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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS

- Revenue amounted to approximately RMB972.4 million, representing an increase of 34.4% as compared to last period.
- Profit for the period attributable to equity shareholders of the Company increased by approximately 43.0% to approximately RMB259.6 million (including non-operational contributions from “other income” and equity-settled share-based payment expense recognised pursuant to the share award scheme).
- Profit for the period attributable to equity shareholders of the Company increased by approximately 74.9% to approximately RMB214.2 million (excluding non-operational contributions from “other income” and equity-settled share-based payment expense recognised pursuant to the share award scheme).
- Both basic and diluted earnings per share were RMB35 cents (2014: RMB24 cents).
- The board of directors declared an interim dividend of HK26 cents per ordinary share. The accumulated dividend declared or paid from the listing to date amounted to approximately HK\$953.5 million, including approximately HK\$25.9 million being dividends paid to the trustee for shares held under the share award scheme.
- As at 30 June 2015, the outstanding contract backlog amounted to approximately RMB2,774.8 million. Most of the outstanding contract backlog is expected to be completed by the end of this year.
- The Group has continued to provide one-stop service including Intelligent Electrical Distribution System, Energy Efficiency and Cloud Managed Maintenance Services and successfully enhance our position as integrated supplier and service provider with its hardware, software, systems and cloud service.

The Board of Directors (the “Board”) of Boer Power Holdings Limited (the “Company” or “Boer Power”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the same period last year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	972,378	723,756
Cost of sales	4	<u>(578,631)</u>	<u>723,756</u>
Gross profit	4	393,747	296,408
Other income	5	57,243	63,874
Selling and distribution expenses		(24,604)	(19,136)
Administrative expenses		<u>(105,996)</u>	<u>(88,120)</u>
Profit from operations		320,390	253,026
Finance costs	6(a)	<u>(16,905)</u>	<u>(25,847)</u>
Profit before taxation	6	303,485	227,179
Income tax	7	<u>(43,877)</u>	<u>(45,814)</u>
Profit for the period		259,608	181,365
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside mainland China		798	(960)
Net movement in fair value reserve of available-for-sale investments		<u>–</u>	<u>11,525</u>
		<u>798</u>	<u>10,565</u>
Total comprehensive income for the period		<u>260,406</u>	<u>191,930</u>

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:			
Equity shareholders of the Company		259,648	181,547
Non-controlling interests		(40)	(182)
		<u>259,608</u>	<u>181,365</u>
Profit for the period		259,608	181,365
Total comprehensive income attributable to:			
Equity shareholders of the Company		260,446	192,112
Non-controlling interests		(40)	(182)
		<u>260,406</u>	<u>191,930</u>
Total comprehensive income for the period		260,406	191,930
Earnings per share (RMB cents)	9		
Basic		35	24
		<u>35</u>	<u>24</u>
Diluted		35	24
		<u>35</u>	<u>24</u>

Details of the dividends payable to equity shareholders of the Company attributable to the profit for the six months ended 30 June 2015 are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited

(Expressed in Renminbi)

		At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		201,184	207,661
Construction in progress		14,300	5,312
Intangible assets		4,027	4,441
Lease prepayments		76,387	77,350
Prepayments for purchase of equipment and acquisition of land use right		3,056	3,123
Prepayment for investment		30,180	30,180
Deferred tax assets		6,705	7,725
		<u>335,839</u>	<u>335,792</u>
Current assets			
Inventories		150,775	129,691
Trade and other receivables	10	1,973,080	1,652,244
Current tax asset		8,111	9,496
Pledged deposits		244,305	403,925
Available-for-sale investments		–	229,000
Time deposits with original maturity over three months		60,600	50,000
Cash and cash equivalents		970,151	1,287,182
		<u>3,407,022</u>	<u>3,761,538</u>
Current liabilities			
Bank loans	11	395,431	421,074
Trade and other payables	12	1,068,468	1,431,840
Current tax liabilities		34,912	49,204
		<u>1,498,811</u>	<u>1,902,118</u>
Net current assets		<u>1,908,211</u>	<u>1,859,420</u>
Total assets less current liabilities		<u>2,244,050</u>	<u>2,195,212</u>
Non-current liabilities			
Deferred tax liabilities		2,207	2,340
NET ASSETS		<u>2,241,843</u>	<u>2,192,872</u>

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
<i>Note</i>		
CAPITAL AND RESERVES		
Share capital	66,010	66,010
Reserves	<u>2,176,448</u>	<u>2,127,437</u>
Total equity attributable to equity shareholders of the Company	2,242,458	2,193,447
Non-controlling interests	<u>(615)</u>	<u>(575)</u>
TOTAL EQUITY	<u>2,241,843</u>	<u>2,192,872</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL INFORMATION

Boer Power 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 Group is 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").

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 October 2010.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 12 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The Company's auditor has expressed an unqualified opinion on those financial statements in its report dated 6 March 2015.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments have had a material effect 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. 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 four separate segments:

- 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.

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

	Revenue RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Depreciation and amortisation included in cost of sales RMB'000
Six months ended 30 June 2015				
EDS Solutions	1,626	(1,136)	490	13
iEDS Solutions	585,643	(365,861)	219,782	4,483
Intelligent Power Grid Solutions	59,330	(38,399)	20,931	
Intelligent Power Distribution Integrated Solutions	526,313	(327,462)	198,851	
EE Solutions	295,052	(143,671)	151,381	2,259
Managed and Enhanced EE Solutions	292,094	(141,705)	150,389	
Equipment-enhanced EE Solutions	2,958	(1,966)	992	
CSP Business	90,057	(67,963)	22,094	689
Special CSP	52,089	(38,442)	13,647	
Standard CSP	37,968	(29,521)	8,447	
	972,378	(578,631)	393,747	7,444

	Revenue <i>RMB'000</i>	Cost of sales <i>RMB'000</i>	Gross profit <i>RMB'000</i>	Depreciation and amortisation included in cost of sales <i>RMB'000</i>
Six months ended 30 June 2014				
EDS Solutions	5,329	(3,849)	1,480	51
iEDS Solutions	425,853	(259,560)	166,293	4,101
Intelligent Power Grid Solutions	85,573	(53,912)	31,661	
Intelligent Power Distribution				
Integrated Solutions	340,280	(205,648)	134,632	
EE Solutions	199,848	(96,956)	102,892	1,925
Managed and Enhanced EE Solutions	199,156	(96,393)	102,763	
Equipment-enhanced EE Solutions	692	(563)	129	
CSP Business	92,726	(66,983)	25,743	893
Special CSP	44,375	(28,984)	15,391	
Standard CSP	48,351	(37,999)	10,352	
	723,756	(427,348)	296,408	6,970

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

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales	7,444	6,970
Administrative expenses	4,302	4,427
	11,746	11,397

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.

5. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest income from financial institutions	13,553	10,028
Investment income	10,484	26,645
Refund of value added taxes ("VAT") [^]	30,870	16,283
Net gain on disposal of available-for-sale investments	–	7,677
Government grants	88	1,110
Others	2,248	2,131
	57,243	63,874

[^] 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.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
(a) Finance costs:		
Interest on bank borrowings	4,405	12,225
Interest on factoring of trade receivables	12,500	13,622
	16,905	25,847
(b) Staff costs:		
Contributions to defined contribution retirement plans	4,415	3,768
Equity-settled share-based payment expenses	11,781	4,785
Salaries, wages and other benefits	41,494	40,474
	57,690	49,027
(c) Other items:		
Amortisation of intangible assets	279	308
Amortisation of lease prepayments	964	964
Depreciation	10,503	10,125
Impairment losses for trade receivables	3,314	7,743
Operating lease charges in respect of properties	2,558	1,956
Research and development costs (other than staff costs)	32,871	23,738
Net loss on disposal of property, plant and equipment	–	110
Net foreign exchange losses	2,914	5,678
Cost of inventories [#]	578,631	427,348

[#] Cost of inventories includes RMB25,082,000 (six months ended 30 June 2014: RMB24,167,000) 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 6(b) and (c) for each of these types of expenses.

7. INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax		
Provision for PRC income tax for the period	44,308	33,410
(Over)/under-provision in respect of prior year	(2,703)	410
Withholding tax	1,385	11,516
Deferred tax		
Origination and reversal of temporary differences	887	478
	43,877	45,814

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 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 six months ended 30 June 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 (Yixing) Power System Co., Ltd.* (“博耳(宜興)電力成套有限公司”) and Shanghai Electrical Apparatus Research Institute Switch Apparatus Co., Ltd.* (“上海電科博耳電器開關有限公司”), 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”) which is a qualified Software Enterprise and is therefore entitled to a preferential tax rate of 12.5% in 2014 and 2015.

- (iv) Withholding tax

Withholding tax mainly represented taxes levied on a Hong Kong subsidiary in respect of dividends declared from a subsidiary in mainland China.

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

8. DIVIDENDS

- (a) Dividends payable to equity shareholders attributable to the interim period are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interim dividend declared after the interim period of HK26 cents per share (2014: Nil)	160,688	–

The interim dividend has not been recognised as a liability as at 30 June 2015.

- (b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Special dividend in respect of the previous financial year, approved and paid during the interim period, of HK18 cents per share (2014: HK17 cents)	109,144	100,958
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK19 cents per share (2014: HK14 cents)	114,072	84,715
	223,216	185,673

9. 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 RMB259,648,000 (six months ended 30 June 2014: RMB181,547,000) and the weighted average number of 749,024,000 ordinary shares (2014: 753,965,000 ordinary shares) in issue during the interim period.

- (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 RMB259,648,000 (six months ended 30 June 2014: RMB181,547,000) and the weighted average number of 749,085,000 ordinary shares (2014: 754,110,000 ordinary shares) in issue adjusted for the potential dilutive effect caused by the shares granted and fully vested under the share award scheme.

10. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current	1,513,021	1,183,402
Less than 3 months past due	82,188	81,572
More than 3 months but less than 6 months past due	71,671	66,293
More than 6 months but less than 1 year past due	105,455	80,532
More than 1 year past due	28,155	20,950
Trade receivables, retention receivables and bills receivable, net of allowance for doubtful debts	1,800,490	1,432,749
Prepayment, deposits and other receivables	172,590	219,495
	1,973,080	1,652,244

All of the trade and other receivables except for retentions held by customers of RMB116,356,000 (2014: RMB149,644,000) are expected to be recovered or realised within one year.

As at 30 June 2015, the Group's trade receivables of RMB26,138,000 (2014: RMB25,652,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties. The management assessed that only a portion of those receivables is expected to be recovered. The Group does not hold any collateral over these balances.

11. BANK LOANS

As at 30 June 2015, all of the bank loans were repayable within one year with effective interest rates from 1.5% to 2.6% per annum and were secured by the pledged deposits of RMB196,980,000 (31 December 2014: pledged deposits of RMB283,000,000 and unlisted available-for-sale investments with principal amounts of RMB130,000,000).

12. TRADE AND OTHER PAYABLES

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:

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Due within 1 month or on demand	894,952	1,022,505
Due after 1 month but within 3 months	15,377	224,057
Due after 3 months but within 6 months	31,931	41,139
Due after 6 months	13,757	–
Trade payables and bills payable	956,017	1,287,701
Receipts in advance	34,226	20,616
Other payables and accruals	78,225	123,523
	1,068,468	1,431,840

13. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property, plant and equipment outstanding as at 30 June 2015 not provided for in the interim financial report were as follows:

	At 30 June 2015 <i>RMB'000</i>	At 31 December 2014 <i>RMB'000</i>
Contracted for	6,800	13,599
Authorised but not contracted for	159,860	164,100
	166,660	177,699

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In view of complicated economic environment home and abroad and the pressure of economic downturn, China's government adhered to the route "Progress while maintaining stability". In the first half of 2015, the national economy fluctuated in a reasonable range with major indicators of recovering and stabilizing. The gross domestic product in comparable price increased by 7.0% and reached RMB29.69 trillion during the first half of 2015. The country's fixed asset investment increased by 11.4% to RMB23.71 trillion.

Benefited from the national policies' to support the development of smart grid, as well as the positive influence brought by the National Grid and the China Southern Power Grid to expand the investment in the construction of grid, the country's electric power transmission side market saw a huge demand. Meanwhile, the fast growth in sectors such as the medical services and data centers are driving the fast increasing demand for the country's power distribution network. Besides, the country's power transmission and distribution equipment has entered an era of fast growth with large amount of equipment due to be replaced. As for the overseas market, the power transmission and distribution in Western Europe, North America and Southeast Asia maintained a steady growth, while the emerging markets such as the India Peninsular, Middle East and Africa, represented a strong demand and fast growth, infilling new momentum to the global market. The power distribution equipment, especially the secondary equipment represented by the protection and dispatching control system, has become a new driving factor for the global power transmission and distribution industry. The global market witnessed a rapid growth during the period.

"Green, Energy Efficiency, Environmental Protection", promoted by the national policies, has become the direction and objective of transformation for power grid, medical services, telecommunications, data centers, etc. The domestic demand in energy efficient products and energy management services surged, representing scalable growth in the market.

Business 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")

For the six months ended 30 June 2015 (the "Period" or "the first half of 2015"), the Group captured the opportunity arisen from the surging demand for the high-end electricity distribution and energy management products and services home and abroad, combined with its advantage in research & development ("R&D") and professional service team, the Group provided one-stop service including iEDS, EE and Cloud Managed Maintenance Services,

successfully enhancing our position in the existing markets, maintaining good cooperative relationship with long-term clients, as well as exploring new markets and potential clients. The overall business of the Group during the first half of 2015 maintained a rapid growth. The revenue from the medical services and data centers significantly increased in terms of sectors, while the performance of iEDS Solutions and EE Solutions were prominent in terms of segments.

In terms of the domestic market, the country vigorously promoted the construction of smart grid, digitalization for medical and healthcare facilities and the green initiatives for data centers, bringing sustainably increasing demand for the electricity transmission and distribution equipment market in China. To cater the strong demand for the high-end electricity distribution products and services in the medical services, telecommunications, data centers and grid industries in response to the specific requirements of the clients from the relevant industries, the Group provided customised comprehensive solutions to consistently increase the market share in the relevant markets. During the period, the Group maintained a good cooperative relationships with long-term clients and actively participated in their new projects, including the construction of Zhejiang Mobile's database and Global Data Solution's Data Center, while reaching deals with a number of new clients. Among them, the Group has established cooperative relationships with Luoyang Jingdu Oncology Hospital and Budweiser to provide a comprehensive solution for hardware, software, system and cloud managed maintenance services, as well as with the State Grid Jiangxi Electric Power Company and the State Grid Shanxi Electric Power Company for new environmentally-friendly electricity distribution equipment.

The medical reform of the "12th Five-Year Plan" proposed by the State Council aimed to increase the number of beds in the non-public medical institutions to 20% of the total number of beds in medical institutions in 2015. The Ministry of Health promulgated the national digitalization practice in the "12th Five-Year Plan", indicating that digitalization will become an essential part of the medical and healthcare system reform. The demand for the intelligent, energy efficient and environmentally friendly electricity distribution equipment and comprehensive solutions is increasing as driven by the on-going digitalization of the medical and healthcare services and the development of private hospitals. Boer Power directly put forward strong and weak current medical systems, one-stop energy saving solutions for electromechanical equipment procurement and project implementation, and received support from the medical services. The Group recorded a revenue of approximately RMB200 million from the medical services, which accounted for 21% of the total revenue, and represented an increase by 11% as compared to 10% of the total revenue of same period of last year.

China is entering the era of mega data and cloud computing. With increasing users' demand for the amount of data, the data center will witness a great development. "2014-2015 China's Internet Data Center ("IDC") Industry Development Report", issued by China's IDC Circle, predicted that China's IDC market in 2015 will reach RMB49.24 billion, representing an increase of 32.3% from RMB37.22 billion of 2014. In recent years, the annual consumption of electricity in the data centers exceeded 1.5% of the total consumption of society as a whole. In March 2015, China launched a green data center pilot program, intending to push forward the green initiatives for data centers such as turning them from high energy consumption to low energy consumption, and to become low carbon and low cost environmental data centers. The Group captured the opportunities of the flourishing increasing data centers and the

environmental protection practices, and released comprehensive solutions targeted at internet data center facilities which included micro-modularization machine room, intelligent electrical distribution, dynamic environment monitoring, and other functions, which receives extensive recognition from clients. These solutions were widely used in telecommunication operators, internet content providers, financial institutions and data centers built for other specific industries. In the first half of 2015, the revenue from telecommunications and data centers amounted to approximately RMB167 million, representing 17% of the Group's total revenue.

The smart grid, vigorously promoted by the country, proposed the objectives of enhancing the security in grid operation, flexibility, accuracy and stability in control and power distribution, as well as the environmental requirement for smart grid. It is believed that the electricity reform will drive the demand from the grid industry for Boer's intelligent electrical distribution solutions. For the power grid industry, the Group has developed a series of products including solid insulated ring main units and SBS-63/SBS-250 series of dual power automatic switching device products which cater the clients' demand for the security and stability of the electricity distribution products. During the period, based on the current grid clients, the Group has entered into cooperation with the State Grid Jiangxi Electric Power Company and the State Grid Shanxi Electric Power Company. The revenue from the grid industry maintained a steady growth, accounting for 10% of the total revenue.

In view of the situation that there is commonly shortage of construction funds in the construction of projects for medical purpose, data center and certain other industries, while there is stable inflow of cash after the operation of projects, the Company in 2015 promoted its new integrated solution V3.0+ based on the "financial factoring model", providing comprehensive service to the clients in terms of financing, product services, operation and maintenance, etc.

In respect of the overseas market, the "Made in China 2025" plan clearly indicates the directions to digitalise and incorporate intelligence into traditional manufacturing, to facilitate the development of smart grid with power transmission, distribution and the user-end facilities, and to enhance the support for the small and medium enterprises to go abroad. As China's power transmission and distribution industry is entering the critical period of transformation and upgrading abroad, the Group is actively exploring the overseas market and implementing global business development plan. "Development Trends of Power Transmission and Distribution Equipment Manufacturing in China and the Globe" issued by Roland Berger Strategy Consultants pointed out that under the situation where the market demands in Asia, the Middle East, Africa and Latin America continue to grow, the global power transmission and distribution equipment manufacturing industry has maintained a rapid development momentum, and the global market capacity is expected to reach US\$154 billion by 2015. To satisfy the strong demand in the emerging markets such as Asia, the Middle East, Africa, Latin America, etc., a number of projects were launched in the first half of 2015. Meanwhile, the Group actively explored the new markets, accelerating the globalisation of Boer Power's solutions. Following the subsidiaries in Indonesia and Spain, the subsidiary in Mexico, another important step of the Group's global business strategy layout, was setting up during the Period. By setting up a subsidiary in Mexico, the Group has also tapped into the Latin American market. In terms of the construction of new projects in Asia, Boer Power provided electrical distribution equipment and solutions for the Heidelberg Cement project in Indonesia, oil and gas project in Turkmenistan and oil project in Kazakhstan. In Africa,

the Group participated in the power supply works of the construction project of new Luanda International Airport of Angola, Africa, and supplied electrical distribution products. In addition, the Group successfully developed the Middle East market to provide electrical distribution products and solutions for the cement project in Saudi Arabia. As for the business in Europe, the Group continued to promote the Group's products and services in Europe through the established European sales network by the subsidiary in Spain, further enhancing the market share of power distribution in Europe. The segment recorded a steady growth during the Period.

Boer Power has maintained the leading strength in R&D, to better satisfy the clients' demand for intelligent electrical distribution and energy saving. During the period, the Group continued to enhance the investment in R&D, launching 35 new products in total. Based on the cloud mega data platform, the Group in the first half of 2015 has pushed forward the management service of electrical distribution equipment and promoted it nationally, which provides real-time monitoring, malfunction alert, locating and solving malfunctions, real-time data storage and transmission, and efficiency analysis and optimization services. In addition, the Group also continued to explore the comprehensive solutions suitable for the photovoltaic and other industries, further enriching the Group's product portfolio and broadening the revenue sources.

As at 30 June 2015, the Group's outstanding contract backlog amounted to approximately RMB2,774.8 million which comprises iEDS Solutions, EE Solutions and CSP Business, mainly from customers of data centers, telecommunication, medical services, infrastructure and distributors of spare parts, etc. Most of the outstanding contract backlog is expected to be completed by the end of this year.

The total revenue of the Group amounted to RMB972,378,000 for the six months ended 30 June 2015, representing an increase of 34.4% as compared to that of 2014. The increase in revenue was mainly due to the fact that commitment of the Group to the development and continuous innovation, products and services has been improved to better meet customer needs, and thus increased the market demand for the products and services of the Group.

The total profit attributable to the equity shareholders of the Company amounted to approximately RMB259,648,000 for the six months ended 30 June 2015, representing an increase of 43.0% as compared to that of 2014. The increase in profit was mainly due to the substantial increase in revenue contribution from both the iEDS Solutions and EE Solutions business segments.

As at 30 June 2015, the total assets of the Group were approximately RMB3,742,861,000 (31 December 2014: approximately RMB4,097,330,000) while the total liabilities were approximately RMB1,501,018,000 (31 December 2014: approximately RMB1,904,458,000) and the total equity of the Group amounted to approximately RMB2,241,843,000 (31 December 2014: approximately RMB2,192,872,000).

Operation and Financial Review

Sound performance and significant growth were recorded for iEDS Solutions and EE Solutions during the period.

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 six months ended 30 June 2015 amounted to approximately RMB1,626,000 (2014: approximately RMB5,329,000), representing 0.2% (2014: 0.7%) of the Group's total revenue during the period. A decrease in sales of EDS Solutions of 69.5% was recorded and the reportable gross profit of this business segment during the period was approximately RMB490,000 (2014: approximately RMB1,480,000), representing a decrease of 66.9% as compared to that of 2014. The reason for the decline in sales and gross profit was due to the continuing drop in demand for EDS Solutions as a result of the market trend for replacement of EDS Solutions. Most of the Group's customers are currently adopting the iEDS Solutions.

The gross profit margin of EDS Solutions segment increased from 27.8% for 2014 to 30.1% for the period. The fluctuation in gross profit margin is within the normal range.

iEDS Solutions

On top of 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 which 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 the data centers, telecommunication and medical services industries.

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

- Intelligent Power Grid Solutions: the products and solutions being used in the power grid; 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 six months ended 30 June 2015 was approximately RMB585,643,000 (2014: approximately RMB425,853,000), which accounted for approximately 60.2% (2014: 58.9%) of the Group's total revenue during the period. The increase in the sales of iEDS Solutions of 37.5% for the period was mainly attributable to the Group used the application data collected from customers in focused industries

accumulated over the years, coupled with automatic data acquisition and analysis, and the remote monitoring of electromechanical systems, enabling customers to manage their systems and facilities more effectively in order to meet their needs. The reportable gross profit of this business segment was approximately RMB219,782,000 (2014: approximately RMB166,293,000), representing an increase of 32.2% as compared to that of 2014.

The gross profit margin of iEDS Solutions segment decreased from 39.0% for 2014 to 37.5% for the period. 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 consideration of power source, select the most appropriate power saving solutions and provide equipment and systems to customers in order to 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 the following 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 six months ended 30 June 2015 was approximately RMB295,052,000 (2014: approximately RMB199,848,000), which accounted for approximately 30.3% (2014: 27.6%) of the Group's total revenue during the period. The substantial increase in the sales of EE Solutions was mainly attributable to the promotion of energy savings and emission reduction policy in China. Energy saving continued to be the major trend in the market, encouraging energy saving from industries such as medical services, telecommunications and data centers. In view of this, the Group proposed targeted energy saving solutions by integrating the data from the customers in focused industries accumulated over the years and taking into account the actual situation of the customers so as to achieve the goal of energy saving. The reportable gross profit of this business segment was approximately RMB151,381,000 (2014: approximately RMB102,892,000), representing an increase of 47.1% as compared to that of 2014.

The gross profit margin of EE Solutions segment slightly decreased from 51.5% for 2014 to 51.3% for the period.

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 following categories:

- Special CSP: the custom made parts ordered by the Group’s long term customers;
- Standard CSP: the general parts and components being sold by the Group; and
- Smart home products: the parts and components used for intelligent household equipment.

The smart home products are the Group’s new line of products to be launched to the market in the second half of the year, and thus no sales were recorded for the period ended 30 June 2015.

The total sales of the CSP business of the Group for the six months ended 30 June 2015 was approximately RMB90,057,000 (2014: approximately RMB92,726,000), which accounted for approximately 9.3% (2014: 12.8%) of the Group’s total revenue during the period. A decrease in the sales of CSP Business of 2.9% for the period was recorded. The reportable gross profit of this business segment was approximately RMB22,094,000 (2014: approximately RMB25,743,000), representing a decrease of 14.2% as compared to that of 2014.

The gross profit margin of CSP Business segment decreased from 27.8% for 2014 to 24.5% for the period. The fluctuation in gross profit margin is within the normal range.

Prospect

“The Guidance on the Promotion of Smart Grid Development”, issued by the National Development and Reform Commission (“NDRC”) and the National Energy Administration (“NEA”), clearly specified the objective in 2020 to initially accomplish a smart grid system with security and reliability, open compatibility, two-way interaction, efficiency and economy, environmental friendliness. “Development Trends of Power Transmission and Distribution Equipment Manufacturing in China and the Globe” issued by Roland Berger Strategy Consultants pointed out that the power transmission and distribution industry in China will reach a historical peak in 2015 with approximately RMB320 billion. In addition, with smart grid entering into the stage of comprehensive construction, investment in intelligentization will drive the increase of scale in secondary equipment, smart meters and communication network. The State Grid announced the investment in power grid construction would be RMB420.2 billion, a record high number, representing 24% increase as compared to that of 2014.

Adhering to the national policy, the Group will conduct a comprehensive strategic layout. Focusing on the demand in the transmission and distribution, the Group will seize the opportunities from the smart grid construction to provide high-end electricity distribution products and services for the clients. In addition, focusing on the demand of the users as well, and in view of a strong demand for the intelligent and energy efficient electricity distribution by the medical services, data centers and large chain commercial enterprises, the Group put forward the comprehensive solutions for the relevant industries to enhance the market shares in the industries, strengthening the leading position of the Group.

“National Plan for Medical and Health Service System (2015-2020)” proposed that the beds in the medical institutions nationwide will be increased from 6.18 million at the end of 2013 to 8.55 million in 2020, representing an annual compound increase of 4.75%. “Strategic Report for Health China 2020” targeted the revenue of health consumer market to reach RMB6.2-6.7 trillion. The rapid expansion of medical service market, coupled with the infilling of private capital into the medical service industry supported by the national policies, thereby the number of private hospitals rapidly increased, creating larger market potentials for the Group’s iEDS and EE Solutions.

In respect of the data centers, “2014-2015 China’s IDC Industry Development Report” issued by China IDC predicted that China’s market of IDC in 2017 could reach RMB91.91 billion. There is huge potential in data centers. Coupled with the environmental transformation of data centers promoted by the country, thereby the demand for the intelligent electrical distribution and energy efficient solutions by the data centers is foreseeable for sure.

In terms of the overseas business, as the prediction of the “Development Trends of Power Transmission and Distribution Equipment Manufacturing in China and the Globe” issued by Roland Berger Strategy Consultants, the smart grid is the key component in the next decade for the construction of power grid with an investment of relevant equipment and system approximately USD51.5 billion by 2020. In addition, due to the large market volume in power transmission and distribution in the Southeast Asia and the fast increase in Africa, both markets in the Southeast and Africa are accessible for China’s enterprises. Also, benefited from “One Belt, One Road”, China’s enterprises expand abroad and the construction of infrastructure and investment in the fixed assets for the relevant along countries will be enhanced, stimulating demand for China’s power transmission and distribution products and services in relevant areas. Following the huge opportunities emerging in the Southeast Asia and African markets, and “One Belt, One Road” strategy, the Group will optimise the business development plan globally, select those countries or regions with potential growth to setup subsidiaries, realizing a breakthrough in the sales of overseas business.

Looking ahead, the Group is actively exploring the new market and will continue to seize the opportunities home and abroad, giving full play to the advantages of the Group in intelligent electrical distribution and energy efficiency to strengthen the leading position in high-end electricity distribution industry and enhance its market share.

Liquidity and Financial Resources

The Group maintained a healthy liquidity position during the period under review. 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, trade and other receivables, trade and other payables and bank loans. As at 30 June 2015, the cash and cash equivalents, net current assets and total assets less current liabilities were approximately RMB970 million (31 December 2014: approximately RMB1,287 million), approximately RMB1,908 million (31 December 2014: approximately RMB1,859 million) and approximately RMB2,244 million (31 December 2014: approximately RMB2,195 million), respectively. As at 30 June 2015, the Group had bank loans amounting to approximately RMB395 million (31 December 2014: approximately RMB421 million).

Assets/Liabilities Ratio

The average inventory turnover days increased by 12 days from 32 days as at 30 June 2014 to 44 days as at 30 June 2015, mainly due to the ongoing projects of the Group as at the period end was more than last year and the continuous development of the overseas business, resulting in an increase in inventories. The average trade payables turnover days increased slightly by 4 days from 349 days as at 30 June 2014 to 353 days as at 30 June 2015, mainly due to longer credit period granted by some suppliers to the Group. The average trade receivables turnover days decreased by 7 days from 310 days as at 30 June 2014 to 303 days as at 30 June 2015, mainly due to the Group managed the trade receivables more effectively.

As at 11 August 2015, the Group received over RMB125,948,000 from customers for settlement of outstanding trade receivables at 30 June 2015.

Contingent Liabilities

As at 30 June 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.

Significant Investments Held, Material Acquisitions and Disposals

The Group had no significant investments held or material acquisitions and disposals during the six months ended 30 June 2015.

Employees and Remuneration Policy

The Group had 1,271 (2014: 1,270) employees as at 30 June 2015. The total staff costs for the period under review were approximately RMB58 million (six months ended 30 June 2014: approximately RMB49 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.

DIVIDEND

The Board has declared an interim dividend of HK26 cents (2014: Nil) per share in respect of the six months ended 30 June 2015, payable to shareholders whose names appear in the Register of Members of the Company on Thursday, 19 November 2015. The said dividend will be payable on or about Monday, 30 November 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will also be closed from Wednesday, 18 November 2015 to Thursday, 19 November 2015 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend for the reporting period, 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 Tuesday, 17 November 2015.

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 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 period. During the period, no options have been granted under the Share Option Scheme adopted by the Company on 30 September 2010.

As at the date of 2014 annual report and this interim 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 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 period, the Company had not purchased any of the Company's existing shares on the market for the purpose of the Share Award Scheme.

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% and 0.08% of the issued shares of the Company as at Adoption Date.

As at the date of 2014 annual report and this interim report, the trustee held 26,363,000 shares 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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 period under review, the Company has applied the principles of and complied with most of the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules with the exception of code provisions A.2.1 and E.1.2 of the 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 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. The Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Code provision E.1.2

Code provision E.1.2 stipulates that the Chairman of the Board should attend the Annual General Meeting. Mr. Qian Yixiang was unable to attend the annual general meeting 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, as his delegate to chair the 2014 AGM and to answer the questions from shareholders. The Chairman of the Audit, Nomination and Remuneration Committee of the Company, Mr. Yeung Chi Tat, was also available to answer questions at the 2014 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code for Directors’ securities transactions. Having made specific enquiries by the Company to all Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2015 regarding Directors’ securities transactions. The Company has also ensured compliance of its employees who are likely to possess inside information in relation to the Company or its securities in respect of their dealings with the Company’s securities.

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 inside information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

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, 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 unaudited interim financial information for the six months ended 30 June 2015 of the Group.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company’s interim 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 interim report of the Company for period ended 30 June 2015 will be dispatched to the shareholders in due course.

APPRECIATION

The Board 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.

On behalf of the Board
Qian Yixiang
Chairman

Hong Kong, 12 August 2015

As at the date of this announcement, the Board comprises of (i) five executive Directors: Mr. Qian Yixiang, Ms. Jia Lingxia, Mr. Zha Saibin, Mr. Qian Zhongming and Mr. Huang Liang; (ii) one non-executive Director: Mr. Zhang Huaqiao; and (iii) three independent non-executive Directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Zhao Jianfeng.