BOER 博耳电力 BOER POWER

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)

PROFIT WARNING AND BUSINESS UPDATES

Profit Warning

This announcement is made by Boer Power Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and the potential investors that, based on the preliminary review of the latest unaudited consolidated management accounts of the Group, the Group expects to record a substantial decrease in net profit for the year ended 31 December 2016 as compared to the same period in 2015, and it is very probable that a net loss may be incurred.

Based on the unaudited consolidated management accounts of the Company and the data currently available to the Board, the substantial decrease in the Group's net profit is mainly attributable to the fact that the Company's management shifted the operation and management focus to reforming the factoring business and restructuring the corporate internal management, and the Company put efforts to improve the Group's asset and liabilities structure and cash flow level during the year of 2016. As the Group has adjusted the model of the factoring business, certain outstanding contract backlogs were cancelled or not completed as scheduled. The Group also adopted a conservative strategy for the entering into and execution of new orders in the year of 2016, resulting in a relatively slow progress in business. Moreover, the Group may make a provision for bad debts of the trade receivables during the year of 2016 due to increased age of trade receivables upon the completion of audit of the consolidated management accounts of the Group. The above factors resulted in a substantial decrease in the revenue and net profit of the year of 2016.

Business updates

Looking back to the year, through operation management and adjustment to the business model, the settlement of trade receivables by the Group continued to perform well, which significantly improved the asset and liabilities structure and cash flow level of the Group. Based on the Company's preliminary review of the unaudited operational data of the Group and the information currently available to the Board, in respect of the Group's trade receivables, loans to customers, retention receivables and bills receivable of RMB4,087,310,000 as at 30 June 2016 with no provision was made for the period from 1 July 2016 to 31 December 2016 and meanwhile, assuming that no additional provision will be made by audit adjustments, it has decreased by RMB1,538,726,000 to RMB2,548,584,000 as at 31 December 2016; and the outstanding bank loan amount of the Group has also decreased during the year of 2016. On the business front, due to leveraging on the existing long-standing brand and technological advantage, the Group, after careful consideration, continued to obtain new orders in the fields of telecommunications, data center, medical services, rail transit, overseas markets and long term foreign customers, including China United Network Communication Group Co. Ltd., GDS Service Ltd, Qingdao Metro Group Co. Ltd, AB InBev, etc. Further, with the continued improvement in expanding overseas presence, the Group successfully entered emerging markets and regions, such as Bangladesh and Oman, in 2016. Meanwhile, as the photovoltaic business was developing rapidly, the Group also achieved breakthroughs in the business development in relevant markets. In 2016, the Group entered into strategic cooperation agreements with large enterprises including Shanghai Galaxy Investment Co, Ltd* (上海星河數碼投資有限公司), a group member of Shanghai Industrial Investment (Holdings) Co., Ltd* (上海實業(集團)有限公司, "**Shanghai Industrial**") and AVIC International Renewable Energy Co., Ltd. (中航國際新能源發展有限公司, "AVIC International") in relation to the development, investment, construction, operation and maintenance of photovoltaic power stations and rooftop distributed power stations in the PRC, and started to conduct relevant businesses including the acquisition of the photovoltaic power station assets held by the Group. Moreover, the Group made attempts to cooperate with third party capital investors, including the strategic cooperation with certain partners such as China Great Wall Asset Management Corporation* (長城資產管理有限公司) and Jiangsu Financial Leasing Co., Ltd.* (江蘇金融租賃股份有限公司). Through these strategic cooperation, the Group hopes to further settle and revitalize outstanding trade receivables, and identify quality funding partners to achieve steady development for the new businesses in the future.

Looking forward, in 2017, the Group will continue to seize the development opportunities in the fields of telecommunications, data center, medical services, rail transit and international customers, which are key industries and segments in which the Group possesses outstanding competitive advantages, to vigorously expand intelligent electrical distribution system ("iEDS") and energy efficiency ("EE") businesses and continue to expand the market share in those industries. Besides, the Group will maintain good cooperation with long term customers while actively seeking new customers to further sharpen the leading edges of the Group's core businesses in those segments. With respect to overseas market, the Group will actively seize the opportunities from the "One Belt, One Road" Initiative to speed up the Group's business expansion in Middle East and Southeast Asia regions and continuously improve the global strategy of overseas businesses. Furthermore, the Group is of the view that the photovoltaic segment presents promising prospect. In order to extend the good start of the strategic cooperation with the group companies of Shanghai Industrial and AVIC International, the Group intends to actively explore more opportunities in strategic cooperation with large-scale enterprises and speed up the development of photovoltaic business in 2017. It is expected that

* *For identification purposes only*

the photovoltaic business will serve as a strong thrust to bring the Group's performance back onto the growth track. One of the business focuses of the Group in 2017 will continue to be improving the asset and liabilities structure of the Group, speeding up the settlement of trade receivables, further lowering debt ratio and improving cash flow, coupled with the steady promotion of growth of core businesses and the strategy of new businesses. Looking into 2017, the management of the Group remains optimistic of the Group's business development.

The information contained in this announcement is only based on the preliminary assessment by the management of the Company based on unaudited consolidated management accounts of the Group and is not based on any figures or information reviewed nor audited by the Company's auditors or audit committee of the Company. Further details of the Group's financial results and performance will be disclosed in the Company's annual results announcement in the end of March 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of the Board
Boer Power Holdings Limited
Qian Yixiang
Chairman

Hong Kong, 24 February 2017

As at the date hereof, the Board comprises (i) four executive Directors: Mr. Qian Yixiang, Ms. Jia Lingxia, Mr. Zha Saibin and Mr. Qian Zhongming; (ii) one non-executive Director: Mr. Zhang Huaqiao; and (iii) three independent non-executive Directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Qu Weimin.