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 2012

CORPORATE INFORMATION

Board of Directors

Executive directors

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

Non-executive director

Mr. Zhang Huaqiao

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
Mr. Zhang Huaqiao

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

Ms. Kwok Yuk Chun

Authorised Representatives

Ms. Jia Lingxia
Ms. Kwok Yuk Chun

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

Luoyang Road
Yangshi Industrial Park
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

Principal Share Registrar and Transfer Office in the Cayman Islands

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Company's Website

www.boerpower.com

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to report to the shareholders the interim results of Boer Power Holdings Limited ("Boer Power") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012.

Boer Power achieved satisfactory results in the first half of the year. Last year, the Group shifted its business focus to the Intelligent Electrical Distribution System Solutions with higher gross profit. In addition, as a result of the highly effective strategy to enhance promoting efforts for the development of Energy Efficiency Solutions, our market share in the high-end market has expanded, laying a solid foundation for our business.

The market has been increasingly conscious over energy conservation and emission reduction, which is becoming a trend along with the growing global population and increasing demand for energy. In view of this, the Group actively developed energy saving products and enhanced product technologies. We have successfully launched products including XGreen, BV12, LVset and MVset to the market. As customers have widely recognised the highly efficient energy conservation of Boer Power's intelligent power distribution monitoring technology, we have further established our leading position in energy conservation.

While continuing to sustain a long-term and stable relationship with our customers, the Group actively explored new customer groups from various industries with favorable results achieved. On top of the existing customer base, the Group continued to assist in McDonald's nationwide expansion of energy efficiency management system and provide Energy Efficiency Solutions for large data centers of other customers. In addition, the Group has commenced involvement in the metro system of China and provided electrical distribution system solutions to the metro system in Wuxi.

Against the backdrop of implementing the smart grid transformation in China, the Group captured the opportunity to strengthen our promotion and marketing strategies, establishing connections with more customers in new markets through our downstream sales channel. During the first half of the year, the Group arranged various exhibitions in provinces such as Guangxi, Yunnan and Sichuan etc and organised new product presentations for the design institutes in Shanghai. We also participated in the "2012 Wuxi City Annual Conference on Electrical Building (2012無錫市建築電氣年會)" and "2012 Guangzhou International Exhibition on Energy Efficiency and Electrical Equipment (2012廣州國際電力節能暨設備展會)" to promote the new generation of smart products. Meanwhile, the Group strengthened its efforts in providing training for sales staff to bring the overall promotion efforts and effect into full play.

As for the integration of internal resources, the Group enhanced the upstream component production capabilities with the resources from Wuxi Tezhong Electrical Capacitor Co., Ltd., which we acquired last year. We also completed the integration of internal logistics and optimised the management of procurement, production and sales procedures, in order to improve the overall level of management.

Looking ahead, in the second half of the year, the Group will foster organic growth and identify opportunities of mergers and acquisitions, so as to expand our business network and professional technological know-how and improve the competitive advantages.

Lastly, on behalf of Boer Power, I would like to express our gratitude to the Board and our staff for their contribution to the Group, to our customers and business partners for their long-term trust, and to all the investors and shareholders for their valuable support. We will respond positively to various challenges and capture opportunities to bring the Group's business to new heights.

Qian Yixiang
Chairman

24 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2012	2011
	Note	**RMB'000**	RMB'000
Turnover	4	**443,929**	361,955
Cost of sales		**(273,209)**	(228,151)
Gross profit		**170,720**	133,804
Other revenue	5	**15,073**	18,659
Gain on acquisition of a subsidiary	14	**807**	24,382
Selling and distribution expenses		**(21,205)**	(15,050)
Administrative expenses		**(45,273)**	(43,090)
Profit from operations		**120,122**	118,705
Finance costs	6(a)	**(352)**	–
Profit before taxation	6	**119,770**	118,705
Income tax	7	**(19,775)**	(14,479)
Profit for the period		**99,995**	104,226
Other comprehensive income for the period			
Exchange differences on translation of financial statements of operations outside mainland China		**378**	(9,505)
Total comprehensive income for the period		**100,373**	94,721
Earnings per share	8		
Basic and diluted (RMB cents)		**13.08**	13.39

The notes on pages 9 to 17 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current assets			
Property, plant and equipment	9	**174,226**	162,767
Construction in progress	9	**50,678**	58,183
Intangible assets	14	**17,102**	15,622
Lease prepayments		**21,934**	22,302
Prepayments for purchase of equipment and acquisition of land use right		**35,395**	8,427
Deferred tax assets		**1,634**	2,075
		300,969	269,376
Current assets			
Inventories		**81,120**	68,905
Trade and other receivables	10	**1,076,417**	983,237
Amount due from a related party		**–**	3,946
Pledged deposits		**28,689**	21,587
Available-for-sale investments		**50,000**	40,000
Time deposits with original maturity over three months	11	**365,829**	–
Cash and cash equivalents	11	**106,963**	652,810
		1,709,018	1,770,485
Current liabilities			
Bank loans		**–**	38,163
Trade and other payables	12	**430,080**	464,707
Amounts due to related parties		**5,218**	2,878
Current taxation		**19,881**	15,301
		455,179	521,049
Net current assets		**1,253,839**	1,249,436
Total assets less current liabilities		**1,554,808**	1,518,812

At 30 June 2012 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current liabilities			
Deferred tax liabilities		6,522	6,475
NET ASSETS		1,548,286	1,512,337
CAPITAL AND RESERVES			
Share capital		66,241	66,241
Reserves		1,482,045	1,446,096
TOTAL EQUITY		1,548,286	1,512,337

The notes on pages 9 to 17 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

	Share capital RMB'000	Shares held for share award scheme RMB'000	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Statutory reserve RMB'000	Capital reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2011	66,382	–	1,000,172	–	12,695	21,436	–	(3,789)	269,461	1,366,357
Dividends approved in respect of the previous year	–	–	(45,372)	–	–	–	–	–	–	(45,372)
Total comprehensive income for the period	–	–	–	–	–	–	–	(9,505)	104,226	94,721
Shares purchased for share award scheme	–	(5,331)	–	–	–	–	–	–	–	(5,331)
Balance at 30 June 2011	66,382	(5,331)	954,800	–	12,695	21,436	–	(13,294)	373,687	1,410,375
Balance at 1 January 2012	66,241	(31,803)	951,443	(6,200)	55,345	21,436	141	(24,055)	479,789	1,512,337
Dividends approved in respect of the previous year	–	–	(62,660)	–	–	–	–	–	–	(62,660)
Total comprehensive income for the period	–	–	–	–	–	–	–	378	99,995	100,373
Shares purchased for share award scheme	–	(1,764)	–	–	–	–	–	–	–	(1,764)
Balance at 30 June 2012	66,241	(33,567)	888,783	(6,200)	55,345	21,436	141	(23,677)	579,784	1,548,286

The notes on pages 9 to 17 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2012 RMB'000	2011 RMB'000
Net cash used in operating activities		(20,521)	(25,890)
Net cash (used in)/generated from investing activities		(422,247)	112,320
Net cash used in financing activities		(103,163)	(48,073)
Net (decrease)/increase in cash and cash equivalents		(545,931)	38,357
Cash and cash equivalents at beginning of period	11	652,810	268,093
Effects of foreign exchange rate changes		84	(10,636)
Cash and cash equivalents at end of period	11	106,963	295,814

The notes on pages 9 to 17 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 24 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements.

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 2011 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 18.

The financial information relating to the financial year ended 31 December 2011 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 2011 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 27 March 2012.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group's current financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 in the PRC.

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

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

The Group has four separate segments:

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

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

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

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

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

	EDS Solutions RMB'000	iEDS Solutions RMB'000	EE Solutions RMB'000	CSP Business RMB'000	Total RMB'000
Six months ended 30 June 2012					
Turnover	**7,525**	**267,653**	**75,269**	**93,482**	**443,929**
Cost of sales	**(5,143)**	**(165,273)**	**(36,453)**	**(66,340)**	**(273,209)**
Gross profit	**2,382**	**102,380**	**38,816**	**27,142**	**170,720**
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

5. OTHER REVENUE

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Interest income from financial institutions	**12,114**	17,007
Investment income	**1,042**	–
Government grants	**1,435**	1,344
Others	**482**	308
	15,073	18,659

6. PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2012	2011
		RMB'000	RMB'000
(a)	Finance costs:		
	Interest on bank borrowings	**352**	–
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	**2,729**	1,830
	Salaries, wages and other benefits	**30,969**	21,682
		33,698	23,512
(c)	Other items:		
	Amortisation of intangible assets	**1,619**	3,390
	Amortisation of lease prepayments	**368**	340
	Depreciation	**8,590**	4,658
	Impairment losses for trade receivables	**1,227**	–
	Operating lease charges in respect of properties	**1,214**	1,306
	Research and development (other than staff costs)	**14,492**	12,236
	Net foreign exchange (gains)/losses	**(1,432)**	1,131
	Cost of inventories#	**273,209**	228,151

Cost of inventories includes RMB17,475,000 (six months ended 30 June 2011: RMB15,343,000) 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	
	2012	2011
	RMB'000	RMB'000
Current tax		
Provision for PRC income tax for the period	20,061	14,938
Deferred tax		
Origination and reversal of temporary differences	(286)	(459)
	19,775	14,479

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 2012 and 2011.

(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 statutory income tax rate of 25% except for the following subsidiaries which are entitled to different preferential tax policies:

	2012	2011
Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi") (note (a))	15%	15%
Boer (Yixing) Power System Co., Ltd.* ("博耳(宜興)電力成套有限公司" or "Boer Yixing") (note (b))	15%	25%
Yixing Boai Automation Complete Sets of Equipment Co., Ltd. * ("宜興博艾自動化成套設備有限公司" or "Yixing Boai") (note (c))	12.5%	12.5%

(a) 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 2012 according to the PRC Corporate Income Tax Law and its implementation rules.

(b) Boer Yixing has been qualified as a High and New Technology Enterprise near the end of 2011. Hence it is entitled to a preferential tax rate of 15% since then.

(c) Yixing Boai was entitled to the 2+3 tax holidays since 2008. Hence the tax rate is 12.5% for 2012 and 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 RMB99,995,000 (six months ended 30 June 2011: RMB104,226,000) and the weighted average of 764,667,000 ordinary shares (2011: 778,107,000 ordinary shares) in issue during the interim period.

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2012 and 2011, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

During the six months ended 30 June 2012, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB12,543,000 (six months ended 30 June 2011: RMB133,818,000).

As at 30 June 2012, 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 RMB81,546,000 (31 December 2011: RMB84,145,000).

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 2012 RMB'000	At 31 December 2011 RMB'000
Current	**786,384**	740,962
Less than 3 months past due	**54,427**	50,644
More than 3 months but less than 6 months past due	**79,598**	79,960
More than 6 months but less than 1 year past due	**76,530**	58,748
More than 1 year past due	**25,551**	23,368
Trade receivables and bills receivable, net of allowance for doubtful debts	**1,022,490**	953,682
Prepayment, deposits and other receivables	**53,927**	29,555
	1,076,417	983,237

All of the trade and other receivables except for retentions held by customers of RMB139,434,000 (2011: RMB114,469,000) are expected to be recovered or realised within one year as the Group usually grants its customers a credit period ranging from one to twelve months, depending on the nature of the products.

The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes amongst others, external ratings, credit history, market conditions, prior year's purchases and estimated purchases for the coming year, where available. The credit terms given to the customers vary which are based on the sales contracts signed with individual customers and are generally based on their financial strengths. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases its customers to settle due balances and monitors the settlement progress on an ongoing basis.

As at 30 June 2012, the Group's trade receivables of RMB5,898,000 (2011: RMB4,595,000) was individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. The Group does not hold any collateral over these balances.

As at 22 August 2012, the Group received over RMB87,000,000 from customers for settlement of outstanding trade receivables at 30 June 2012.

11. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Time deposits with original maturity within three months	30,000	172,587
Cash at bank and in hand	76,963	480,223
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	106,963	652,810
Time deposits with original maturity over three months	365,829	–
	472,792	652,810

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 2012 RMB'000	At 31 December 2011 RMB'000
Due within 1 month or on demand	347,573	380,439
Due after 1 month but within 3 months	27,567	31,515
Due after 3 months but within 6 months	5,438	2,209
Due after 6 months	203	–
Trade payables and bills payable	380,781	414,163
Receipts in advance	9,358	5,046
Other payables and accruals	39,941	45,498
	430,080	464,707

13. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period, of HK10 cents per share amounted to RMB62,660,000 (six months ended 30 June 2011: RMB45,372,000).

14. ACQUISITION OF A SUBSIDIARY

During the six months ended 30 June 2012, in order to expand the research and development and production capability of components of the Group, the Group entered into an equity transfer agreement with Wuxi Boer Power Instrumentation Company Ltd.* (“無錫博耳電力儀錶有限公司” or “Wuxi Boer”) which is a related party of the Group to acquire the entire equity interest in 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”), at a consideration of approximately RMB10,218,000.

Acquisition-related costs of RMB80,000 had been recognised as expenses and included in administrative expenses in the Group’s consolidated statement of comprehensive income.

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

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

	RMB’000
Property, plant and equipment	2,793
Intangible assets	3,100
Inventories	8,761
Trade and bills receivables	6,990
Amount due from a related party	5,568
Prepayments, deposits and other receivables	583
Cash at bank and in hand	149
Trade and bills payables	(11,543)
Accruals and other payables	(3,673)
Current taxation	(929)
Deferred tax liabilities	(774)
Net identifiable assets acquired	11,025
Gain on acquisition	(807)
Consideration for the acquisition	10,218
Net cash outflow arising on acquisition:	
Cash consideration paid up to 30 June 2012	5,000
Cash at bank and in hand acquired	(149)
	4,851

14. ACQUISITION OF A SUBSIDIARY (Continued)

The remaining unpaid consideration of RMB5,218,000 was included in amounts due to related parties in the Group's consolidated statement of financial position.

Shanghai Boer contributed RMB4,725,000 to the Group's turnover and loss of RMB563,000 to the Group's results for the period between the date of acquisition and the end of the reporting period.

If the acquisition had occurred on 1 January 2012, the Group's turnover for the period would have been approximately RMB454,521,000 and profit for the period would have been approximately RMB100,024,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition occurred on 1 January 2012, nor is intended to be a projection of future results.

15. CONCENTRATION OF SUPPLIERS

The Group has a certain concentration of suppliers as 24.3% (six months ended 30 June 2011: 23.5%) of the total raw materials were purchased from a single supplier for the six months ended 30 June 2012. 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.

16. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property, plant and equipment outstanding at 30 June 2012 not provided for in the interim financial report were as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Authorised but not contracted for	**243,510**	271,890

17. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the acquisition of a subsidiary disclosed in note 14, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Sales of components and spare parts		
– Shanghai Boer (note)	**–**	2,181
Purchases of raw materials		
– Shanghai Boer (note)	**4,555**	5,182
Rental expenses		
– Wuxi Boer	**–**	424

Note:

These transactions were carried out before the acquisition of Shanghai Boer.

(b) Key management personnel remuneration

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

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Short-term employee benefits	**4,193**	3,534
Contributions to defined contribution retirement plans	**210**	85
	4,403	3,619

(c) Contributions to defined contribution retirement plans

There were no material outstanding contributions to post-employment benefit plans as at 30 June 2012 and 31 December 2011.

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 4 to 17, which comprise the consolidated statement of financial position of Boer Power Holdings Limited as at 30 June 2012, 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 2012 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

24 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2012, despite the continued instability of the global economy led by the European debt crisis, China maintained its pace of growth in its overall economy. The gross domestic product of China reached RMB22.7 trillion, representing an increase of 7.8% over the same period last year. The fixed asset investment (excluding agricultural) increased year-on-year by 20.4% and reached approximately RMB15.1 trillion. The increase in fixed asset investment is a direct driver of the growth of the power transmission and electrical distribution market. This increasing number of physical locations and volume of electricity consumption due to economic development, has resulted in China becoming one of the largest electricity consumption countries in the world. Increasingly active commercial and social activities have also driven power generation volume in China to new heights of approximately 2.3 trillion kWh during the first half of the year.

BUSINESS REVIEW

For the six months ended 30 June 2012, the Group continued to focus on development in business segments with higher gross profit margin. By focusing on the development of Intelligent Electrical Distribution System Solutions ("iEDS Solutions"), Energy Efficiency Solutions ("EE Solutions") and Components and Spare Parts Business ("CSP Business"), the Group has seized the opportunity to meet the increasing market demands for intelligent electrical distribution systems with higher energy efficiency.

The Group has continued stay on the sidelines in the traditional Electrical Distribution System Solutions ("EDS Solutions") market segment with low technological requirement since last year, in order to avoid the ongoing fierce competition in the low-end market. The current business strategy and fine tuning of our market positioning has proven to be effective as the turnover and gross profit margin of the Group has shown continuing improvement in performance since their implementation during the last year. Since last year, the Group has been continuously strengthening our marketing and promotion of new products. In order to broaden the customer base as well as maximising brand exposure in the market, the Group has organised over 60 promotion events to many enterprises, including Nestle Tianjin and China Erzhong.

Since the acquisition of the entire equity interest in Wuxi Tezhong Electrical Capacitor Co., Ltd. ("Wuxi Tezhong") last year, the Group has successfully utilised its resources to expand the upstream component production capability, which had laid a strong foundation for future development of the one-stop service for iEDS Solutions and EE Solutions. Meanwhile, the Group has completed the integration of corporate internal logistics and further optimised the management, establishing the foundation for sustainable and rapid development.

As at 30 June 2012, the Group's outstanding contract backlog amounted to RMB643,902,000, which comprises of iEDS Solutions, EE Solutions and CSP Business, mainly from customers of telecommunication, railway transit and medical services industries. Most of the outstanding contract backlog is expected to be completed by the end of this year.

The total turnover of the Group amounted to RMB443,929,000 for the six months ended 30 June 2012, representing an increase of 22.6% as compared to that of 2011. The increase in turnover was mainly a result of the increase in market demand for the Group's solutions and products and the expansion of the Group's sales network.

The total profit attributable to the equity shareholders of the Company amounted to RMB99,995,000 for the six months ended 30 June 2012, representing a decrease of 4.1% as compared to that of 2011. Excluding non-operational contributions from "Other revenue" and "Gain on acquisition of a subsidiary", the profit from operations of the Group amounted to RMB104,242,000 for the six months ended 30 June 2012, representing an increase of 37.8% as compared to that of 2011. The increase in profit from operations of the Group was mainly due to the contribution from the iEDS Solutions and EE Solutions segments.

As at 30 June 2012, the total assets of the Group were RMB2,009,987,000 (31 December 2011: RMB2,039,861,000) while the total liabilities were RMB461,701,000 (31 December 2011: RMB527,524,000) and the total equity of the Group amounted to RMB1,548,286,000 (31 December 2011: RMB1,512,337,000).

OPERATION AND FINANCIAL REVIEW

The Group has four business segments:

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

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

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

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

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

EDS Solutions

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

The total sales of EDS Solutions of the Group for the six months ended 30 June 2012 amounted to RMB7,525,000 (2011: RMB7,893,000), representing 1.7% (2011: 2.1%) of the Group's total turnover during the period. The reportable gross profit of this business segment during the period was RMB2,382,000 (2011: RMB927,000), representing an increase of 157.0% as compared to that of 2011.

The gross profit margin of EDS Solutions segment increased from 11.7% for 2011 to 31.7% for the period due to our efforts to maintain our gross margin requirements in bidding for the projects in the EDS Solutions.

iEDS Solutions

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

The total sales of iEDS Solutions of the Group for the six months ended 30 June 2012 was RMB267,653,000 (2011: RMB249,673,000), which accounted for approximately 60.3% (2011: 69.0%) of the Group's total turnover during the period. The increase in the sales of iEDS Solutions of 7.2% for the six months ended 30 June 2012 was mainly attributable to the increased marketing efforts the Group has put into securing new projects in this business segment and the increased market demand in intelligent power transmission and electricity distribution solutions and related products. The reportable gross profit of this business segment was RMB102,380,000 (2011: RMB94,994,000), representing an increase of 7.8% as compared to that of 2011.

The gross profit margin of iEDS Solutions segment increased from 38.0% for 2011 to 38.3% for the period.

OPERATION AND FINANCIAL REVIEW (Continued)

EE Solutions

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

The total sales of EE Solutions of the Group for the six months ended 30 June 2012 was RMB75,269,000 (2011: RMB19,441,000), which accounted for approximately 17.0% (2011: 5.4%) of the Group's total turnover during the period. The substantial increase in the sales of EE Solutions was a result of our increased marketing efforts in this business segment and also increasing demand from the customers to upgrade their electrical distribution system to increase electricity usage efficiency and reduce cost. The reportable gross profit of this business segment was RMB38,816,000 (2011: RMB10,369,000), representing an increase of 274.3% as compared to that of 2011.

The gross profit margin of EE Solutions segment decreased from 53.3% for 2011 to 51.6% for the period.

CSP Business

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

The total sales of the CSP business of the Group for the six months ended 30 June 2012 was RMB93,482,000 (2011: RMB84,948,000), which accounted for approximately 21.0% (2011: 23.5%) of the Group's total turnover during the period. The increase in sales of CSP business of 10.0% for the six months ended 30 June 2012 was mainly a result of our effort in expanding our components manufacturing capability and business. The reportable gross profit of this business segment was RMB27,142,000 (2011: RMB27,514,000), representing a decrease of 1.4% as compared to that of 2011.

The gross profit margin of CSP Business segment decreased from 32.4% for 2011 to 29.0% for the period due to the integration of Wuxi Tezhong into the Group, whose products have a lower gross profit margin than the rest of our CSP Business.

PROSPECT

The rapid economic development of China has imposed a number of changes in the power industry in China. The PRC Government has outlined in the "12th Five-Year Plan" that energy saving and emission reduction to be key elements of the national policy, and the goal of energy saving and emission reduction will be achieved by the development of new energy industry led by development of the smart grid. In addition, China has implemented a new "tariff tier" in 29 provinces and cities since 1 July 2012 to promote and encourage energy saving and emission reduction practices in households by charging tariff in three tiers based on the level of electricity consumption.

Driven by favourable policies and market demands in China, the strong demands for energy saving systems, intelligent power transmission, electrical distribution systems and products have brought huge business opportunities to the Group. During the second half of the year, the Group will continue to strengthen the strategy of developing the high-end market, and expand in the industry and geographically by employing downstream sales channel. We will further consolidate our ongoing cooperation with our existing customers, namely McDonald's, in the application of energy saving system and expansion of the market coverage, which will be one of the key developments of the Group. We will also continue to explore new room for development of new industries, such as metros, commercial buildings and banks, with an aim to expand the application of products and systems of the Group.

PROSPECT (Continued)

The Group has been leveraging on its own advantages in fostering organic growth and will identify opportunities for mergers and acquisitions, so as to promote business development. In the future, the Group will invest more resources in the research and development of energy efficiency solutions and products, especially the new generation of intelligent products, while enhancing our skills and knowledge.

In view of the fast development of domestic high-end power industry, the Group is well-positioned to meet the upcoming opportunities and challenges in the market with a focused business development strategy and solid business foundation.

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 comprises of cash and cash equivalents, available-for-sale investments, trade and other receivables and trade and other payables. As at 30 June 2012, the cash and cash equivalents, net current assets and total assets less current liabilities were RMB107 million (31 December 2011: RMB653 million), RMB1,254 million (31 December 2011: RMB1,249 million) and RMB1,555 million (31 December 2011: RMB1,519 million), respectively. As at 30 June 2012, the Group had no bank loans (31 December 2011: RMB38 million).

Starting from the second half of this year, the Group began to adopt bank factoring of trade receivables due from selected customers with good credit record to better manage its cash flow and working capital resources.

CONTINGENT LIABILITIES

As at 30 June 2012, 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 People's Bank of China 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 INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2012, the Company's indirect wholly-owned subsidiary, Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), entered into equity transfer agreement with Wuxi Boer Power Instrumentation Company Ltd., pursuant to which Boer Wuxi acquired the 100% equity interest in Shanghai Electrical Apparatus Research Institute Switch Apparatus Co., Ltd., a company established in the PRC, at the consideration of approximately RMB10,218,000.

EMPLOYEES AND REMUNERATION POLICY

The Group had 1,300 (31 December 2011: 1,199) employees as at 30 June 2012. The total staff costs for the period under review were approximately RMB34 million (six months ended 30 June 2011: RMB24 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.

REPORT OF THE DIRECTORS

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' INTERESTS IN SHARES AND UNDERLYING SHARES

The directors of the Company who held office at 30 June 2012 had the following interests in the shares of the Company (the "Shares"), its holding company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests or short positions required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

	Capacity	Total number of ordinary Shares held	% of total issued Shares
Long position in Shares			
Directors			
Mr. Qian Yixiang	Interest of controlled corporation	520,500,000[(i)]	67.03
Ms. Jia Lingxia	Interest of controlled corporation	520,500,000[(i)]	67.03
Mr. Zha Saibin	Beneficial owner	390,000	0.05
Mr. Huang Liang	Beneficial owner	2,000	0.00
Mr. Zhang Huaqiao	Beneficial owner	500,000	0.06

Note:

(i) The 520,500,000 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.

Save as disclosed above, as at 30 June 2012, none of the directors of the Company had any other interests or short positions in the shares or underlying shares of the Company or any of its associated corporations which had been recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 (the "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. 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 was informed by the trustee that it had purchased an aggregate of 1,051,000 shares of the Company's existing shares on the market for the purpose of the scheme.

During the period, no Shares were granted under the scheme.

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

As at 30 June 2012, 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	520,500,000(i)	67.03
Ms. Jia Lingxia	Interest of controlled corporation	520,500,000(i)	67.03
King Able	Beneficial owner	520,500,000(i)	67.03
Jin Bor-Shi	Interest of controlled corporation	45,000,000(ii)	5.80
Leon Capital Partners	Interest of controlled corporation	45,000,000(ii)	5.80
Leon Capital	Interest of controlled corporation	45,000,000(ii)	5.80
Leon Capital L.P.I	Interest of controlled corporation	45,000,000(ii)	5.80
Silver Crest Global Limited	Beneficial owner	45,000,000(ii)	5.80

Notes:

(i) The 520,500,000 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.

Save as disclosed above, as at 30 June 2012, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2012, 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 1,051,000 of the Shares at a total consideration of RMB1,764,000.

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. Zhang Huaqiao:–

Mr. Zhang Huaqiao was resigned as Chairman of Guangzhou Wansui Micro Credit Co., Ltd. in July 2012.

Save as disclosed above, as at 30 June 2012, 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 "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") with the exception of code provisions A.2.1 and B.1.1 of the Code and recommended best practices A.4.4 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.

Code provision B.1.1

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

Recommended best practices A.4.4 of the Code

Under the recommended best practices A.4.4 of the Code, a majority of the members of the nomination committee should be independent non-executive directors. Mr. Zhang Huaqiao, a non-executive director of the Company, was appointed as a member of the nomination committee on 9 November 2011, as a result of which the nomination committee was composed of three independent non-executive directors (namely Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Zhao Jianfeng), two executive directors (namely Mr. Qian Yixiang and Ms. Jia Lingxia) and one non-executive director (namely Mr. Zhang Huaqiao). In order to comply with such recommended best practice, Mr. Zhang Huaqiao ceased to be a member of the remuneration committee on 1 February 2012 so that the majority of the members of the nomination committee remains to be the independent non-executive directors of the Company. During the period which Mr. Zhang Huaqiao was appointed as a member of the nomination committee, Mr. Zhang Huaqiao did not take part in any meeting or engage in making any decision of the nomination committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 2012.

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 2012.

AUDIT COMMITTEE

The Audit Committee of the Company 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 2012 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 2012 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, Mr. QIAN Zhongming and Mr. HUANG Liang as executive Directors, Mr. ZHANG Huaqiao as non-executive Director, Mr. YEUNG Chi Tat, Mr. TANG Jianrong and Mr. ZHAO Jianfeng as independent non-executive Directors.

By order of the Board
Qian Yixiang
Chairman

Hong Kong, 24 August 2012