015-2019 Global Electricity Transmission and Distribution Market" research report issued by the Infiniti Research, the global electricity transmission and distribution market is expected to grow at a CAGR of 8.28% from 2014 to 2019. The Asia Development Bank estimated that investments in infrastructure projects will amount up to US$8 trillion by 2020. For Africa Union's infrastructure development plan 2012–2020, the total investment in African infrastructure projects is expected to be scaled up to US$67.9 billion. Infrastructure efforts in the South East Asia, Middle Asia and Africa are building up, complemented with the accelerating infrastructure construction in the covered areas driven by the "One Belt, One Road" initiative, it is believed that the demand for China's power transmission and distribution products will remain strong in those areas. The Group will fully take advantage of the opportunities offered from the growth in power transmission and distribution in the global market as well as the chances brought by the "One Belt, One Road" initiative by actively participating in the bidding of foreign projects so as to enrich its foreign project portfolio while seeking to set up establishments in countries and regions with market potential with a view to expand its market footprint around the world and generate higher profits from foreign markets.

While global economy is still in the face of increasing uncertainties, the Group achieved a stable growth in the first quarter of 2016 which is in line with its expectation. In the future, the Group will remain steadfast in harnessing its advantages in technologies, experience and resources in high-end iED and energy efficiency solutions. The Group will take the opportunity to explore new markets, and step up its product competitiveness and broaden its customer base so as to offset the impact exercised by the economic uncertainties around the world, with a view to maintain a stable business growth of 15% to 20% for the year.

Liquidity and Financial Resources

The Group maintained a healthy liquidity position during the year. The Group was principally financed by internal resources. The Group's principal financial instruments comprise cash and cash equivalents, time deposits with original maturity over three months, available-for-sale investments, trade and other receivables, trade and other payables, amount due to a related party and bank loans. As at 31 December 2015, the cash and cash equivalents, net current assets and total assets less current liabilities were approximately RMB155 million (31 December 2014 restated: approximately RMB666 million), approximately RMB1,767 million (31 December 2014: approximately RMB1,859 million) and approximately RMB2,216 million (31 December 2014: approximately RMB2,195 million), respectively. As at 31 December 2015, the Group had bank loans amounting to approximately RMB1,852 million (31 December 2014 restated: approximately RMB671 million).

Assets/Liabilities Turnover Ratio

The average inventory turnover days remained 27 days for the year ended 31 December 2015 as compared to that of 2014, mainly due to the Group has maintained a good management of inventory control and thus a stable inventories level can be kept. The average trade payables turnover days increased by 44 days from 278 days for the year ended 31 December 2014 to 322 days for the year ended 31 December 2015, mainly due to increase in trade payables as at 31 December 2015 as a result of longer credit periods negotiated with certain suppliers. Furthermore, due to the increase in trade receivables turnover days, obtaining longer credit periods from suppliers in order to avoid the liquid capital will be put under pressure. The average trade receivables turnover days increased by 183 days from 313 days (restated) for the year ended 31 December 2014 to 496 days for the year ended 31 December 2015, mainly due to the Group settled the outstanding factoring receivables on behalf of certain customers this year, those receivables should be recognised as trade receivables of the Group. In addition, starting from the second half of 2012, the Group began to adopt bank factoring of trade receivables due from selected customers with good credit record to better manage its cash flow and working capital resources, gradually increasing the utilisation of such bank factoring facilities.

As at 29 March 2016, the Group received over RMB336,927,000 from customers for settlement of outstanding trade receivables, loans to customers, retention receivables and bills receivable as at 31 December 2015.

Contingent Liabilities

As at 31 December 2015, the Group did not have any contingent liabilities.

Financial Management Policies

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 PRC 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 and the impact of foreign currency risk on the Group's total sales is minimal.

Sigificant Investment Held, Material Acquisition and Disposal

The Group had no significant investments held or material acquisitions and disposals during the year ended 31 December 2015.

Employees and Remuneration Policy

The Group had 1,366 (2014: 1,290) employees as at 31 December 2015. The total staff costs for the year under review were approximately RMB145 million (2014: approximately RMB93 million). The remuneration policy was in line with the current legislation in the relevant jurisdictions, market conditions and performance of the staff and the Group.

Principal Risks and Uncertainties

1. *Market risks*

   The Group is exposed to certain market risks such as interest rate risk, credit risk (including the risk in factoring project and the risk to be borne by the Group in the event of default of payment by customers), liquidity risk, etc.

2. *Commercial risks*

   The Group is facing various competition by multinational companies in the same industry, and also finds that an increasing number of domestic competitors that enter the high-end markets. To maintain the Group's competitiveness, the management uses cost leadership strategy as well as diversifying its business strategy to tackle other competitors.

3. *Operational risks*

   The Group's operations require a certain number of government approvals and are subject to a broad range of laws and regulations governing various matters. In particular, the continuance of the Group's operations depends upon compliance with applicable environmental, health and safety and other regulations. The Group has already employed external legal consultant and business adviser and will ensure the relevant government approvals are obtained when required.

4. *Loss of key individuals or the inability to attract and retain talent*

   Lack of appropriately skilled and experienced human resource could result in a delay in achieving the Group's strategic goals. The risk of the loss of key personnel is mitigated by regular reviews of recruitment and retention practices, remuneration packages, Share Award Scheme and succession planning within the management team.

Environmental Policies and Performance

The Group adheres to environmental sustainability throughout its business operations. As a responsible corporation, we strive to ensure minimal environmental impacts by carefully managing our energy consumption and water usage level, including the establishment of self-distributed photovoltaic power plants and other initiatives.

The Group promotes environmental protection by raising the employees' awareness of resources saving and efficient use of energy. In recent years, the Group has implemented several policies to encourage employees for saving energy. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group.

Relationship with Employees

The Group believes that employees are important assets and their contribution and support are valued at all times. The Group provides competitive remuneration packages and Share Award Scheme to attract and retain employees with the aim to form a professional staff and management team that can bring the Group to new levels of success. The Group regularly reviews compensation and benefit policies according to industry benchmark, financial results as well as the individual performance of employees. Staff satisfaction can be seen by our low staff turnover. Furthermore, the Group places great emphasis on the training and development of employees and regard excellent employees as a key factor in its competiveness.

Relationship with Suppliers and Customers

The Group values mutually beneficial long standing relationships with its suppliers and customers. The Group aims at delivering high quality products and solutions to its customers and developing on mutual trust among its suppliers.

Our Directors believe that maintaining good relationships with customers has been one of the critical reasons for the Group's success. Our business model with regards to the business is to maintain and strengthen on our strong relationships within our client base. Our mission is to provide the finest products and solutions to our customers. The Group is constantly looking at ways to improve customer relations through enhanced services. Through doing the above we hope to increase the amount of business our customers do with us and our reach for new potential clients.

Compliance with Laws and Regulations

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to commit to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), Listing Rules, and other applicable laws and regulations. During the year ended 31 December 2015, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

Use of Proceeds from the Global Offering

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with a total of 215,625,000 offer shares (including shares issued as a result of the exercise of the over-allotment option) issued. The net proceeds raised from the global offering were approximately HK$1,251 million (equivalent to approximately RMB1,067 million).

The following table sets forth the status of use of proceeds from the global offering[1]:

	Proceeds from global offering		Used up to 31 December 2015	Unused balance
	RMB'000	*Percentage*	*RMB'000*	*RMB'000*
Expanding the upstream component production capability	266,637	25%	250,171	16,466
Expanding the downstream sales channel and market segment in China	373,291	35%	373,291	–
Payment of outstanding balance of the consideration in relation to the construction and completion of the Luoshe Town new plant	159,982	15%	79,431	80,551
Purchase of equipment in the Luoshe Town new plant	85,324	8%	6,693	78,631
Purchase of equipment and software in providing more efficient EE Solutions	74,658	7%	35,754	38,904
Working capital and other general corporate purposes	106,655	10%	106,000	655
	1,066,547	100%	851,340	215,207

[1] The figures in the table are approximate figures.

The unused balance of the proceeds of approximately RMB215 million are currently placed with reputable banks as the Group's cash and cash equivalents and available-for-sale investments.

It was stated in the section headed "Future Plans and Use of Proceeds" in the listing prospectus of the Company dated 7 October 2010 (the "Prospectus") that the Company intended to use approximately 35% of the net proceeds received from the global offering for setting up new companies or acquisition of companies in the electrical distribution business to expand the downstream sales channel and market segment. Since the listing of the Company on the Main Board of the Stock Exchange on 20 October 2010, the Company has incurred approximately RMB373 million for expanding the downstream sales channel and market segment in China mainly by setting up a new division, purchasing land and research and development of new products in its existing subsidiary, instead of simply setting up new companies or carrying out acquisition. The Company considers that the use of such RMB373 million is in line with the strategy and future plans of the Group to expand the downstream sales channel and market segment in China and does not constitute a material change to the use of proceeds as set out in the Prospectus. The Company also considers that it is beneficial to and in the interest of the shareholders of the Company to apply such proceeds to expand downstream sales channel and market segment.

DIVIDEND

The forthcoming annual general meeting of the Company will be held on Thursday, 26 May 2016.

The Board declared a second special dividend of HK13 cents (2014: Nil) per share for the year ended 31 December 2015, payable to shareholders whose names appear in the Register of Members of the Company on Monday, 18 April 2016. The said dividend will be payable on or about Wednesday, 25 May 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 23 May 2016 to Thursday, 26 May 2016 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for attending and voting at the 2015 annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2016.

In addition, the Register of Members of the Company will also be closed from Friday, 15 April 2016 to Monday, 18 April 2016 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the proposed second special dividend for the reporting year, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 14 April 2016.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of rewarding participants who have contributed to the Group and encouraging participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The eligible participants of the Share Option Scheme include the 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 the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The Share Option Scheme is valid and effective for a period of ten years commencing from 30 September 2010, after which no further share options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. The share options complying with the provisions of the Listing Rules which are granted during the duration of the Share Option Scheme and those that remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant within the share option period for which such share options are granted, notwithstanding the expiry of the Share Option Scheme.

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 the Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of the 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:

(i) represent in aggregate over 0.1% of the shares in issue on the date of such grant; and

(ii) have 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 of the Company (voting by way of poll). The Company shall send a circular to its shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the shareholders.

The Directors may, at their discretion, invite participants to take up options at a price calculated in accordance with the paragraph 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, 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 the 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 the 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, (a) the minimum period for which an option must be held before it can be exercised; and/or (b) a performance target that must be reached before the option can be exercised in whole or in part; and (c) any other terms, all of which may be imposed (or not be imposed) either on a case-by-case basis or generally.

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(a) 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;

(b) 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

(c) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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 the 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 as at the Listing Date on 20 October 2010 (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 the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company did not have any outstanding option at the beginning and at the end of the year. During the year ended 31 December 2015, no options have been granted under the Share Option Scheme.

As at the date of 2014 annual report and this annual report, the total number of shares available for issue pursuant to the Share Option Scheme was 75,000,000, representing about 9.69% of the issued share capital of the Company.

SHARE AWARD SCHEME

The share award scheme (the "Share Award Scheme") was approved by the Board on 17 June 2011 (the "Adoption Date"). The purposes of the Share Award Scheme are to recognise the contribution made by certain employees of the Group and to provide eligible employees, being any senior management employee, including without limitation the director, executive, officer and manager-grade employee, whether full time or part time, of any member of the Group from time to time, save for those excluded employees as determined by the Board or the trustee (as the case may be), with incentives in order to retain them for the continual operation and development of the Group and attract suitable personnel for the growth and further development of the Group. The Share Award Scheme involves existing shares and the Board hopes to encourage employees of the Group to have, through shares awarded under the

Share Award Scheme, a direct financial interest in the long-term success of the Group. The Share Award Scheme operates for 10 years starting from the Adoption Date.

On 30 October 2013, having re-considered the terms of the Share Award Scheme and to recognise the contribution made by employees of the Group at different levels, the Share Award Scheme was amended to the effect that "Employee" means any employee, whether full time or part time and whether becoming the employee of the Company before or after the Adoption Date, of any member of the Group from time to time.

The total number of all the shares purchased by the trustee under the Share Award Scheme must not exceed 10% of the issued shares as at the Adoption Date (being 77,812,500 shares) unless the Board otherwise decides. The maximum number of shares which can be awarded to a selected employee under the Share Award Scheme is limited to 1% of the issued share capital of the Company as at the Adoption Date.

During the year, the Company had not purchased any of the Company's existing shares on the market for the purpose of the Share Award Scheme.

On 7 August 2015, 15 December 2015 and 22 December 2015, HK$9 million, HK$6.3 million and HK$5 million were refunded to the Company by the trustee.

On 29 January 2015 and 3 February 2015, the Board resolved to grant a total of 1,390,000 shares and 630,000 shares, respectively, to employees, representing 0.18 percent and 0.08 percent of the issued shares of the Company as at Adoption Date.

As at the date of 2014 annual report and this annual report, the trustee held 26,363,000 and 24,343,000 shares under the Share Award Scheme respectively, representing about 3.41% and 3.15% of the issued share capital of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintaining good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is an essence for a continual growth and enhancement of shareholders' value. Throughout the year under review, the Company has applied the principles of and complied with most of the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year, with the exception of code provisions A.2.1, A.5.1 (in respect of the period since 5 February 2016 only) and E.1.2 which are explained below. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance.

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Qian Yixiang is the Chairman and the Chief Executive Officer of the Company. Such deviation from code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a Chief Executive Officer, and it provides the Group with strong and consistent leadership in the development and execution of its long term business strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. During the year ended 31 December 2015, there were three Independent Non-Executive Directors on the Board. All of them possess adequate independence and therefore the Board considers that the Company has achieved balance and provided sufficient protection of its interests.

Code provision A.5.1

Following the resignation of Mr. Zhao Jianfeng on 5 February 2016, the Nomination Committee of the Company (the "Nomination Committee") comprised two Executive Directors and two Independent Non-executive Directors. As such, as at the date of this report, the Nomination Committee does not comprise a majority of Independent Non-executive Directors as required under code provision A.5.1 of the Code. The Company will use its best endeavour to identify a suitable candidate to fill up the vacancy arising from the resignation of Mr. Zhao Jianfeng as soon as practicable.

Code provision E.1.2

Code provision E.1.2 stipulates that the Chairman of the Board should attend the AGM. Mr. Qian Yixiang was unable to attend the AGM which was held on 5 May 2015 (the "2014 AGM") due to other business engagements. Mr. Qian Yixiang had appointed Mr. Huang Liang, an Executive Director (resigned on 5 February 2016), as his delegate to chair the 2014 AGM and to answer the questions from shareholders. The Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company, Mr. Yeung Chi Tat, was also available to answer questions at the 2014 AGM.

Rule 3.10(1) and 3.10A of the Listing Rules

Following the resignation of Mr. Zhao Jianfeng on 5 February 2016, the Company only has two Independent Non-executive Directors which falls below the minimum number as required under Rule 3.10(1) of the Listing Rules and the number of Independent Non-executive Directors does not represent one-third of the Board as required under Rule 3.10A of the Listing Rules. In order to comply with the required number of Independent Non-executive Directors under the Listing Rules, the Company will use its best endeavour to identify a suitable candidate to fill up the vacancy arising from the resignation of Mr. Zhao Jianfeng as soon as practicable and in any event within three months from the date of Mr. Zhao Jianfeng's resignation as required under Rules 3.11 of the Listing Rules.

Rule 3.25 of the Listing Rules

Following the resignation of Mr. Zhao Jianfeng on 5 February 2016, the Remuneration Committee of the Company (the "Remuneration Committee") comprised two Executive Directors and two Independent Non-executive Directors. As such, as at the date of this report, the Remuneration Committee does not comprise a majority of Independent Non-executive Directors as required under Rule 3.25 of the Listing Rules. The Company will use its best endeavour to identify a suitable candidate to fill up the vacancy arising from the resignation of Mr. Zhao Jianfeng as soon as practicable and in any event within three months from the date of Mr. Zhao Jianfeng's resignation as required under 3.27 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by the directors of the Company (the "Code of Conduct"). Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct throughout the year ended 31 December 2015.

The Company has also established the Code for Securities Transactions by the Relevant Employees (the "Employees Code") on no less exacting terms than the Model Code for securities transactions by the employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company throughout the year ended 31 December 2015.

AUDIT COMMITTEE

As at 31 December 2015, the Audit Committee of the Company (the "Audit Committee") has four members comprising of three Independent Non-executive Directors, namely Mr. Yeung Chi Tat (Chairman of the Audit Committee), Mr. Tang Jianrong and Mr. Zhao Jianfeng (resigned on 5 February 2016) and one Non-executive Director, Mr. Zhang Huaqiao. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the annual results for the year ended 31 December 2015 of the Group.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.boerpower.com.

The annual report of the Company for year ended 31 December 2015 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

APPRECIATION

The Board of the Company would like to take this opportunity to thank our shareholders and business partners for their continuous support and the fellow directors and our staff for their dedication and hard work.

THE BOARD

As at the date of this announcement, the Directors of the Company are Mr. Qian Yixiang, Ms. Jia Lingxia, Mr. Zha Saibin and Mr. Qian Zhongming as Executive Directors, Mr. Zhang Huaqiao as Non-executive Director, Mr. Yeung Chi Tat and Mr. Tang Jianrong as Independent Non-executive Directors.

By order of the Board
Qian Yixiang
Chairman

Hong Kong, 30 March 2016