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 2011

HIGHLIGHTS

- Turnover amounted to RMB1,014,589,000, representing an increase of 11.4% as compared to 2010.
- Turnover from sales of Intelligent Electrical Distribution System Solutions increased by 51.8% to RMB745,132,000 which represented 73.4% of total turnover.
- Turnover from sales of Energy Efficiency Solutions increased by 4,145.7% to RMB65,894,000 which represented 6.5% of total turnover.
- Turnover from Components and Spare Parts Business increased by 93.0% to RMB185,445,000 which represented 18.3% of total turnover.
- Turnover from sales of Electrical Distribution System Solutions decreased by 94.4% to RMB18,118,000 which represented 1.8% of total turnover.
- Gross profit margin increased from 36.5% to 37.1%.
- Profit attributable to equity shareholders of the Company amounted to RMB252,978,000 representing an increase of 40.5%.
- Basic and diluted earnings per share were RMB32.70 cents and RMB32.69 cents, respectively (2010: RMB29.83 cents and RMB29.83 cents).
- The Board of Directors proposed to declare a final dividend of HK10 cents per ordinary share.

The board of directors (the "Board") of Boer Power Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Turnover	4	**1,014,589**	911,059
Cost of sales		**(638,528)**	(578,790)
Gross profit		**376,061**	332,269
Other revenue	5	**38,321**	9,488
Gain on acquisition of a subsidiary	14	**24,382**	–
Selling and distribution expenses		**(37,364)**	(31,203)
Administrative expenses		**(105,963)**	(91,982)
Profit from operations		**295,437**	218,572
Finance costs	6	**(183)**	(2,783)
Profit before taxation	6	**295,254**	215,789
Income tax	7	**(42,276)**	(28,563)
Profit for the year		**252,978**	187,226
Other comprehensive income for the year			
Exchange differences on translation of financial statements of operations outside mainland China		**(20,266)**	(4,680)
Total comprehensive income for the year		**232,712**	182,546

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2011

	Note	**2011** *RMB'000*	2010 *RMB'000*
Profits attributable to:			
Equity shareholders of the Company		**252,978**	180,107
Non-controlling interests		**–**	7,119
Profit for the year		**252,978**	187,226
Total comprehensive income attributable to:			
Equity shareholders of the Company		**232,712**	175,427
Non-controlling interests		**–**	7,119
Total comprehensive income for the year		**232,712**	182,546
Earnings per share (RMB cents)	*9*		
Basic		**32.70**	29.83
Diluted		**32.69**	29.83

Details of the dividend proposed for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment	10	**162,767**	47,515
Construction in progress	10	**58,183**	16,828
Intangible assets	10	**15,622**	162
Lease prepayments		**22,302**	19,809
Prepayments for purchase of equipment and acquisition of land use right		**8,427**	3,358
Deferred tax assets		**2,075**	1,738
		269,376	89,410
Current assets			
Inventories		**68,905**	29,037
Trade and other receivables	11	**983,237**	693,243
Amount due from a related party		**3,946**	–
Pledged deposits		**21,587**	19,640
Available-for-sale investment		**40,000**	–
Time deposits with original maturity over three months		**–**	658,954
Cash and cash equivalents		**652,810**	268,093
		1,770,485	1,668,967
Current liabilities			
Bank loans	12	**38,163**	–
Trade and other payables	13	**464,707**	377,327
Amounts due to directors		**–**	425
Amounts due to related parties		**2,878**	4,228
Current taxation		**15,301**	10,040
		521,049	392,020
Net current assets		**1,249,436**	1,276,947
Total assets less current liabilities		**1,518,812**	1,366,357
Non-current liabilities			
Deferred tax liabilities		**6,475**	–
NET ASSETS		**1,512,337**	1,366,357

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**66,241**	66,382
Reserves	**1,446,096**	1,299,975
TOTAL EQUITY	**1,512,337**	1,366,357

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").

Pursuant to a reorganisation (the "Reorganisation") of the Group to rationalise the group structure in the preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 7 October 2010.The Company's shares have been listed on the Main Board of the Stock Exchange since 20 October 2010.

2. BASIS OF PREPARATION

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

These consolidated financial statements for the year ended 31 December 2011 comprise the Company, its subsidiaries and a trust. These consolidated financial statements are presented in Renminbi ("RMB") because RMB is the primary functional currency of the Group. 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 a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– HKAS 24 (revised 2009), Related party disclosures

– Improvements to HKFRSs (2010)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The impacts of these developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- *Improvements to HKFRSs (2010)* omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4. TURNOVER AND SEGMENT REPORTING

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

Turnover represents the sales value of goods 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 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 turnover and gross profits of EDS Solutions, iEDS Solutions, EE Solutions and CSP Business.

	EDS Solutions *RMB'000*	iEDS Solutions *RMB'000*	EE Solutions *RMB'000*	CSP Business *RMB'000*	Total *RMB'000*
Year ended 31 December 2011					
Turnover	**18,118**	**745,132**	**65,894**	**185,445**	**1,014,589**
Cost of sales	**(13,009)**	**(464,570)**	**(33,609)**	**(127,340)**	**(638,528)**
Gross profit	**5,109**	**280,562**	**32,285**	**58,105**	**376,061**
Depreciation and amortisation included in cost of sales	**185**	**6,602**	**475**	**1,802**	**9,064**
Year ended 31 December 2010					
Turnover	322,630	490,781	1,552	96,096	911,059
Cost of sales	(210,263)	(306,832)	(508)	(61,187)	(578,790)
Gross profit	112,367	183,949	1,044	34,909	332,269
Depreciation and amortisation included in cost of sales	516	850	–	2,502	3,868

4. TURNOVER AND SEGMENT REPORTING (CONTINUED)

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

	2011	2010
	RMB'000	*RMB'000*
Cost of sales	**9,064**	3,868
Administrative expenses	**7,835**	1,591
	16,899	5,459

5. OTHER REVENUE

	2011	2010
	RMB'000	*RMB'000*
Interest income from financial institutions	**28,709**	8,251
Investment income	**753**	–
Government grants	**6,826**	1,087
Others	**2,033**	150
	38,321	9,488

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2011	2010
	RMB'000	*RMB'000*
Finance costs:		
Interest on bank borrowings	**183**	2,783
Staff costs:		
Contributions to defined contribution retirement plans	**4,216**	2,698
Equity-settled share-based payment expenses	**4,024**	–
Salaries, wages and other benefits	**50,162**	43,112
	58,402	45,810
Other items:		
Amortisation of intangible assets	**5,185**	39
Amortisation of lease prepayments	**707**	368
Depreciation	**11,007**	5,052
Auditors' remuneration	**2,829**	1,629
Impairment losses for trade receivables	**–**	106
Impairment losses for other receivables written back	**–**	(40)
Operating lease charges in respect of properties	**2,478**	1,632
Research and development (other than staff costs)	**35,896**	34,317
Net foreign exchange losses	**2,068**	843
Cost of inventories#	**638,528**	578,790

Cost of inventories includes RMB31,174,000 (2010: RMB21,045,000) 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 for each of these types of expenses.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Taxation in the consolidated statement of comprehensive income represents:

	2011 *RMB'000*	2010 *RMB'000*
Current tax		
Provision for PRC income tax for the year	**44,439**	30,630
Deferred tax		
Origination and reversal of temporary differences	**(2,163)**	(2,067)
	42,276	28,563

Notes:

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

(ii) No provision has been made for Hong Kong Profits Tax as the Group did not earn any income subject to Hong Kong Profits Tax during each of the years ended 31 December 2011 and 2010.

(iii) PRC income tax

Pursuant to the income tax rules and regulations of the PRC, provision for PRC income tax of the Group is calculated based on the following rates:

	2011	2010
Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi") *(note (b))*	**15%**	12.5%
Boer (Yixing) Power System Co., Ltd. ("Boer Yixing") *(note (b))*	**15%**	12.5%
Yixing Boai Automation Complete Sets of Equipment Co., Ltd. ("Yixing Boai") *(note (c))*	**12.5%**	12.5%
Other PRC subsidiaries *(note (a))*	**25%**	25%

Note:

(a) According to the PRC Corporate Income Tax ("CIT") Law, the statutory income tax rate is 25%.

(b) Boer Wuxi and Boer Yixing were exempted 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"). They commenced their tax holidays in 2006 and accordingly their tax rates for 2010 were 12.5%.

Boer Wuxi and Boer Yixing have been qualified as High and New Technology Enterprises since 2009 and 2011 respectively. Hence they are entitled to a preferential tax rate of 15% in 2011 according to the CIT Law and its implementation rules.

(c) Yixing Boai was entitled to the 2+3 tax holidays since 2008. Hence the tax rate is 12.5% for 2011 and 2010.

8. DIVIDEND

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

	2011	2010
	RMB'000	*RMB'000*
Dividend proposed after the end of the reporting period of HK10 cents per ordinary share (2010: HK7 cents)	**62,836**	46,688

The dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB252,978,000 (2010: RMB180,107,000) and the weighted average of 773,649,000 ordinary shares (2010: 603,878,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 January	**778,125**	–
Effect of issue upon legal establishment	**–**	1
Effect of capitalisation upon Reorganisation	**–**	9
Effect of capitalisation issue	**–**	562,490
Effect of shares issued upon placing and public offering	**–**	41,378
Effect of shares held for share award scheme	**(3,921)**	–
Effect of shares repurchased	**(555)**	–
Weighted average number of ordinary shares	**773,649**	603,878

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB252,978,000 (2010: RMB180,107,000) and the weighted average number of 773,761,000 ordinary shares (2010: 603,878,000 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)

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares	**773,649**	603,878
Effect of unvested shares under the Company's share award scheme	**112**	–
Weighted average number of ordinary shares (diluted)	**773,761**	603,878

10. PROPERTY, PLANT AND EQUIPMENT, CONSTRUCTION IN PROGRESS AND INTANGIBLE ASSETS

(a) Acquisition of property, plant and equipment and construction in progress

During the year, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB167,737,000 (2010: RMB28,448,000).

As at 31 December 2011, the Group was in the process of obtaining the property ownership certificates in respect of certain properties located in the PRC with net book values of RMB84,145,000 (2010: Nil). Of these, properties amounting to RMB19,546,000 were acquired through the acquisition of Wuxi Tezhong Electrical Capacitor Co., Ltd. ("Wuxi Tezhong").

(b) Intangible assets

During the year, the Group acquired customer relationship and customer contracts through the acquisition of Wuxi Tezhong amounting to RMB20,645,000 (2010: Nil).

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**941,380**	658,656
Bills receivable	**12,302**	1,053
Prepayments, deposits and other receivables	**29,555**	33,534
	983,237	693,243

All of the trade and other receivables except for retentions held by customers of RMB114,469,000 (2010: RMB61,120,000) 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.

The movement in the allowance for doubtful debts during the year, including specific loss components, is as follows:

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**4,595**	4,489
Impairment loss recognised	**–**	106
At 31 December	**4,595**	4,595

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Impairment of trade receivables and bills receivable (Continued)

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. 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 end of the reporting period.

	2011	2010
	RMB'000	*RMB'000*
Current	**740,962**	479,031
Less than 3 months past due	**50,644**	29,928
More than 3 months but less than 6 months past due	**79,960**	112,419
More than 6 months but less than 1 year past due	**58,748**	29,918
More than 1 year past due	**23,368**	8,413
Amounts past due	**212,720**	180,678
	953,682	659,709

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.

The Group does not hold any collateral over these balances.

12. BANK LOANS

At 31 December 2011, all of the bank loans were unsecured and repayable within 1 year with effective interest rates from 5.27% to 6.10% (2010: Nil).

13. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**401,199**	313,792
Bills payable	**12,964**	11,028
Receipts in advance	**5,046**	4,203
Other payables and accruals	**45,498**	48,304
	464,707	377,327

Bills payable as at 31 December 2011 and 2010 were secured by pledged bank deposits.

All of the trade and other payables are expected to be settled within one year as the credit period granted by suppliers ranged from 15 to 180 days.

An ageing analysis of the trade payables and bills payable is as follows:

	2011	2010
	RMB'000	*RMB'000*
Due within 1 month or on demand	**380,439**	292,482
Due after 1 month but within 3 months	**31,515**	32,338
Due after 3 months but within 6 months	**2,209**	–
	414,163	324,820

14. ACQUISITION OF A SUBSIDIARY

During the year, in order to expand the Group's upstream component production capability, the Group entered into an equity transfer agreement with the vendor to acquire 100% equity interest in Wuxi Tezhong, which is engaged in the manufacture and sale of capacitors, at a cash consideration of RMB62,000,000.

Acquisition-related costs of RMB150,000 had been recognised as expenses and included in administrative expenses in the Group's consolidated statement of comprehensive income.

14. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The fair values of the identifiable assets and liabilities of Wuxi Tezhong at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	33,170
Intangible assets	20,645
Lease prepayments	3,200
Inventories	13,961
Trade and bills receivables	38,584
Prepayments, deposits and other receivables	30,944
Cash at bank and in hand	26,331
Trade and bills payables	(3,612)
Accruals and other payables	(64,440)
Current taxation	(4,100)
Deferred tax liabilities	(8,301)
Net identifiable assets acquired	86,382
Gain on acquisition	(24,382)
Consideration for the acquisition	62,000
Net cash outflow arising on acquisition:	
Cash consideration	62,000
Cash at bank and in hand acquired	(26,331)
	35,669

The Group recognised a gain on acquisition of a subsidiary of RMB24,382,000 because of different valuations of intangible assets by the Group and the vendor.

Wuxi Tezhong contributed RMB90,483,000 to the Group's turnover and profit of RMB23,368,000 to the Group's results for the period between the date of acquisition and the end of the reporting period.

If the acquisition had occurred on 1 January 2011, the Group's turnover for the year would have been approximately RMB1,020,586,000 and profit for the year would have been approximately RMB254,835,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition occurred on 1 January 2011, nor is intended to be a projection of future results.

15. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of property, plant and equipment outstanding at 31 December 2011 not provided for in the financial statements were as follows:

	2011	2010
	RMB'000	*RMB'000*
Authorised but not contracted for	**271,890**	270,610

(b) Operating lease commitments

At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**2,180**	1,818
After 1 year but within 5 years	**6,434**	3,933
After 5 years	**2,549**	3,396
	11,163	9,147

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 leases includes contingent rentals.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2011, the European debt crisis and US debt problem led to extreme instability of the global economy. Despite this, China reported an encouraging performance in its overall economy and became one of the leaders for global economic growth. In 2011, the gross domestic product of the PRC reached RMB47.2 trillion, representing an increase of 9.2% as compared to 2010. The fixed asset investment in China increased by 23.6% and reached RMB31.1 trillion during the year. The increase in fixed asset investment nationwide continued to drive the demand for electricity.

With the strong economy and increased social activities, China remains one of the largest electricity consumption countries in the globe. The total electricity consumption of China amounted to over 4.69 trillion kWh, representing an increase of 11.7% as compared to 2010, of which the national industrial electricity consumption reached 3.46 trillion kWh. The growth in electricity consumption continued to strongly support the development of the power transmission and electrical distribution market.

Business Review

During the year, the Group made decisive moves to realign the Group's business and marketing efforts to focus on the business segments with higher gross profit margin and to reflect the Group's business development strategies to avoid competing in low technological requirement business segment and capture the growing market demand for intelligent electrical distribution systems with higher energy efficiency. The strategic move to reduce the business and marketing efforts in the EDS Solutions business segment was taken as EDS Solutions projects that were put out for tender were fiercely contested and had resulted in substantial fall in profit margins for the winning bidders. In order to avoid taking on non/marginally profitable projects, and avoid competing in a low technological requirement segment where historically has been a highly competitive business segment, the Group took it as an opportunity for it to accelerate the strategies as laid out during its listing on the Main Board of the Stock Exchange and put the focus and efforts on developing iEDS Solutions, EE Solutions and CSP Business and capture overall market trend and the strong growing market demand in these business segments.

During the first half of the year, the Group acquired the entire equity interest in Wuxi Tezhong (the "Acquisition"), which is engaged in the manufacture and sale of capacitors, one of the common components used in electrical distribution systems. The Acquisition kicked off the merger and acquisition strategy of the Group and allowed the Group to expand its upstream component production capability. The Acquisition not only contributed to the Group's CSP Business but also served as a solid launch pad for the Group's future development of the iEDS Solutions and EE Solutions business segments. With the ongoing rationalisation of our one-stop service, we have also begun putting more effort and resources in research and development to ensure that our products and services will be able to fully utilise the production infrastructure that we are putting into place.

The Group achieved significant growth during the year. The total turnover of the Group amounted to RMB1,014,589,000 for the year ended 31 December 2011, representing an increase of 11.4% as compared to that of 2010. The increase in turnover was mainly a result of the increase in market demand of our solutions and products and the expansion of our sales network.

The total profit attributable to the equity shareholders of the Company amounted to RMB252,978,000 for the year ended 31 December 2011, representing an increase of 40.5% as compared to that of 2010. Excluding non-operational contributions from "Other revenue" and "Gain on acquisition of a subsidiary", the profit from operations of the Group amounted to RMB232,734,000 for year ended 31 December 2011, representing an increase of 11.3% as compared to that of 2010. The increase in profit from operations of the Group was mainly due to the substantial increase in contribution from the iEDS Solutions, EE Solutions and CSP Business segments.

As at 31 December 2011, the total assets of the Group were RMB2,039,861,000 (2010: RMB1,758,377,000) while the total liabilities were RMB527,524,000 (2010: RMB392,020,000) and the total equity of the Group amounted to RMB1,512,337,000 (2010: RMB1,366,357,000).

Operation and Financial Review

The Group has four business 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")

Other than EDS Solutions, all the other three business segments recorded sound performance and significant growth during the year.

EDS Solutions

Electrical distribution system lies between grid and end users to distribute electricity at converted voltage for end users. We provide integrated electrical distribution systems and solutions, design dedicated electrical distribution systems according to customers' operating requirements, and provide matching medium – and low-voltage electrical distribution equipment. Our EDS Solutions have been extensively used in many large telecommunication, infrastructure, medical and industrial projects.

The total sales of EDS Solutions of the Group for the year ended 31 December 2011 amounted to RMB18,118,000 (2010: RMB322,630,000), representing 1.8% (2010: 35.4%) of the Group's total turnover for the year. The substantial decrease in the sales of EDS Solutions of 94.4% was principally a result of the realignment of the business strategies of the Group to focus more on the higher gross profit margin and higher technological know-how business segments of the Group. Competition in the EDS Solutions business segment increased in intensity during 2011 due to fewer large EDS Solutions projects coming to market, which caused price competition amongst competitors in a bid to secure new projects. The reportable gross profit of this business segment was RMB5,109,000 (2010: RMB112,367,000), representing a decrease of 95.5% as compared to that of 2010.

Despite our efforts to attempt to maintain our gross margin requirements in bidding for new projects in the EDS Solutions business segment, the gross profit margin of the EDS Solutions business segment still decreased from 34.8% for 2010 to 28.2% for the year due to deterioration in margins for EDS Solutions projects.

iEDS Solutions

On top of EDS Solutions, we also provide electrical distribution systems with automation features, such as automatic data acquisition and analysis, remote control and automated diagnosis, through which the users can remotely control their electrical distribution systems and analyse the operating status. These functions are useful and important to the users who require more stable and safer electrical distribution systems, such as the telecommunication and medical services industries.

The total sales of iEDS Solutions of the Group for the year ended 31 December 2011 was RMB745,132,000 (2010: RMB490,781,000), which accounted for approximately 73.4% (2010: 53.9%) of the Group's total turnover during the year. The substantial increase in the sales of iEDS Solutions of 51.8% was mainly attributable to the increased marketing efforts the Group has put into securing new projects in this business segment and the increased market demand in intelligent power transmission and electricity distribution solutions and related products amid the overall demand for efficient use of electricity in the PRC. The reportable gross profit of this business segment was RMB280,562,000 (2010: RMB183,949,000), representing an increase of 52.5% as compared to that of 2010.

The gross profit margin of iEDS Solutions segment increased marginally from 37.5% for 2010 to 37.7% for the year.

EE Solutions

Based on the data collected by the electrical distribution systems using our iEDS Solutions, we can analyse and improve the safety, stability and efficiency of our customers' electrical distribution systems and provide equipment and systems to improve the energy efficiency of our customers' electrical distribution systems. Our EE Solutions services include the provision and maintenance of equipment and a number of other value-added services.

The total sales of EE Solutions of the Group for the year ended 31 December 2011 was RMB65,894,000 (2010: RMB1,552,000), which accounted for approximately 6.5% (2010: 0.2%) of the Group's total turnover for the year. The substantial increase in the sales of EE Solutions was a result of our increased marketing efforts in this business segment and also increasing demand from the customers to upgrade their electrical distribution system to increase electricity usage efficiency and reduce cost. The reportable gross profit of this business segment was RMB32,285,000 (2010: RMB1,044,000), representing an increase of thirty times as compared to that of 2010.

The gross profit margin of EE Solutions segment decreased from 67.3% for 2010 to 49.0% for the year as we have since extended our EE Solutions services from just providing technical evaluation and consultancy and maintenance services during the year 2010 to include the provision of equipment as well that is ancillary to EE Solutions services. The provision of equipment in EE Solutions decreases the overall gross profit margin of the business segment.

CSP Business

We also manufacture spare parts and components for electrical distribution equipment and systems and sell such spare parts and components to our customers.

The total sales of CSP Business of the Group for the year ended 31 December 2011 were RMB185,445,000 (2010: RMB96,096,000), which accounted for approximately 18.3% (2010: 10.5%) of the Group's total turnover during the year. The substantial increase in the sales of CSP Business of 93.0% was mainly a result of our effort in expanding our components manufacturing capability and business. The segment gross profit of this business segment was RMB58,105,000 (2010: RMB34,909,000), representing an increase of 66.4% as compared to that of 2010.

The gross profit margin of CSP Business segment decreased from 36.3% for 2010 to 31.3% for the year due to the integration of Wuxi Tezhong into the Group, whose products have a lower gross profit margin than the rest of our CSP Business.

Prospect

As the economy of China continues to grow rapidly, demand for electricity will continue to increase. In March 2012, the State Grid Corporation of China forecast that the average annual growth of electricity consumption during the “12th Five-Year Plan” period will stay at about 7.5% to 9.5%, and by 2015, the total electricity consumption in China will amount to 6.02 to 6.61 trillion kwh. With the acceleration in speed of urban and rural developments, construction projects of new power networks in power black spots will increase. In tandem with the rapid growth in the economy, usage of electricity in urban areas will also continue to increase. All of the above which will bring major growth opportunities throughout the value chain for the power industry of China.

In recent years, China has placed increasing emphasis on the issues of environmental protection and energy conservation. As outlined in the announced “12th Five Year Plan”, energy saving and emission reduction are key elements of the national policy. The government will focus on the development of new energy industry led by development of the smart grid, so as to achieve the establishment of a basic robust smart grid by 2015. We believe that the favorable policies in China will increasingly drive the market demand for intelligent power transmission and distribution systems and products.

Following consolidation in the industry during the past few years, and the increasing number of energy efficient products in the market, we believe that the development of high-end market is becoming a global trend. As a result, we realigned our business during the first half of 2011 to focus on and increase marketing efforts in the development of iEDS Solutions, EE Solutions and CSP high-end business. The results of our efforts have significantly been reflected in our results for the second half of 2011. Going forward, we will continue with the above development plans, and focus on increasing our market share in the high-end market.

We will achieve economies of scale by actively improving the overall competitive advantages of energy saving system, coupled with the commencement of operation of the new production plant. We will invest more resources in scientific research and product development, particularly in EE Solutions.

We will continue to optimise and secure high-end customers, and develop new industries and product application categories, such as the energy saving application in metros and commercial buildings. We will also strengthen the cooperation with existing customers, including assisting McDonald to expand nationwide the energy efficiency management system, to continue to expand the coverage areas of China Mobile’s service and provide more energy efficient products, with the goal of achieving a nationwide coverage as early as possible.

The marketing of our products will be the focus of our future development strategy. We will continue to strengthen our marketing and promotion strategies, leveraging on downstream sales channels to broaden the sales channels and increase the points of sales, and recruit more salespersons. We have set the goal of holding exhibitions in more than 100 cities in China in two years, so as to attract new customers and explore new business opportunities.

Last year, we established new business development strategy to better capture market opportunity. Looking forward, we will intensify the development of high-end market. To expand the business network, we will increase the scientific research projects and identify potential acquisition opportunities, so as to expand the foundation of development. We will endeavor to take advantage of the favorable opportunities offered by the rapid development of the domestic power industry, and consolidate our leading position in the industry.

Liquidity and Financial Resources

The Group maintained a healthy liquidity position during the year under review. The Group was principally financed by internal resources. The Group's principal financial instruments comprise cash and cash equivalents, available-for-sale investment, trade and other receivables, trade and other payables and bank loans. As at 31 December 2011, the cash and cash equivalents, net current assets and total assets less current liabilities were RMB653 million (31 December 2010: RMB268 million), RMB1,249 million (31 December 2010: RMB1,277 million) and RMB1,519 million (31 December 2010: RMB1,366 million), respectively. As at 31 December 2011, the Group has bank loans amounting to RMB38 million (2010: Nil).

Significant Investment Held, Material Acquisition and Disposal

During the year, the Company's indirect wholly-owned subsidiary, Boer Wuxi, entered into Equity Interest Transfer Agreement with the vendor, pursuant to which Boer Wuxi acquired the 100% equity interest in Wuxi Tezhong, a company established in the PRC at a consideration of RMB62,000,000.

Employees and Remuneration Policy

The Group had over 1,199 (2010: 961) employees as at 31 December 2011. The total staff costs for the year under review were approximately RMB58 million (2010: RMB46 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.

Use of Proceeds from the global offering

The Company's shares was listed on the Main Board of 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 RMB1,014 million).

As at 31 December 2011, approximately RMB154 million, RMB16 million, RMB68 million, RMB2 million, RMB11 million and RMB106 million of the proceeds were used for expanding our upstream component production capability, expanding our downstream sales channel and market segment in China, paying the outstanding balance of the consideration in relation to the construction and completion of our new plant, purchasing of equipment in our new plant, purchasing of equipment and software in providing more efficient EE Solutions and funding our working capital and other general corporate purposes, respectively. The unused balance of the proceeds of RMB657 million are placed with reputable banks as the Group's available-for-sale investments and cash and cash equivalents.

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 our 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 RMB16 million for expanding our downstream sales channel and market segment in China by setting up a new division in our existing subsidiary, instead of setting up new companies or acquisition of companies, to develop our sales activities in the southern China. The Company considers that the use of such RMB16 million is in line with the strategy and future plans of the Company to expand our 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 our downstream sales channel and market segment.

DIVIDEND

The Board has recommended to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 6 June 2012, a payment of final dividend of HK10 cents (2010: HK7 cents) per share for the year ended 31 December 2011, payable to shareholders whose names appear in the Register of Members of the Company on Thursday, 14 June 2012. The said dividend will be payable on or about Thursday, 28 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 31 May 2012 to Wednesday, 6 June 2012 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for attending and voting at the 2011 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 Wednesday, 30 May 2012.

In addition, the Register of Members of the Company will also be closed from Tuesday, 12 June 2012 to Thursday, 14 June 2012 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final 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 Monday, 11 June 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, the Company repurchased a total of 1,656,000 shares at prices ranging from HK$2.38 to HK$2.57 per share on the Stock Exchange and these shares were subsequently cancelled by the Company. All the repurchased shares were cancelled upon repurchase and the issued share capital of the Company was reduced by the par value thereof. Shares were repurchased during the year pursuant to the mandate granted by shareholders at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid	
		HK$	*HK$*	*HK$'000*	*RMB'000*
August 2011	1,000,000	2.42	2.38	2,412	1,976
September 2011	656,000	2.57	2.52	1,684	1,381
				4,096	3,357

During the year, the trustee of the share award scheme, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on the Stock Exchange a total of 13,722,000 Company's shares at a total cost of RMB42,027,000.

Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintain a 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 of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") with the exception of code provisions A.2.1 and B.1.1 of the CG Code 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 chairman and 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 long term business strategies. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

Code provision B.1.1

Code provision B.1.1 stipulates that issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors. Mr. Zhang Huaqiao, a non-executive director of the Company, was appointed as a member of the remuneration committee on 9 November 2011 by an inadvertent oversight, as a result of which the remuneration committee was composed of three independent non-executive directors (namely Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Zhao Jianfeng), two executive directors (namely Mr. Qian Yixiang and Ms. Jia Lingxia) and one non-executive director (namely Mr. Zhang Huaqiao). In order to fully comply with such requirement, Mr. Zhang Huaqiao ceased to be a member of the remuneration committee on 1 February 2012 so that the majority of the members of the remuneration committee remains to be the independent non-executive directors of the Company. During the period which Mr. Zhang Huaqiao was appointed as a member of the remuneration committee, Mr. Zhang Huaqiao did not take part in any meeting or engage in making any decision of the remuneration committee.

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 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 2011.

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 2011.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Yeung Chi Tat (Chairman of the Audit Committee), Mr. Tang Jianrong and Mr. Zhao Jianfeng 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 2011 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 2011 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, Mr. Qian Zhongming and Mr. Huang Liang as executive Directors, Mr. Zhang Huaqiao as non-executive Director, Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Zhao Jianfeng as independent non-executive Directors.

By order of the Board
Qian Yixiang
Chairman

Hong Kong, 27 March 2012