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

Interim Report 2011

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Qian Yixiang *(Chairman and Chief Executive Officer)*
Ms. Jia Lingxia
Mr. Zha Saibin
Mr. Qian Zhongming

Independent non-executive directors

Mr. Yeung Chi Tat
Mr. Tang Jianrong
Mr. Zhao Jianfeng

AUDIT COMMITTEE

Mr. Yeung Chi Tat *(Chairman)*
Mr. Tang Jianrong
Mr. Zhao Jianfeng

REMUNERATION COMMITTEE

Mr. Yeung Chi Tat *(Chairman)*
Mr. Tang Jianrong
Mr. Zhao Jianfeng
Mr. Qian Yixiang
Ms. Jia Lingxia

NOMINATION COMMITTEE

Mr. Yeung Chi Tat *(Chairman)*
Mr. Tang Jianrong
Mr. Zhao Jianfeng
Mr. Qian Yixiang
Ms. Jia Lingxia

COMPANY SECRETARY

Mr. To Kwong Yeung

AUTHORISED REPRESENTATIVES

Ms. Jia Lingxia
Mr. To Kwong Yeung

AUDITOR

KPMG

LEGAL ADVISER

Stephenson Harwood

COMPLIANCE ADVISER

CCB International Capital Limited

INVESTOR AND MEDIA RELATIONS CONSULTANT

Ketchum Newscan Public Relations Ltd.

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTERS AND HEAD OFFICE IN THE PRC

National Highway No. 312
Luoshe Town
Huishan District
Wuxi City
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 1805
18/F, Infinitus Plaza
No. 199 Des Voeux Road Central
Hong Kong

COMPANY'S WEBSITE

www.boerpower.com

CHAIRMAN'S STATEMENT

The financial performance of Boer Power Holdings Limited (the "Company") during the first half of 2011 has been satisfactory. During the first half, we had to take decisive moves to realign our business segment focus in response to market development and intense competition in the Electrical Distribution System Solutions ("EDS Solutions") business segment. With the increasing cost of energy in China and as a general nationwide trend towards improving energy usage efficiency and reducing overall energy cost, we have seen a concerted move by enterprises to upgrade their traditional low technological know-how electrical distribution system to the more efficient and high valued Intelligent Electrical Distribution System Solutions ("iEDS Solutions"). In addition, we have also noted during the end of 2010 and first quarter of 2011 a rapid decline in profit margin for EDS projects that came up for tender due to intense price competition. For the EDS Solutions projects that we executed during the first half of 2011, the gross profit margin decreased from 35.2% for 2010 to 11.7% for the comparative period in 2011, a gross profit margin which we find unacceptable and which does not leave us with much room for error. In response to the sudden change in the industry environment, and shield the Group from the rapidly falling margins, we have adjusted the Group's business strategy in a decisive manner to strategically realign our marketing focus and efforts from developing the EDS Solutions business to the iEDS Solutions, Energy Efficiency Solutions ("EE Solutions") and Components and Spare Parts Business ("CSP Business") business (the "Business Realignment"). In particular, the iEDS Solutions and EE Solutions business segments have traditionally been less competitive due to the substantially higher technological know-how requirement for these projects and the smaller pool of companies capable of providing such services. The Business Realignment strategies were implemented during the first half of 2011 and have had a drag on our overall operational financial performance during the first 6 months of 2011.

Following the completion of the Business Realignment strategies during the first half of 2011, the Group has since been focusing on pushing through its business growth and marketing and promotion strategies to make up the loss of business momentum during the first half of the year, and working on meeting our internal targets for 2011. We will continue to strive to increase the market share of our businesses, further enhance the upstream component production capability and expand the downstream sale channels to improve our overall production and operational efficiencies.

During this turbulent period in the global market, we will continue to build on the long term relationship with our key customers. We currently have ongoing projects with China Mobile, McDonald's and Schneider, and will continue to strive to identify further quality high-end customers and expand into new industry sectors. Our plan to expand our services to twenty provinces and cities where China Mobile is covering is progressing well, and we are currently marking preparations to move on to serving all provinces and cities covered by China Mobile. In addition to the organic growth, as per our business strategy as stated in the listing prospectus of the Company, we have commenced our mergers and acquisition strategy and has successfully acquired Wuxi Tezhong Electrical Capacitor Co., Ltd. ("Wuxi Tezhong") in first half of 2011. The acquisition of Wuxi Tezhong has significantly enhanced our upstream component production capabilities, and our competitive edge by giving us greater control over cost, specifications and quality of our products. In addition, the construction of our new plant in Wuxi is nearing completion and will commence operation in the second half of this year. Upon the new plant becoming fully operational, our production capacity will double.

We will continue to strive to grow organically, and identify targets with sound operation for merger and acquisition opportunities with the goal of expanding the Group's businesses network, technological know-how and enhance our one-stop services and competitive edge. Based on the projects that we have completed to date and the projects we have in hand at the moment, we believe we are well placed to meet our goals for 2011.

Looking forward, we will accelerate our strong momentum for growth in the high-end market and continue to enhance our marketing efforts on the iEDS Solutions and EE Solutions business segments. The "12th Five-Year Plan" on the State Grid Corporation of China (《國家電網公司「十二五」電網智能化規劃》) recently announced by the PRC Government allocated RMB280 billion to the construction of smart grids during the intervening period, and underpins the realigned business strategy of the Company. We believe the drive for greater energy efficiency and conservation will drive market demand for the Company's iEDS Solutions and EE Solutions businesses going forward. In spite of the recent rapid deterioration in the margin for EDS Solutions business, we will still be opportunistic in bidding for projects in which we believe we can maintain a healthy margin. We will also continue to strive to provide ever better and quality services for our customers. In view of the highly positive external factors as stated above, I have great confidence in the industry's prospects and our long-term development prospects and believe we can stand out amongst our numerous competitors in the country.

In addition to the business aspects of our Company, we are also in the process of enhancing our investor relations process to improve the quality and timely release of information to investors. We hope the increase in transparency will allow investors to better monitor the development of the Company and allow investors to better understand the strategies of the management in bringing greater returns to the shareholders. We believe that the enhancement of the investor relations process is crucial to ensuring that recent events leading up to the rapid fall in the share price of the Company, which is value destructive and which resulted from breakdown in communication with investors, be avoided in the future. We will work on promptly conveying the reasons for major business decisions to our investors even if those business decisions were made by the management in good faith to protect shareholder interests. In view of the current severely depressed share price, as compared to our IPO listing price of HK$6.38 per share, we intend to pursue an on-market share buyback programme to enhance the earnings per share of our shareholders.

Lastly, on behalf of the Board, I would like to express our gratitude to our staff for their contribution, to our customers and business partners for their support, and to our shareholders for their continuing support during this difficult period. We shall continue to strive to improve our corporate governance, enhance investor relations efforts, overcome any challenges with determination and fortitude, and as a matter of course, reward our investors with ever better returns!

Qian Yixiang
Chairman

26 August 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	**RMB'000**	RMB'000
Turnover	4	**361,955**	432,516
Cost of sales		**(228,151)**	(277,999)
Gross profit		**133,804**	154,517
Other revenue	5	**18,659**	1,693
Gain on acquisition of a subsidiary	15	**24,382**	–
Selling and distribution expenses		**(15,050)**	(16,349)
Administrative expenses		**(43,090)**	(34,556)
Profit from operations		**118,705**	105,305
Finance costs	6(a)	**–**	(1,030)
Profit before taxation	6	**118,705**	104,275
Income tax	7	**(14,479)**	(14,603)
Profit for the period		**104,226**	89,672
Other comprehensive income for the period			
Exchange differences on translation of financial statements of operations outside mainland China		**(9,505)**	(122)
Total comprehensive income for the period		**94,721**	89,550
Profit attributable to:			
Equity shareholders of the Company		**104,226**	87,508
Non-controlling interests		**–**	2,164
Profit for the period		**104,226**	89,672
Total comprehensive income attributable to:			
Equity shareholders of the Company		**94,721**	87,386
Non-controlling interests		**–**	2,164
Total comprehensive income for the period		**94,721**	89,550
Earnings per share			
Basic and diluted (RMB cents)	8	**13.39**	15.56

The notes on pages 10 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2011 (Unaudited) RMB'000	At 31 December 2010 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**89,250**	47,515
Construction in progress	9	**104,139**	16,828
Intangible assets	9	**17,417**	162
Lease prepayments		**22,669**	19,809
Prepayments for purchase of equipment and plant construction		**5,194**	3,358
Deferred tax assets		**1,247**	1,738
		239,916	89,410
Current assets			
Inventories		**62,115**	29,037
Trade and other receivables	10	**788,090**	693,243
Amounts due from related parties		**1,842**	–
Pledged deposits		**15,700**	19,640
Time deposits with original maturity over three months	11	**463,075**	658,954
Cash and cash equivalents	11	**295,814**	268,093
		1,626,636	1,668,967
Current liabilities			
Trade and other payables	12	**429,353**	377,327
Amounts due to directors		**–**	425
Amounts due to related parties		**1,425**	4,228
Current taxation		**18,048**	10,040
		448,826	392,020
Net current assets		**1,177,810**	1,276,947
Total assets less current liabilities		**1,417,726**	1,366,357

At 30 June 2011 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2011 (Unaudited) RMB'000	At 31 December 2010 (Audited) RMB'000
Non-current liabilities			
Deferred tax liabilities		**7,351**	–
NET ASSETS		**1,410,375**	1,366,357
CAPITAL AND RESERVES			
Share capital	13	**66,382**	66,382
Reserves		**1,343,993**	1,299,975
TOTAL EQUITY		**1,410,375**	1,366,357

Approved and authorised for issue by the board of directors on 26 August 2011.

Qian Yixiang
Director

Jia Lingxia
Director

The notes on pages 10 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	**Shares held for share award scheme** RMB'000	**Share premium** RMB'000	**Statutory reserve** RMB'000	**Capital reserve** RMB'000	**Exchange reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2010	7,511	–	–	12,695	742	891	150,316	172,155	31,590	203,745
Total comprehensive income for the period	–	–	–	–	–	(122)	87,508	87,386	2,164	89,550
Profit distribution prior to the listing	–	–	–	–	–	–	(60,962)	(60,962)	(9,702)	(70,664)
Acquisition of non-controlling interests in:										
– Boer (Yixing) Power System Co., Ltd. ("Boer Yixing")	–	–	–	–	2,419	–	–	2,419	(2,418)	1
– Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi")	–	–	–	–	3,732	–	–	3,732	(17,045)	(13,313)
Capital injection	79	–	–	–	–	–	–	79	–	79
At 30 June 2010	7,590	–	–	12,695	6,893	769	176,862	204,809	4,589	209,398
At 1 January 2011	**66,382**	**–**	**1,000,172**	**12,695**	**21,436**	**(3,789)**	**269,461**	**1,366,357**	**–**	**1,366,357**
Dividends approved in respect of the previous year	**–**	**–**	**(45,372)**	**–**	**–**	**–**	**–**	**(45,372)**	**–**	**(45,372)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(9,505)**	**104,226**	**94,721**	**–**	**94,721**
Shares purchased for share award scheme (note 3(a))	**–**	**(5,331)**	**–**	**–**	**–**	**–**	**–**	**(5,331)**	**–**	**(5,331)**
At 30 June 2011	**66,382**	**(5,331)***	**954,800***	**12,695***	**21,436***	**(13,294)***	**373,687***	**1,410,375**	**–**	**1,410,375**

* These reserve accounts comprise the consolidated reserves of RMB1,343,993,000 (2010: RMB1,299,975,000) in the consolidated statement of financial position.

The notes on pages 10 to 20 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
	Note	**RMB'000**	RMB'000
Net cash used in operating activities		**(25,890)**	(107,548)
Net cash generated from investing activities		**112,320**	125,077
Net cash (used in) / generated from financing activities		**(48,073)**	9,347
Net increase in cash and cash equivalents		**38,357**	26,876
Cash and cash equivalents at beginning of period	11	**268,093**	27,762
Effects of foreign exchange rate changes		**(10,636)**	(122)
Cash and cash equivalents at end of period	11	**295,814**	54,516

The notes on pages 10 to 20 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL INFORMATION

Boer Power Holdings Limited ("the Company") was incorporated in the Cayman Islands on 12 February 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. 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").

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited 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, 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 issuance on 26 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the new accounting policies that are adopted in the 2011 annual financial statements. Details of these new 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 2010 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"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA.

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. KPMG's independent review report to the board of directors (the "Board") is included on page 21.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 23 March 2011.

The financial information relating to the six months ended 30 June 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial period but is derived from the financial information included in the Accountants' Report in Appendix I of the Company's Prospectus dated 7 October 2010 (the "Prospectus").

(Expressed in Renminbi unless otherwise indicated)

3. ADOPTION OF AND CHANGES IN ACCOUNTING POLICIES

During the six months ended 30 June 2011, the Group has adopted the following new accounting policies:

(a) Share award scheme and shares held for share award scheme

Pursuant to a resolution of the Board meeting dated 17 June 2011, the Board approved the adoption of a share award scheme (the "Scheme") under which shares of the Company may be awarded to selected employees in accordance with its provisions. A trust (the "Trust") has been set up and fully funded by the Company for the purpose of purchasing, administrating and holding the Company's shares for the Scheme. The Company has the power to govern the financial and operating policies of the Trust and benefits from the services of the employees whom have been awarded the shares through their continued employment with the Group. Accordingly, the assets and liabilities of the Trust are included in the Group's consolidated statement of financial position. When the Trust purchases the Company's shares from the market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and is deducted from total equity.

During the six months ended 30 June 2011, the Trust purchased an aggregate of 914,000 of the Company's existing ordinary shares for an aggregate consideration of approximately RMB5,331,000.

During the six months ended 30 June 2011, no shares were granted to any employees.

(b) Intangible assets

During the six months ended 30 June 2011, the Group has acquired customer contracts and customer relationship through the acquisition of a subsidiary (see note 15). These assets acquired by the Group are initially recognised in the consolidated statement of financial position at fair value. Subsequent to initial recognition, intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful lives of these acquired intangible assets are as follows:

– Customer contracts	amortised over the contract terms
– Customer relationship	6 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

3. ADOPTION OF AND CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Gain on acquisition of a subsidiary

Gain on acquisition of a subsidiary represents the excess of:

(i) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date; over

(ii) the aggregate of the fair value of the consideration transferred.

The amount is recognised immediately in profit or loss.

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.

These developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

4. TURNOVER AND SEGMENT REPORTING

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

Turnover represents the sales value of goods sold less returns, discounts, and value added taxes and other sales taxes.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

The Group has four separate segments:

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

– Intelligent Electrical Distribution System Solutions ("iEDS Solutions");

– Energy Efficiency Solutions ("EE Solutions"); and

– Components and Spare Parts Business ("CSP Business")

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

4. TURNOVER AND SEGMENT REPORTING (Continued)

	EDS Solutions RMB'000	iEDS Solutions RMB'000	EE Solutions RMB'000	CSP Business RMB'000	Total RMB'000
Six months ended 30 June 2011					
Turnover	**7,893**	**249,673**	**19,441**	**84,948**	**361,955**
Cost of sales	**(6,966)**	**(154,679)**	**(9,072)**	**(57,434)**	**(228,151)**
Gross profit	**927**	**94,994**	**10,369**	**27,514**	**133,804**
Six months ended 30 June 2010					
Turnover	185,671	202,890	1,249	42,706	432,516
Cost of sales	(120,398)	(129,272)	(448)	(27,881)	(277,999)
Gross profit	65,273	73,618	801	14,825	154,517

5. OTHER REVENUE

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Interest income – financial institutions	**17,007**	924
Government grants	**1,344**	684
Others	**308**	85
	18,659	1,693

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
(a)	Finance costs:		
	Interest on bank borrowings	**–**	1,030
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	**1,830**	1,646
	Salaries, wages and other benefits	**21,682**	21,070
		23,512	22,716
(c)	Other items:		
	Amortisation of intangible assets	**3,390**	12
	Amortisation of lease prepayments	**340**	161
	Depreciation	**4,658**	2,357
	Impairment losses for trade receivables	**–**	37
	Operating lease charges in respect of properties	**1,306**	672
	Research and development (other than staff costs)	**12,236**	11,853
	Net foreign exchange loss	**1,131**	–
	Cost of inventories#	**228,151**	277,999

\# Cost of inventories includes RMB15,343,000 (six months ended 30 June 2010: RMB16,748,000) 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

Taxation in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax		
Provision for PRC income tax for the period	**14,938**	16,238
Deferred tax		
Origination and reversal of temporary differences	**(459)**	(1,635)
	14,479	14,603

(Expressed in Renminbi unless otherwise indicated)

7. INCOME TAX (Continued)

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 six months ended 30 June 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 (note (a))	**15%**	12.5%
Boer Yixing (note (b))	**25%**	12.5%
Yixing Boai Automation Complete Sets of Equipment Co., Ltd. ("Yixing Boai") (note (b))	**12.5%**	12.5%
Wuxi Boer Power Engineer Co., Ltd.* ("無錫博耳電氣工程服務有限公司")	**25%**	25%
Boer Power System Jiangsu Co., Ltd.* ("博耳電力系統江蘇有限公司")	**25%**	N/A
Wuxi Tezhong Electrical Capacitor Co., Ltd.* ("無錫市特種電力電容器有限公司" or "Wuxi Tezhong")	**25%**	N/A

(a) Boer Wuxi was 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").

According to the PRC Corporate Income Tax ("CIT") Law, the statutory income tax rate is 25%. Boer Wuxi commenced their tax holidays in 2006 and accordingly its tax rate for 2010 was 12.5%.

Boer Wuxi has been qualified as a High and New Technology Enterprise since 2009. Hence it is entitled to a preferential tax rate of 15% in 2011 according to the CIT Law and its implementation rules.

(b) Boer Yixing and Yixing Boai were each entitled to the 2+3 tax holidays since 2006 and 2008 respectively. Hence the tax rates are 25% and 12.5% respectively for 2011.

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

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB104,226,000 (six months ended 30 June 2010: RMB87,508,000) and the weighted average of 778,107,000 ordinary shares (2010: 562,500,000 shares after adjusting for issues upon legal establishment and reorganisation, and capitalisation issue in 2010) in issue during the interim period.

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2011 and 2010, and therefore, diluted earnings per share is the same as the basic earnings per share.

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

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

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB133,818,000 (six months ended 30 June 2010: RMB4,615,000).

As at 30 June 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 RMB21,133,000 (31 December 2010: Nil). Of these, properties amounting to RMB20,549,000 were acquired through the acquisition of Wuxi Tezhong.

(b) Intangible assets

During the six months ended 30 June 2011, the Group acquired customer relationship and customer contracts from the acquisition of Wuxi Tezhong amounting to RMB20,645,000 (six months ended 30 June 2010: Nil).

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables and bills receivable (net of allowance for doubtful debts) with the following ageing analysis:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Current	**528,078**	479,031
Less than 3 months past due	**27,136**	29,928
More than 3 months but less than 6 months past due	**93,374**	112,419
More than 6 months but less than 1 year past due	**66,707**	29,918
More than 1 year past due	**17,835**	8,413
Trade receivables and bills receivable, net of allowance for doubtful debts	**733,130**	659,709
Deposits and prepayments	**16,161**	8,998
Other receivables	**38,799**	24,536
	788,090	693,243

The Group usually grants its customers a credit period ranging from one to twelve months, depending on the nature of the products.

Receivables that were past due but not impaired relate to a wide range of customers that have a good track record with the Group. Based on experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The directors consider that this is in line with the industry practice especially for infrastructure investment. The directors have considered the projects and background of each overdue debtor and considered that no additional provision for impairment is needed.

11. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Time deposits with original maturity within three months	**55,000**	129,480
Cash at bank and in hand	**240,814**	138,613
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	**295,814**	268,093
Time deposits with original maturity over three months	**463,075**	658,954
	758,889	927,047

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and bills payable with the following ageing analysis as at the end of the reporting period:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Due within 1 month or on demand	**303,762**	292,482
Due after 1 month but within 3 months	**38,967**	32,338
Due after 3 months but within 6 months	**4,639**	–
Due after 6 months	**515**	–
Trade payables and bills payable	**347,883**	324,820
Receipts in advance	**6,735**	4,203
Other payables and accruals	**74,735**	48,304
	429,353	377,327

13. SHARE CAPITAL

There was no movement in the number of ordinary shares issued during the six months ended 30 June 2011.

14. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period, of HK7 cents per share amounted to RMB45,372,000 (six months ended 30 June 2010: Nil).

15. ACQUISITION OF A SUBSIDIARY

During the six months ended 30 June 2011, 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, for 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.

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 asset acquired	86,382
Gain on acquisition	(24,382)
Consideration for the acquisition	62,000
Net cash outflow arising on acquisition:	
Cash consideration paid up to 30 June 2011	35,000
Cash at bank and in hand acquired	(26,331)
	8,669

15. ACQUISITION OF A SUBSIDIARY (Continued)

The remaining unpaid consideration of RMB27,000,000 was included in trade and other payables in the Group's consolidated statement of financial position.

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 RMB39,038,000 to the Group's turnover and profit of RMB8,503,000 to the Group's results for the period between the date of acquisition and the end of the interim reporting period.

If the acquisition had occurred on 1 January 2011, the Group's turnover for the period would have been approximately RMB367,952,000 and profit for the period would have been approximately RMB106,083,000. 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 occured on 1 January 2011, nor is intended to be a projection of future results.

16. CONCENTRATION OF SUPPLIERS

The Group has a certain concentration of suppliers as 23.5% (six months ended 30 June 2010: 20.8%) of the total raw materials were purchased from a single supplier for the six months ended 30 June 2011. Should this supplier fail to deliver in a timely manner, delays or disruptions in the supply and delivery of the Group's products could result. On the other hand, the Group is an authorised system integrator of this supplier. Should the Group be unable to renew the licence as an authorised system integrator, the Group may lose a significant portion of its business.

17. CAPITAL COMMITMENTS

Capital commitments of the group in respect of property, plant and equipment outstanding at 30 June 2011 not provided for in the interim financial report were as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Authorised but not contracted for	**285,560**	270,610

18. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party transactions

The Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Sales of CSP Business		
– Shanghai Electrical Apparatus Research Institute Switch Apparatus Co., Ltd.* ("上海電科博耳電器開關有限公司" or "Shanghai Boer")	**2,181**	678
Purchases of raw materials		
– Shanghai Boer	**5,182**	2,712
Rental expenses		
– Wuxi Boer Power Instrumentation Company Ltd.* ("無錫博耳電力儀錶有限公司")	**424**	424
Short-term advances to related parties of the Group		
– Mr. Qian Yixiang	**–**	39
– Ms. Jia Lingxia	**–**	39
	–	78

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

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Short-term employee benefits	**3,534**	2,283
Contributions to defined contribution retirement benefit scheme	**85**	66
	3,619	2,349

(c) Contributions to defined contribution retirement plans

There were no material outstanding contributions to post-employment benefit plans as at 30 June 2011 and 31 December 2010.

REVIEW REPORT

TO THE BOARD OF DIRECTORS OF BOER POWER HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 5 to 20, which comprise the consolidated statement of financial position of Boer Power Holdings Limited as at 30 June 2011, the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the six months ended 30 June 2011, the overall economy in China performed well with the gross domestic product reaching RMB20.4 trillion in the first half of the year, representing a year-on-year increase of 9.6%.

The fixed asset investment in China increased by 25.6% and reached RMB12.5 trillion in the first half of the year. The increase in fixed asset investment continued to be a direct driver of power transmission and electrical distribution market growth as a result of the increasing number of physical locations using electricity.

China is one of the largest electricity consumption countries in the world. During the first half of the year, the total electricity consumption of China amounted to over 2.25 trillion kWh, representing an increase of 12.2% as compared to the same period of 2010. The growth in electricity consumption continued to be the fundamental and solid driver of the power transmission and electrical distribution market.

BUSINESS REVIEW

During the six months ended 30 June 2011, the Group has 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 Electrical Distribution System Solutions business segment was taken as recent Electrical Distribution System Solutions projects that have been put out for tender have been fiercely contested and have 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 has taken this opportunity to accelerate the strategies as laid out during its listing on the Stock Exchange and put the focus and efforts on developing Intelligent Electrical Distribution System Solutions business and Energy Efficiency Solutions 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 Electrical Capacitor Co., Ltd., which is engaged in the manufacture and sale of capacitors, one of the common components used in electrical distribution systems. This acquisition kicks off the merger and acquisition strategy of the Group and allows the Group to expand its upstream component production capability. This acquisition not only contributes to the Group's Components and Spare Parts Business but also serves as a solid launch pad for the Group's future development of the Intelligent Electrical Distribution System Solutions and Energy Efficiency 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 total turnover of the Group amounted to RMB361,955,000 for the six months ended 30 June 2011, representing a decrease of 16.3% as compared to the same period of 2010. The decrease in turnover was mainly due to the substantial decrease in turnover contribution from the Electrical Distribution System Solutions business segment resulting from the realignment of the Group's business and marketing strategy and focus.

The total profit attributable to the equity shareholders of the Company amounted to RMB104,226,000 for the six months ended 30 June 2011, representing an increase of 19.1% as compared to the same period of 2010. Excluding non-operational contributions from "Other revenue" and "Gain on acquisition of a subsidiary", the profit from operations of the Company amounted to RMB75,664,000 for the six months ended 30 June 2011, representing a decrease of 27.0% as compared to the same period of 2010. The decrease in profit from operations of the Group was mainly due to the substantial decrease in contribution from the Electrical Distribution System Solutions business segment.

BUSINESS REVIEW (Continued)

As at 30 June 2011, the total assets of the Group was RMB1,866,552,000 (2010: RMB1,758,377,000) while the total liabilities was RMB456,177,000 (2010: RMB392,020,000) and the total equity attributable to the equity shareholders of the Group amounted to RMB1,410,375,000 (2010: RMB1,366,357,000). As at 30 June 2011, the Group has no bank borrowing (2010: Nil) and the time deposits with original maturity over three months and cash and cash equivalents of the Group were RMB463,075,000 (2010: RMB658,954,000) and RMB295,814,000 (2010: RMB268,093,000), respectively.

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 period.

EDS Solutions

EDS lies between grid and end users to distribute electricity at convert 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 electrical distribution system solutions have been extensively used in many large telecom, infrastructure, medical and industrial projects.

The total sales of EDS Solutions of the Group for the six months ended 30 June 2011 amounted to RMB7,893,000 (2010: RMB185,671,000), representing 2.1% (2010: 42.9%) of the Group's total turnover during the period. The substantial decrease in total sales of EDS Solutions 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 segment of the Group. Competition in the EDS Solutions business segment has increased in intensity 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 segment gross profit of this business segment during the period was RMB927,000 (2010: RMB65,273,000), representing a decrease of 98.6% as compared to that of 2010.

The segment gross profit margin of EDS Solutions segment decreased from 35.2% for 2010 to 11.7% for the period due to deterioration in margins for EDS Solutions projects.

OPERATION AND FINANCIAL REVIEW (Continued)

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 telecom and medical services industries.

The total sales of iEDS Solutions of the Group for the six months ended 30 June 2011 was RMB249,673,000 (2010 : RMB202,890,000), which accounted for approximately 69.0% (2010 : 46.9%) of the Group's total turnover during the period. The significant increase in the sales of our iEDS Solutions was mainly due to the increase marketing efforts of the Group in this business segment and the increase in demand for intelligent power transmission and electricity distribution solutions and related products to improve electricity usage efficiency and reduce cost. The reportable segment gross profit of this business segment was RMB94,994,000 (2010 : RMB73,618,000), representing an increase of 29.0% as compared to that of 2010.

The segment gross profit margin of iEDS Solutions segment increased from 36.3% for 2010 to 38.0% for the period due to higher technological requirement from our customers.

EE Solutions

Using 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. The services of EE Solutions include equipment maintenance and a number of other value-added services.

The total sales of EE Solutions of the Group for the six months ended 30 June 2011 was RMB19,441,000 (2010: RMB1,249,000), which accounted for approximately 5.4% (2010: 0.3%) of the Group's total turnover during the period. The substantial increase in turnover of the EE Solutions business segment is 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, reduce power use and reduce cost. The reportable segment gross profit of this business segment was RMB10,369,000 (2010: RMB801,000), representing an increase of 1,194.5% as compared to that of 2010.

The segment gross profit margin of EE Solutions segment decreased from 64.1% for 2010 to 53.3% for the period as we increased our marketing effort in a bid to increase sales in this business segment.

CSP Business

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

The total sales of the CSP business of the Group for the six months ended 30 June 2011 was RMB84,948,000 (2010 : RMB42,706,000), which accounted for approximately 23.5% (2010 : 9.9%) of the Group's total turnover during the period. The increase in sales of CSP business was mainly a result of our effort in expanding components manufacturing ability and sale. The reportable segment gross profit of this business segment was RMB27,514,000 (2010 : RMB14,825,000), representing an increase of 85.6% as compared to that of 2010.

The segment gross profit margin of CSP Business segment decreased from 34.7% for 2010 to 32.4% for the period due to the integration of Wuxi Tezhong into the Group.

PROSPECT

The construction of smart grids, classified as the development focus of the new energy industry in the "12th Five Year Plan" issued by the PRC government previously, will be gradually implemented in the coming years, so as to achieve the target of basic establishment of robust smart grids in 2015. According to the "Smart Electrical Grid Plan of the 12th Five Year Plan for State Grid Corporation of China" (《國家電網公司「十二五」電網智能化規劃》), the PRC government will invest RMB280 billion on the construction of the smart grids during the period covered in the "12th Five Year Plan".

As the economy of the PRC grows rapidly, demand for reliable power supply caused by urban and rural construction will continuously increase. Benefitting from these favorable external factors, we will strive to capture the opportunities and actively step forward, so as to consolidate our leading position in the electrical distribution market in the PRC.

With the increasing cost of energy in China and as a general nationwide trend towards improving energy usage efficiency and reducing overall energy cost, we have seen a concerted move by enterprises to upgrade their traditional low technological know-how electrical distribution system to the more efficient and high valued iEDS Solutions. In addition, we have also noted during the end of 2010 and first quarter of 2011 a rapid decline in profit for EDS Solutions projects that came up for tender due to intense price competition. In response to the sudden change in the industry environment, and shield the Group's interests from the rapidly falling segment margins in the EDS Solutions business segment, the Group adjusted its business strategy in a decisive manner to realign our marketing focus and efforts from developing the EDS Solutions business to the iEDS Solutions, EE Solutions and CSP Business (the "Business Realignment"). The Business Realignment strategies were implemented during the first half of 2011 and have had a drag on our overall operational financial performance during the first 6 months of 2011. Nonetheless, we believe the Business Realignment is a necessity to address market changes, and we credit the steps taken during the Business Realignment to the recent successful penetration into the mass rapid transport sector.

Following the completion of the Business Realignment strategies during the first half of 2011, the Group has since been focusing on pushing through its business growth and marketing and promotion strategies to make up the loss of business momentum during the first half of the year, and working on meeting our internal targets for 2011. We will continue to strive to increase the market share of our businesses, further enhance the upstream component production capability and expand the downstream sale channels to improve our overall production and operational efficiencies.

The Group is planning to hold exhibitions in more than 40 cities in the PRC in the second half of 2011 to promote the iEDS Solutions and upstream component under "Boer" brand in order to capture more business opportunities. In addition, we shall leverage on our sale channels in Southern China to boost sale of new products applicable to the urban grid networks there. While developing our existing businesses, the Group also plans to explore certain new downstream business, such as intelligent electrical distribution system for vessels, aiming to expand our businesses. For the industry sector, we will focus on the provision of energy conservation solutions for commercial buildings.

In the meantime, the Group will continue to optimise and expand our quality customer base. It is expected that our cooperation with China Mobile will achieve a further breakthrough, providing customers with solutions and services in more provinces and cities. During the first half of the year, we have also expanded the services we provide to China Mobile from iEDS Solutions to also providing them with EE Solutions to enhance and improve the energy efficiencies of China Mobile's data centres. In addition, we also plan to secure more quality customers by submission of tenders for underground railway projects in the second- and third-tier cities of PRC.

PROSPECT (Continued)

Another focus of the Group in the coming years will be on the research and development of production capability and technologies. With the successful commencement of operation of the new plant in Wuxi, we are able to capture more opportunities arising in the market by its expanded capacity. We will continue to increase our investment in research and development and strive for further enhancing our advanced technologies in the area of energy conservation solutions and smart grids.

Looking forward, the Group will continue to focus on capturing the opportunities brought by the rapid development of the smart grid industry, further enhance its position in the high end market and provide our customers with quality products and services so as to stand out amongst its numerous competitors. We will continue to monitor the EDS Solutions market and will be opportunistic in bidding projects in which we believe we can maintain a healthy margin. We strongly believe that, with our unyielding dedication to building a more robust and innovative company, coupled with our operating philosophy that quality wins, we will meet our management and shareholders' expectations and bring more fruitful returns to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquidity position during the period under review. The Group was financed by internal resources. The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. As at 30 June 2011, the cash and cash equivalents, net current assets and total assets less current liabilities were RMB296 million (31 December 2010: RMB 268 million), RMB1,178 million (31 December 2010: RMB 1,277 million) and RMB 1,418 million (31 December 2010: RMB1,366 million), respectively.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2011, the Company's indirect wholly-owned subsidiary, Boer Wuxi, entered into equity transfer agreement with Mr. Xu Mingshen, pursuant to which Boer Wuxi has conditionally agreed to purchase and Mr. Xu Mingshen has conditionally agreed to sell, the 100% equity interest in Wuxi Tezhong, a company established in the PRC, for the consideration of RMB62,000,000.

EMPLOYEES AND REMUNERATION POLICY

The Group had 1,161 employees as at 30 June 2011. The total staff costs for the period under review were approximately RMB24 million (six months ended 30 June 2010: RMB23 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 were listed on the Main Board of the Stock Exchange of Hong Kong Limited ("stock Exchange") with a total of 215,625,000 offer shares (including shares issued as a result of the exercise of the overallotment option) on 20 October 2010 (the "Listing"). The net proceeds raised from the global offering was approximately HK$1,251 million (equivalent to RMB1,039 million) (the "Net Proceeds").

As at 30 June 2011, approximately RMB68 million, RMB35 million, RMB62 million, RMB5 million, RMB6 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 RMB757 million are placed with reputable banks as the Group's time deposits 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 RMB35 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 RMB35 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or the chief executives of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The directors of the Company who held office at 30 June 2011 had the following interests in the shares of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept under section 352 of the SFO:

	Capacity	**Total number of ordinary shares held**	**% of total issued shares**
Long position in shares			
Directors			
Mr. Qian Yixiang	Interest of controlled corporation	517,500,000[(i)]	66.51
Ms. Jia Lingxia	Interest of controlled corporation	517,500,000[(i)]	66.51

Note:

(i) The 517,500,000 shares are owned by King Able Limited ("King Able"), a company owned as to 50% by Mr. Qian Yixiang, and 50% by Ms. Jia Lingxia.

SHARE OPTION SCHEME

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.

SHARE AWARD SCHEME

The share award scheme was approved by the Board on 17 June 2011 ("Adoption Date"). The total number of all shares purchased by the trustee under the scheme must not exceed 10% of the issued shares as at the Adoption Date (being 77,812,500 shares) unless the Board otherwise decides.

On 23 June 2011, the Company granted and paid HK$20 million to the trustee of the share award scheme pursuant to the scheme. During the period, the Company was informed by the trustee that it had purchased an aggregate of 914,000 shares of the Company's existing shares on the market for the purpose of the scheme.

During the six months ended 30 June 2011, no shares were granted under the scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

	Capacity	Total number of ordinary shares held	% of total issued shares
Long position in shares			
Substantial shareholders			
Mr. Qian Yixiang	Interest of controlled corporation	517,500,000(i)	66.51
Ms. Jia Lingxia	Interest of controlled corporation	517,500,000(i)	66.51
King Able	Beneficial owner	517,500,000(i)	66.51
Jin Bor-Shi	Interest of controlled corporation	45,000,000(ii)	5.78
Leon Capital Partners	Interest of controlled corporation	45,000,000(ii)	5.78
Leon Capital	Interest of controlled corporation	45,000,000(ii)	5.78
Leon Capital L.P.I	Interest of controlled corporation	45,000,000(ii)	5.78
Silver Crest Global Limited	Beneficial owner	45,000,000(ii)	5.78

Notes:

(i) The 517,500,00 shares are owned by King Able, a company owned as to 50% by Mr. Qian Yixiang, and 50% by Ms. Jia Lingxia.

(ii) Silver Crest Global Limited is wholly owned by Leon Capital L.P.I, which is controlled by Leon Capital. Leon Capital is wholly owned by Leon Capital Partners which is wholly owned by Jin Bor-Shi. Leon Capital L.P.I, Leon Capital, Leon Capital Partners and Jin Bor-Shi were all deemed to be interested in the 45,000,000 ordinary shares held by Silver Crest Global Limited.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that 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 914,000 Company's shares at a total consideration of RMB5,331,000.

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 period.

UPDATED DIRECTOR'S INFORMATION

Below sets out the changes and updated information regarding Mr. Yeung Chi Tat:–

Mr. Yeung Chi Tat was appointed as an independent non-executive director and a member of audit committee, remuneration committee and nomination committee of Billion Industrial Holdings Limited (Stock code: 2299) on 31 March 2011.

Save as disclosed above, as at 30 June 2011, there had not been any other changes to the directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 period 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 provision A.2.1 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 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.

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 six months ended 30 June 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 six months ended 30 June 2011.

AUDIT COMMITTEE

The Audit Committee of the Company comprises all the three independent non-executive Directors, namely Mr. YEUNG Chi Tat (Chairman of the Audit Committee), Mr. TANG Jianrong and Mr. ZHAO Jianfeng. 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 2011.

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 2011 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 report, the Directors of the Company are Mr. QIAN Yixiang, Ms. JIA Lingxia, Mr. ZHA Saibin and Mr. QIAN Zhongming as executive Directors, Mr. YEUNG Chi Tat, Mr. TANG Jianrong and Mr. ZHAO Jianfeng as independent non-executive Directors.

By order of the Board
Mr. Qian Yixiang
Chairman

Hong Kong, 26 August 2011