BOER 博耳电力 BOER POWER

BOER POWER HOLDINGS LIMITED
博耳電力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1685

2013
ANNUAL REPORT

CONTENTS

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

INVESTOR AND MEDIA RELATIONS CONSULTANT

Ketchum Newscan Public Relations Ltd.

REGISTERED OFFICE

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KY1-1108
Cayman Islands

HEADQUARTERS AND HEAD OFFICE IN THE PRC

Luoyang Road
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Huishan District
Wuxi City
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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
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KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Hong Kong

COMPANY'S WEBSITE

www.boerpower.com

FINANCIAL SUMMARY

	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
Turnover and Profit					
Turnover	**1,353,992**	1,221,214	1,014,589	911,059	490,716
Profit before taxation	**361,894**	324,437	295,254	215,789	100,554
Income tax	**(17,027)**	(30,296)	(42,276)	(28,563)	(15,331)
Profit for the year	**344,867**	294,141	252,978	187,226	85,223
Profit attributable to:					
Equity shareholders of the Company	**345,109**	294,141	252,978	180,107	76,403
Non-controlling interests	**(242)**	–	–	7,119	8,820
Dividends – special	**98,431**	–	–	–	–
proposed final	**84,471**	74,580	62,836	46,688	–
Assets and Liabilities					
Non-current assets	**304,756**	314,834	269,376	89,410	63,246
Current assets	**2,920,654**	2,078,927	1,770,485	1,668,967	548,215
Current liabilities	**(1,260,257)**	(650,146)	(521,049)	(392,020)	(406,277)
Non-current liabilities	**(2,574)**	(5,968)	(6,475)	–	(1,439)
Net assets	**1,962,579**	1,737,647	1,512,337	1,366,357	203,745
Equity attributable to:					
Equity shareholders of the Company	**1,958,821**	1,737,647	1,512,337	1,366,357	172,155
Non-controlling interests	**3,758**	–	–	–	31,590

The figures for the financial year ended 31 December 2009 are extracted from the listing prospectus of the Company dated 7 October 2010.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to report to the shareholders the annual results of Boer Power Holdings Limited (the "Company" or "Boer Power") and its subsidiaries (collectively the "Group") for the year ended 31 December 2013.

2013 is a year of rapid development for the Group in terms of expediting the scale of development of the local and overseas business in order to build a stronger foundation for our sustainable development in the industry of power distribution equipment. Our strategy of focusing on the development of efficient energy management has been successfully implemented, applying green energy to produce and deliver products and services that are more in line with the concept of energy saving and environmental protection, which fulfills the corporate mission of "protecting and improving the environment", and the results are also reflected in the Group's continuous growth in turnover, profit margin, production efficiency and market coverage, etc. At the same time, our development potential has received continuous recognition from the capital market, including being selected by the globally well-known security dealer Macquarie as one of the twelve "Beautiful China" listed companies in February 2013.

During the year, the Group has shown rapid expansion for multiple business sectors including data centers, telecommunication, railway transit and medical care, etc. and extended the business to 35 cities within China and other countries in Asia and Europe. In terms of customers and product development, the Group has strengthened its cooperation in terms of integrated information service and data centers with numerous existing and new customers including China Mobile, China Unicom, McDonald's, Centrin Data Systems, Global Data Solutions, AB InBev and China Railway Construction Corporation, building a solid foundation for the business.

In terms of sales, the Group has been pursuing the formation of a better marketing structure over its business regions, actively expanding for diversified marketing channels by means of regional fairs, new media network, truck shows and overseas road shows. The Group also held an agents conference to explore strategies together for developing sales channels during the year.

In addition to development of key business sectors, the Group has made attempts on new business models, which includes being involved in large-scale real estate projects as the main contractor, achieving remarkable developments in the field of real property and other construction sectors. In the fourth quarter of 2012, "Financial Factoring Facility" was introduced to assist the Group in maintaining its continuous growth of market share in the power equipment market.

Throughout all these years, the development of Boer Power has been closely related to the core technology capabilities. The Group currently owns 59 patents, with 4 being invention patents and 16 being new additions during the year. The Group is continuously introducing new products and solutions which meet customers' demands. During the year, the Group launched a total of 9 new products, including reactive power compensation and harmonic elimination device, MTP60 series of multifunctional meter products, electric bicycle charging system products, the second generation of XGreen Solid Insulated Ring Main Unit, etc. Existing products including the CloudSmart Management and Control System and the Intelligent Power Meter System have shown good development during the year, and contributed for areas of power distribution monitoring, resource saving and collective power consumption management for clients from data centers and medical industries.

Boer Power specializes in the power sector and considers efficient and green utilization of energy as our key responsibility and our mission towards contribution to the development of the society. In March last year, the Group cooperated with Wuxi City Government to develop electric bicycle charging facilities and management system, and successfully launched 100,000 sets for application at end user's systems as a convenient way for demonstration of integrating energy saving concepts into daily life. Moreover, the Group has established a new energy company, constructing a 1.5MW distributed photovoltaic power generation facilities at the roof top of the Wuxi plant and successfully mobilized them to fully connect to the grid for power generation at the year end.

The Group made various degrees of participation in domestic infrastructure construction and livelihood projects, including the provision of intelligent electrical distribution system solutions and control system solutions for the Hohhot Jinqiao Sewage Treatment Plant and pipeline network project, assisting to resolve sewage discharge and treatment issues within the area.

In terms of overseas development, the Group has actively mapped out plans for building of brands and marketing channels, and providing new experiences to customers over electrical distribution solutions through the integration of local aspects into the overseas market. One specific measure was the purchase of intangible assets and warehouses of Grupo De Empresas Temper, S.L., which is a Spanish company, so as to strengthen the core competence in electronic component technologies and expand the marketing channel of our Group's products in Europe. At the same time, the Group has restructured the Oversea Sales Department to prepare for stepping into the South America and Asia Pacific markets. During the second half of last year, the Oversea Sales Department actively deployed to set up local establishments in promising areas so as to expand their local markets.

Lastly, I would like to express my sincere gratitude to the Board, the management and our staff for their contribution towards the business development of the Group in building a stronger foundation for Boer Power's future development during the past year. I will continue to lead the Group ahead, seizing business opportunities and continuing to implement our sustainable development strategy of "Branding, Diversity and Internationalization", so as to bring the business to new heights under the vision of developing a "Priceless Boer, Centennial Boer".

Qian Yixiang
Chairman

26 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2013, the pace of growth of the world economy slowed down, with global industrial production and trading turning weak. Under macroeconomic regulation and control, China economic growth rate was 7.7% and the gross domestic product of China reached RMB56.88 trillion. The country's fixed asset investment increased by 19.3% and reached over RMB44.7 trillion. Increasingly active commercial and livelihood activities have also driven annual power generation volume in China to approximately 5.4 trillion kWh, representing an increase of 7.5%.

Along with the accelerated pace of the global economy and urbanization of China, power consumption in China has significantly grown in the recent years. According to the State Grid Corporation of China, the investment in power grid construction will exceed RMB380 billion in 2014, with the focus of speeding up the construction of hydropower in the southwest of China and transmission channels of new energy bases, so as to facilitate wind power generation, photovoltaic power generation and power generation from other clean energies to allow priority connection to the grid. China Southern Power Grid also planned to complete fixed asset investments of approximately RMB84.6 billion in 2014. These all indicate a rise in the overall market demand on power transmission and distribution equipment and solution, as well as the demand on enhancing efficiency of power consumption.

BUSINESS REVIEW

The Group has four business segments:

- Electrical Distribution System Solutions ("EDS Solutions");
- Intelligent Electrical Distribution System Solutions ("iEDS Solutions");
- Energy Efficiency Solutions ("EE Solutions"); and
- Components and Spare Parts Business ("CSP Business").

During 2013, the Group successfully implemented the strategy of focusing on development in business segments with higher gross profit margin, with promising development of the overall business, especially in EE Solutions. During the year, the Group specifically strengthened the integration of information technology and production technology, further developing the area of intelligent control over power consumption. As for the overseas market, through the acquisition of a Spanish brand, the Group expanded the distribution channels in Europe and actively deployed to develop the overseas market.

In terms of product research and development, the Group has always been oriented toward customer demands. Last year, the Group introduced XGreen Solid Insulated Ring Main Unit, which is produced by Europe's Sydenham brand technology, realizing remote monitoring, control, management, data analysis and pre-failure alert. The Group also reinforced the CloudSmart Intelligent Management and Control System by integrating the mobile internet technology, the cloud technology and conventional power distribution equipment, thereby realizing remote control from the three dimensions of CloudSmart data center, communication network and on-site equipment so as to improve the power system management model for users.

The Group defined last year as the "Year of Market Exploration" as the overall objective for promotion of publicity, actively marketing the green concept of the Group's products to customers, especially the end users. The Group built its sales promotional platform with Boer's distinguishing features, launching numerous new products and services to explore for new business sector opportunities, and enhancing its research and development technologies to seize local and global opportunities in the intelligent electrical distribution system market. During the year, the Group held 32 promotional events in a total of 19 cities and participated in 35 local and oversea large-scaled industrial conferences, including "The 3rd China International Smart Grid Construction Technology and Equipment Expo", "The 9th China International Rail Transit Technology Exhibition", "The 10th International Exhibition of Transmission and Distribution and Electrical Engineering for the ASEAN Region", etc.

As at 31 December 2013, the Group's outstanding contract backlog amounted to RMB1,810,133,000, which comprises iEDS Solutions, EE solutions and CSP Business, mainly from customers of data centers, telecommunication and distributors of spare parts, etc. Most of the outstanding contract backlog is expected to be completed in 2014.

The Group performed well and continued to achieve sustainable growth during the year. The total turnover of the Group amounted to RMB1,353,992,000 for the year ended 31 December 2013, representing an increase of 10.9% as compared to that of 2012. The increase in turnover was mainly a result of the improvement in the market environment supported by China's policy on energy conservation emission reduction and thus the increasing trend on the use of green energy as well as the Group's overall competitive advantage.

The total profit attributable to the equity shareholders of the Company amounted to RMB345,109,000 for the year ended 31 December 2013, representing an increase of 17.3% as compared to that of 2012. Excluding equity-settled share-based payment expenses recognised pursuant to the share award scheme, the total profit attributable to the equity shareholders of the Company amounted to RMB364,507,000, representing an increase of 23.9% as compared with 2012. The increase in profit was mainly due to the substantial increase in revenue contribution from the EE Solutions business segment.

Other revenue for the year mainly represented refund of value-added taxes of RMB62,689,000 (2012: RMB2,012,000). The increase was due to increase in sales of self-developed software products by a subsidiary which was set up in 2012 and is entitled to value-added tax refunds due to the PRC Government's support for the software industry to promote the country's information technology.

As at 31 December 2013, the total assets of the Group were RMB3,225,410,000 (31 December 2012: RMB2,393,761,000) while the total liabilities were RMB1,262,831,000 (31 December 2012: RMB656,114,000) and the total equity of the Group amounted to RMB1,962,579,000 (31 December 2012: RMB1,737,647,000).

OPERATION AND FINANCIAL REVIEW

iEDS Solutions and EE Solutions performed well and in particular, sound performance and significant growth were recorded for EE Solutions during the year.

EDS Solutions

Electrical distribution system lies between grid and end users to distribute electricity at converted voltage for end users. Nowadays, the Group's EDS Solutions have generally been replaced by iEDS Solutions.

The total sales of EDS Solutions of the Group for the year ended 31 December 2013 amounted to RMB9,893,000 (2012: RMB20,228,000), representing 0.7% (2012: 1.7%) of the Group's total turnover for the year. A significant decrease in sales of EDS Solutions of 51.1% was due to a drop in demand for EDS Solutions which resulted from the market trend of replacement of EDS Solutions by iEDS Solutions. Most of the Group's customers are currently adopting the iEDS Solutions. The gross profit of this business segment was RMB2,971,000 (2012: RMB5,325,000), representing a decline of 44.2% as compared to that of 2012.

The gross profit margin of EDS Solutions segment increased from 26.3% for 2012 to 30.0% for the year.

iEDS Solutions

On top of EDS Solutions, the Group also provides electrical distribution systems with automation features which link all the electromechanical equipment together for automatic data acquisition and analysis, remote control and automated diagnosis, through which the users can remotely control their electrical distribution systems and use data for energy saving. These functions are useful and important to the users who require more stable and safer auto-controlled electrical distribution systems, such as the telecommunication and medical services industries.

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

– Intelligent Power Grid Solutions: the products and solutions being used in the power grids; and

– Intelligent Power Distribution Integrated Solutions: the products and solutions being used by end users.

The total sales of iEDS Solutions of the Group for the year ended 31 December 2013 was RMB914,568,000 (2012: RMB845,407,000), which accounted for approximately 67.5% (2012: 69.2%) of the Group's total turnover for the year. The increase in the sales of iEDS Solutions of 8.2% for the year ended 31 December 2013 was mainly attributable to the overall development of the power transmission and electrical distribution market which resulted in increased market demand in intelligent power transmission and electricity distribution systems and related products. The gross profit of this business segment was RMB321,134,000 (2012: RMB312,308,000), representing an increase of 2.8% as compared to that of 2012.

The gross profit margin of iEDS Solutions segment decreased from 36.9% for 2012 to 35.1% for the year. The fluctuation in gross profit margin is within the normal range.

EE Solutions

Based on the data collected by the electrical distribution systems using its iEDS Solutions, the Group can analyse the power consumption status of users and through system management and with consideration of power source, select the most appropriate power saving solutions and provide equipment and systems to customers in order to improve energy efficiency and save electricity costs. EE Solutions services include the provision and maintenance of equipment and a number of other value-added services.

According to the difference in approaches, EE Solutions can be further classified into the below categories:

– Managed and Enhanced EE Solutions: the power saving products and solutions the Group provided to end-user customers of power consumption; and

– Equipment-enhanced EE Solutions: the power saving equipment and solutions the Group provided to customers at their power supply end.

  Equipment-enhanced EE Solutions are the Group's new line of products currently being introduced to the market in 2014, and thus no sales were recorded for the year ended 31 December 2013.

The total sales of EE Solutions of the Group for the year ended 31 December 2013 was RMB236,492,000 (2012: RMB150,909,000), which accounted for approximately 17.5% (2012: 12.3%) of the Group's total turnover for the year. The substantial increase in the sales of EE Solutions was a result of the trend of energy-saving and emission reduction resulting in increasing demand from the customers to upgrade their electrical distribution system to increase electricity usage efficiency and reduce cost. The rise in sales was also attributed to the immense development of the data centers and telecommunications industries. The gross profit of this business segment was RMB113,072,000 (2012: RMB73,227,000), representing an increase of 54.4% as compared to that of 2012.

The gross profit margin of EE Solutions segment decreased slightly from 48.5% for 2012 to 47.8% for the year.

CSP Business

The Group also manufactures spare parts and components for application on electrical distribution equipment or the basic function units of the solutions and sells such spare parts and components to its customers. Its functions can only be realised through the system or connecting with other hardware.

According to the differences of applications, CSP Business can be further classified into the below categories:

– Special CSP: the custom made parts ordered by the Group's long term customers;

– Standard CSP: the general parts and components being sold by the Group; and

– Smart home products: the parts and components used for intelligent household equipments.

  The Group will launch the smart home products to the market in 2014, and thus no sales were recorded for the year ended 31 December 2013.

The total sales of CSP Business of the Group for the year ended 31 December 2013 were RMB193,039,000 (2012: RMB204,670,000), which accounted for approximately 14.3% (2012: 16.8%) of the Group's total turnover for the year. The decrease in the sales of CSP Business of 5.7% for the year ended 31 December 2013 was due to decline in sales of capacitors. The gross profit of this business segment was RMB50,173,000 (2012: RMB58,931,000), representing a decrease of 14.9% as compared to that of 2012.

The gross profit margin of CSP Business segment decreased from 28.8% for 2012 to 26.0% for the year, mainly due to decrease in price resulting in lower gross profit margins which will be improved via expansion of sales channel.

PROSPECT

The Group has always focused on the development of one-stop power distribution system and energy efficiency solution, and integration of the green energy-saving concept into its corporate strategy. In response to the national "Twelfth Five-Year Plan" which calls for "promotion of smart grid construction based on information, control, energy storage and other advanced technologies", the Group is gaining insights into the domestic demands of grid development from a strategic perspective and making advance arrangements for relevant developments in the future.

According to the China Electricity Council, the annual growth of household power consumption of the whole country in 2014 is estimated at 7%. In view of the strong market demands on energy efficiency system, intelligent power transmission and distribution systems and products, the Group has made cautious deployment especially in the area of intelligent electrical distribution. While the Central Government is accelerating development of the energy saving and environmental protection industry, the Group will establish a comprehensive environmental protection service system, enhancing its product research and development capabilities, and launch products and services that is more in line with the concept of energy saving and environmental protection.

In terms of domestic business, the Group will continue to strengthen the strategy of developing the high-end market, expanding into wider markets and geographical areas by employing the downstream sales channel. The Group will also apply its products and systems more widely and into more market segments, and strengthen after-sale services to deliver seamless experiences to customers. Continuously oriented to customer needs, the Group will research and develop targeted new products, including smart home product to be launched for the construction industry.

In terms of international business development, the Group will identify target areas to set up local establishments, blending into the local market environments, creating breakthrough in sales through understanding and participating in the competition of the overseas market.

Looking forward, the Group will continue to build a solid business foundation, exercise the competitive edges and actively face new challenges and opportunities arising from the industry, so as to consolidate its leading position in the industry. The 2014 Group target business growth rate is 20% to 40%.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquidity position during the year under review. The Group was principally financed by internal resources. The Group's principal financial instruments comprise cash and cash equivalents, time deposits with original maturity over three months, available-for-sale investments including investments in quoted funds and unlisted wealth management products, trade and other receivables, trade and other payables and bank loans. As at 31 December 2013, the cash and cash equivalents, net current assets and total assets less current liabilities were RMB852 million (31 December 2012: RMB382 million), RMB1,660 million (31 December 2012: RMB1,429 million) and RMB1,965 million (31 December 2012: RMB1,744 million), respectively. As at 31 December 2013, the Group had bank loans amounting to RMB430 million (31 December 2012: Nil).

ASSETS/LIABILITIES TURNOVER RATIO

The average inventory turnover days decreased by 4 days from 34 days as at 31 December 2012 to 30 days as at 31 December 2013, mainly due to increased cost of sales during the year and lower inventory level as at 31 December 2013. The average trade payables turnover days increased by 41 days from 235 days as at 31 December 2012 to 276 days as at 31 December 2013, mainly due to increase in trade payables as at 31 December 2013 as a result of deferred billing patterns for certain suppliers. The average trade receivables turnover days decreased by 26 days from 297 days as at 31 December 2012 to 271 days as at 31 December 2013, mainly due to increase in turnover during the year. In addition, starting from the second half of 2012, 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 31 December 2013, the Group did not have any contingent liabilities.

FINANCIAL MANAGEMENT POLICIES

As the Group's principal activities are carried out in the People's Republic of China ("PRC"), the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the PRC or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group currently does not have a policy on foreign currency risk as it had minimal export sales and the impact of foreign currency risk on the Group's total sales is minimal.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

As disclosed in the announcements of the Company dated 14 May 2013 and 15 May 2013, on 27 April 2013, 14 May 2013 and 15 May 2013, Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), the Company's indirect wholly-owned subsidiary, made subscription for investments in wealth management products issued by Bank of Communications Co., Ltd ("BOCOM") in the PRC for an aggregate consideration of RMB219 million (the "Investments"). The Investments are considered to be low risk and high liquidity investments and could therefore make good use of the Group's surplus cash to enhance the Group's returns on investments whilst maintaining a sufficient level of liquidity. As one of the percentage ratios in respect of the aggregate amount of the Investments exceeds 5% but is under 25%, the Investments constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As at the end of the reporting period, the Group had redeemed the Investments at the full principal amounts except for a minor portion of investment in the amount of RMB34 million.

As at the end of the reporting period, the Group holds highly liquid available-for-sale investments in the aggregate amount of approximately RMB650 million, including investments in quoted funds and unlisted wealth management products issued by various banks, financial institutions and asset management companies. Details of these available-for-sale investments are further disclosed in note 20 to the financial statements. Such available-for-sale investments are expected to enhance rates of returns while maintaining its liquidity nature so as to ensure that there will be no adverse effects on the working capital of the Group. The Group will closely monitor the risks and performance of such available-for-sale investments.

EMPLOYEES AND REMUNERATION POLICY

The Group had 1,342 (2012: 1,294) employees as at 31 December 2013. The total staff costs for the year under review were approximately RMB102 million (2012: RMB78 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 (the "Stock Exchange") with a total of 215,625,000 offer shares (including shares issued as a result of the exercise of the overallotment option) issued. The net proceeds raised from the global offering were approximately HK$1,251 million (equivalent to approximately RMB1,067 million).

The following table sets forth the status of use of proceeds from the global offering:

	Proceeds from global offering		Used up to 31 December 2013	Unused balance
	RMB'000	Percentage	RMB'000	RMB'000
Expanding the upstream component production capability	266,637	25%	190,160	76,477
Expanding the downstream sales channel and market segment in China	373,291	35%	209,818	163,473
Payment of outstanding balance of the consideration in relation to the construction and completion of the Luoshe Town new plant	159,982	15%	68,456	91,526
Purchase of equipment in the Luoshe Town new plant	85,324	8%	6,012	79,312
Purchase of equipment and software in providing more efficient EE Solutions	74,658	7%	18,422	56,236
Working capital and other general corporate purposes	106,655	10%	106,000	655
	1,066,547	100%	598,868	467,679

The unused balance of the proceeds of RMB468 million are currently placed with reputable banks as the Group's 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 the 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 RMB210 million for expanding the downstream sales channel and market segment in China mainly by setting up a new division, purchasing land and research and development of new products in its existing subsidiary, instead of simply setting up new companies or carrying out acquisition. The Company considers that the use of such RMB210 million is in line with the strategy and future plans of the Group to expand the 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 downstream sales channel and market segment.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

QIAN Yixiang

QIAN Yixiang, aged 40, is an Executive Director, the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Qian Yixiang was appointed as a Director of the Board on 12 February 2010 and as a member of the Company's Remuneration Committee and Nomination Committee on 30 September 2010. Mr. Qian Yixiang is also the Director of Cheer Success Holdings Limited, Power Investment (H.K.) Limited, Boer (Wuxi) Power System Co., Ltd., Boer (Yixing) Power System Co., Ltd., Yixing Boai Automation Complete Sets of Equipment Co., Ltd., Wuxi Tezhong Electrical Capacitor Co., Ltd., Boer Electric Sales (China) Co., Ltd., Sydenham (Wuxi) Switch Co., Ltd., Sydenham International Group Corporation, Palace Glory International Limited, Profit Sea Holdings Limited, Control Well International Limited, Boer (H.K.) Capital Management Limited, Boer (Wuxi) Financial Leasing Co., Ltd., Green Essential Limited, Boer Technology (H.K.) Limited, Boer (Wuxi) Software Technology Limited, Boer Power System (Jiangsu) Co., Ltd., Wuxi Boer Power Engineer Co., Ltd., Shanghai Electrical Apparatus Research Institute Switch Apparatus Co., Ltd., Wuxi Chien Cheng Electric Co., Ltd. and Boer Energy Jiangsu Co., Ltd., which are subsidiaries of the Company. Mr. Qian Yixiang is primarily responsible for the overall management and strategic development of our Group. Mr. Qian Yixiang joined Wuxi Boer Power Instrumentation Company Ltd. ("Wuxi Boer"), the predecessor entity of the Group, in July 1995 and became the General Manager of Wuxi Boer in January 1998. Since he first joined Wuxi Boer in July 1995, Mr. Qian Yixiang has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Mr. Qian Yixiang graduated from Jiangnan University with a Diploma in Business Management in 1995. Mr. Qian Yixiang is the husband of Ms. Jia Lingxia and the son of Mr. Qian Zhongming.

JIA Lingxia

JIA Lingxia ("Ms. Jia"), aged 40, is an Executive Director and the Chief Operating Officer of the Company. Ms. Jia was appointed as a Director of the Board on 12 February 2010 and as a member of the Company's Remuneration Committee and Nomination Committee on 30 September 2010. Ms. Jia is also the Director of Cheer Success Holdings Limited, Power Investment (H.K.) Limited, Boer (Wuxi) Power System Co., Ltd., Boer (Yixing) Power System Co., Ltd., Sydenham International Group Corporation, Palace Glory International Limited, Profit Sea Holdings Limited, Control Well International Limited, Boer (H.K.) Capital Management Limited, Green Essential Limited, Boer Technology (H.K.) Limited and Boer Energy Jiangsu Co., Ltd., which are subsidiaries of the Company. Ms. Jia is primarily responsible for the overall management of the daily operations of the Group. Ms. Jia joined Wuxi Boer in August 1995 and became the Deputy General Manager of Wuxi Boer in January 1997. From February 1995 to August 1995, Ms. Jia worked at Wuxi Special Ventilation Machine Factory, currently known as Wuxi Xishan Special Ventilation Machine Factory, as the head of the accounts department. Since Ms. Jia joined Wuxi Boer in August 1995, she has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Ms. Jia graduated from Jiangnan University with a Diploma in Business Management in 1995. Ms. Jia is the wife of Mr. Qian Yixiang and the daughter-in-law of Mr. Qian Zhongming.

ZHA Saibin

ZHA Saibin ("Mr. Zha"), aged 47, is an Executive Director and a Vice President of the Company responsible for new products development. Mr. Zha was appointed as a Director of the Board on 12 February 2010. Mr. Zha is also the Director of Boer (Wuxi) Power System Co., Ltd and Boer Energy Jiangsu Co., Ltd., which are subsidiaries of the Company. Mr. Zha is primarily responsible for the product development of the Group. Mr. Zha joined Wuxi Boer in June 2000 and became the Assistant Manager and the head of research and development department of Wuxi Boer in 2003. Prior to joining the Group, Mr. Zha worked at Wuxi City Apparatus Factory from July 1990 to May 2000 and was later appointed as the head of research and development and the Deputy General Manager in January 1996 and November 1997, respectively. Since joining Wuxi Boer in June 2000, Mr. Zha has acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. Mr. Zha received a Bachelor's degree in Engineering in 1990 from Hefei University of Technology.

QIAN Zhongming

QIAN Zhongming ("Mr. Qian"), aged 67, is an Executive Director and a Vice President of the Company responsible for assisting Mr. Qian Yixiang in the formulation of the strategic development plans of the Group. Mr. Qian was appointed as a Director of the Board on 12 February 2010. As a founding member of Wuxi Boer, Mr. Qian acquired knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry during the last 20 years. Mr. Qian graduated from Luoshe Senior High School in 1966. Mr. Qian is the father of Mr. Qian Yixiang and the father-in-law of Ms. Jia.

HUANG Liang

HUANG Liang ("Mr. Huang"), aged 40, is an Executive Director and Chief Financial Officer of the Company. Mr. Huang was appointed as a Director of the Board on 9 November 2011. Mr. Huang is also the Director of Boer (Yixing) Power System Co., Ltd. which is a subsidiary of the Company. Mr. Huang is primarily responsible for the finance and treasury of the Group. Mr. Huang has over 20 years of experience in accounting and finance. Mr. Huang joined Boer Wuxi in January 2009 as the Financial Manager. Prior to joining the Group, Mr. Huang worked as the head of the finance department of Wuxi Second Boarding House from October 1991 to May 2001 and as the Assistant Manager of Wuxi Zhengzhuo CPAs Ltd., currently known as Jiangsu Zhengzhuo Hengxin CPAs Ltd., from June 2001 to December 2008. Mr. Huang graduated from Shanghai University of Finance and Economics with a Diploma in Accounting in 1996.

NON-EXECUTIVE DIRECTOR

ZHANG Huaqiao

ZHANG Huaqiao ("Mr. Zhang"), aged 51, joined the Board as a Non-executive Director on 9 November 2011 and was appointed as a member of the Company's Audit Committee, Remuneration Committee and Nomination Committee on 9 November 2011. Mr. Zhang ceased to be a member of the Company's Remuneration Committee and Nomination Committee on 1 February 2012. Mr. Zhang has become a Director of Nanjing Central Emporium Stocks Company Limited (Stock Code: 600280), which is listed on the Shanghai Stock Exchange, since 28 February 2013 and acted as an Independent Non-executive Director of Fuguiniao Co., Ltd. (Stock Code: 1819), China Huirong Financial Holdings Limited (Stock Code: 1290) and Logan Property Holdings Company Limited (Stock Code: 3380), which are listed on the Main Board of the Stock Exchange, since 12 May 2013, 6 October 2013 and 18 November 2013 respectively. He became the Chairman of Oriental City Group Holdings Limited (Stock Code: 8325), which is listed on the GEM Board of the Stock Exchange, on 11 March 2014. He is currently the Chairman of The Slow Bull Capital Limited. He is also an Independent Non-executive Director of Fosun International Limited (Stock Code: 656) and Zhong An Real Estate Limited (Stock Code: 672), both of which are listed on the Main Board of the Stock Exchange. From June 1999 to April 2006, Mr. Zhang worked with UBS Securities Asia Limited, ultimately becoming the Managing Director and co-head of the China research team. Prior to this, Mr. Zhang worked as a principal staff member with the People's Bank of China in Beijing between July 1986 and January 1989. Mr. Zhang was an Executive Director and Chief Executive Officer of Man Sang International Limited (Stock Code: 938), a company listed on the Main Board of Stock Exchange, between September 2011 to April 2012.

Mr. Zhang obtained a Master's degree in Economics from the Graduate School of the People's Bank of China in 1986 and a Master's degree in Economics from the Australian National University in 1991.

INDEPENDENT NON-EXECUTIVE DIRECTORS

YEUNG Chi Tat

YEUNG Chi Tat ("Mr. Yeung"), aged 44, joined the Board as an Independent Non-executive Director on 30 September 2010 and was appointed as the Chairman of our Company's Audit Committee, Remuneration Committee and Nomination Committee on 30 September 2010. Mr. Yeung is currently the President of the International Financial Management Association Hong Kong headquarters, the Vice-president of the Hong Kong Wine Merchants' Chamber of Commerce and the Financial Controller and Company Secretary of Dynasty Fine Wines Group Limited (Stock Code: 828), a company listed on the Main Board of the Stock Exchange. He is also an Independent Non-executive Director of Ta Yang Group Holdings Limited (Stock Code: 1991), ANTA Sports Products Limited (Stock Code: 2020), Billion Industrial Holdings Limited (Stock Code: 2299) and Sitoy Group Holdings Limited (Stock Code: 1023), which are listed on the Main Board of the Stock Exchange.

Mr. Yeung received a Bachelor's degree in Business Administration from the University of Hong Kong and a master's degree in Professional Accounting with distinction from Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, a Senior International Finance Manager of the International Financial Management Association and a Certified Public Accountant practicing in Hong Kong. Mr. Yeung worked at a major international accounting firm for over 10 years. He possesses extensive experience in auditing, corporate restructuring and corporate finance.

TANG Jianrong

TANG Jianrong ("Mr. Tang"), aged 50, joined the Board as an Independent Non-executive Director on 30 September 2010 and was appointed as a member of the Company's Audit Committee, Remuneration Committee and Nomination Committee on 30 September 2010. Mr. Tang is currently a professor and the vice dean in the School of Business and director of the MBA teaching centre at Jiangnan University. Although the Group has established a long-term research relationship with Jiangnan University, Mr. Tang has never been involved in any of the research and development programmes undertaken by Jiangnan University for the Group. Neither was Mr. Tang involved in the negotiation of the cooperation agreement. Mr. Tang currently does not receive and has not in the past ever received any personal benefit from the cooperation relationship between the Group and Jiangnan University. Mr. Tang currently is not personally interested in and was not in the past ever personally interested in such cooperation relationship.

Mr. Tang received a Bachelor's degree in Economics from Hebei Geology College, currently known as Shijiazhuang University of Economics, in 1987. He then received a Master's degree in Economics from Zhongnan University of Economics in 1990. He received a Doctoral degree in Science from Nanjing University in 2009.

ZHAO Jianfeng

ZHAO Jianfeng ("Mr. Zhao"), aged 41, joined the Board as an Independent Non-executive Director on 30 September 2010 and was appointed as a member of the Company's Audit Committee, Remuneration Committee and Nomination Committee on 30 September 2010. Mr. Zhao is currently the vice dean of School of Mechanical Engineering at Dongnan University. His main research area covers high-efficiency electronics technology, energy saving technology and renewable energy sources. The Group entered into a cooperation agreement with Dongnan University on 5 January 2010, pursuant to which the Group agreed to inject not less than RMB1 million annually into a joint research centre set up by Dongnan University and the Group for the research and development of intelligent electrical distribution equipment and energy efficient equipment. There is no maximum amount of our annual injection of capital into the joint research centre under the cooperation agreement because the budget for each research and development project of the joint research centre may vary, depending on the size of the project and the necessary technologies, equipment and manpower involved. Therefore, the Group may, at its discretion (but are not obliged to), inject more than RMB1 million into the joint research centre in one year for any research and development project as it thinks fit. Nevertheless, the Group expects that its total injection of capital into the joint research centre in the three years of cooperation will not exceed RMB4 million. Mr. Zhao was not personally involved in, and will not benefit from, the cooperation between the Group and Dongnan University or the setting up of the joint research centre. Neither was Mr. Zhao involved in the negotiation of the cooperation agreement. Mr. Zhao currently does not receive and has not in the past received any personal benefit from the cooperation relationship between the Group and Dongnan University. He is currently not personally interested in and was not in the past ever personally interested in such cooperation relationship.

Mr. Zhao received his Bachelor's degree in Engineering from Huainan Mining Institute, currently known as Anhui University of Science & Technology, in 1995. After receiving his master's degree in Engineering from Nanjing University of Aeronautics and Astronautics in 1998, he received a Doctoral degree in Engineering from Dongnan University in 2001.

SENIOR MANAGEMENT

ZHANG Jiaqing

ZHANG Jiaqing ("Mr. Zhang"), aged 49, is the Vice President of Sales of the Group. Mr. Zhang joined Wuxi Boer in June 2004 as the Sales Supervisor concentrating on sales in southern China and was appointed as the Vice President of Sales in August 2012. Mr. Zhang was a teacher at Jiangsu Institute of Petrochemical Technology, currently known as Changzhou University, from June 1989 to October 1997. Prior to joining the Group, Mr. Zhang worked as a Sales Manager in Schneider Electric (China) Co., Ltd. from October 1997 to June 2004. During his time with Schneider Electric (China) Co., Ltd., Mr. Zhang has gained experience in relation to the sales and marketing of electrical distribution systems and equipment. Mr. Zhang received a Bachelor's degree in Engineering in 1986 and a Master's degree in Engineering in 1989, both from Nanjing University of Aeronautics and Astronautics.

Antonio MACERA

Antonio MACERA ("Mr. Macera"), aged 62, is the Vice President of Operations of the Group. Mr. Macera joined Boer Power in April 2012 as the Vice President of Operations. From 1975 to December 2011, Mr. Macera worked with Schneider Electric (China) Co., Ltd., ultimately becoming the delegate director of project and services and energy efficiency. Mr. Macera possesses diversified experience in electrical distribution, automation and advanced services in industry, buildings and infrastructure.

ZHANG Jianqi

ZHANG Jianqi ("Ms. Zhang"), aged 50, is the Vice President of Strategic Development of the Group. Ms. Zhang joined Wuxi Boer in March 2003 as the Sales Supervisor concentrating on sales in North China and was appointed as the Vice President of strategic development in August 2012. From 1989 to 1991 and from 1991 to 1995, Ms. Zhang worked as an engineer in Beijing Bearing Research Institute and a research and development engineer in Beijing Yadu Science & Technology Co. respectively. She then worked as a Sales Manager at Moeller from May 1995 to August 1997. Prior to joining the Group, Ms. Zhang worked as a Sales Manager focusing on international customers of Schneider Electric (China) Co., Ltd. from September 1997 to February 2003. During her time with Moeller, Ms. Zhang gained sales and marketing experience in relation to the electrical distribution systems and electrical distribution equipment industry. Ms. Zhang received a Bachelor's degree in Engineering from Beijing University of Technology in 1986.

AN Di

AN Di ("Mr. An"), aged 40, is the Human Resources Director of the Group. Mr. An joined the Group in March 2005 and was appointed as Assistant to General Manager and the Head of Internal Compliance of Wuxi Boer in November 2009 and as the Human Resources Director in October 2012. Since he joined the Group in March 2005, Mr. An has gained experience in overlooking the implementation of internal compliance and human resources matters. Prior to joining the Group, Mr. An had been an Assistant to the Factory Director of Tianshui Cheungcheng General Electric Apparatus Factory. Mr. An graduated from Xian Jiaotong University with a diploma in Jurisprudence in 2006.

WU CHANG

WU Chang ("Mr. Wu"), aged 44, is the Customer Center Director of the Group. Mr. Wu is mainly responsible for project tender quotation management, and execution of project contract management. Mr. Wu joined Wuxi City Instrumentation System Works in July 1995, he was appointed as Project Manager of Boer Wuxi in March 2003 and as Quality Control department's Manager of Boer Power in June 2008. In September 2012, Mr. Wu was promoted to Customer Center Director of the Group. Mr. Wu graduated from Suzhou Sericulture College in 1993.

LI Xianli

LI Xianli ("Mr. Li"), aged 40, is the Operation Director of the Group. Mr. Li is primarily responsible for the strategic planning and daily operation of the factories of the Group. Mr. Li joined Boer Power in April 2011 as the Operation Director. Mr. Li was the Purchasing Engineer and Purchasing Supervisor of York (Wuxi) Air-conditioner Refrigeration Equipment Co., Ltd. from February 1997 to November 2004. Prior to joining the Group, Mr. Li worked as the Operating Manager and General Manager of Compair Global Purchasing Center (Shanghai) Co., Ltd. from December 2004 to March 2011. Mr. Li received a Bachelor's degree in Economics in 1997 from Nanjing Agricultural University and then a Master's degree in Business Administration in 2006 from Fudan University.

HAN Weidong

HAN Weidong ("Mr. Han"), aged 47, is the Technology Director of the Group, and is mainly responsible for developing and implementing the technology and quality system regulations and rules, establishment of a quality management system, periodic technical analysis and quality analysis and the development of preventive and corrective measures. Mr. Han joined Boer Wuxi in January 2005 as a Deputy General Manager and was appointed as Technology Director in July 2012 and has acquired his knowledge and experience about the electrical distribution systems and the electrical distribution equipment industry. From July 1990 to August 1998, Mr. Han worked as an Electrical Design Engineer in the Planning and Designing Institute of Ministry of Light Industry. Prior to joining the Group, Mr. Han worked as a Product Manager in Schneider Electric (China) Co., Ltd. from September 1998 to November 2004. Mr. Han received a Bachelor's degree in Engineering from North China Electric Power University in 1990.

SHEN Weizu

SHEN Weizu ("Mr. Shen"), aged 41, is the Supply Chain Management Director of the Group. Mr. Shen is primarily responsible for quality monitoring, management, pricing and business negotiations with the existing suppliers and development of new suppliers. Mr. Shen joined Boer Wuxi in January 1993 and was appointed as the Manufacturing Supervisor and Quality Supervisor of Boer Wuxi in April 1999 and July 2005 respectively. Subsequently he worked as the Operation Manager of Yixing Boai Automation Complete Sets of Equipment Co., Ltd. and then Boer Wuxi between the period from September 2010 to September 2013. In October 2013, Mr. Shen was promoted to Supply Chain Management Director of the Group. Mr. Shen graduated from Jiangsu Provincial Huaiyang Electronic Industrial College in 1993.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2013.

The Company has complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year, except for the deviations from the code provisions A.2.1, A.6.7 and E.1.2 of the Code as described in the following sections.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for Directors' securities transactions. Having made specific enquiries by the Company to all Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code during the year regarding directors' securities transactions.

The following sections set out how the principles in the Code have been complied with by the Company during the financial year ended 31 December 2013.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2013, the Board comprised nine Directors consisting of five Executive Directors, one Non-executive Director and three Independent Non-executive Directors.

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group.

Function

The Board is responsible for the oversight of the management of the Company's business and affairs with the objective of enhancing shareholder value.

The Board is also responsible for performing corporate governance duties including the developing, reviewing and monitoring of the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and compliance manual applicable to employees and Directors.

Daily operations, business strategies and administration are delegated to the Executive Directors and the management with divisional heads responsible for different aspects of the business. When the Board delegates different aspects of its management and administrative functions to the senior management, it has given clear directions in relation to the scope of powers of the senior management. Although the Board is not involved in the Group's day-to-day operations, it does have a formal schedule of matters reserved for its own decision, as defined in its terms of reference, which are available on the Group's website.

Board meetings

During the year ended 31 December 2013, six meetings were held by the Board and the Directors did not authorise any alternate Director to attend Board Meeting. The attendance record of each Director is set out below:

Name of Board members	Number of attendance	Number of meetings
Executive Directors		
Mr. Qian Yixiang[(i)] *(Chairman and Chief Executive Officer)*	6	6
Ms. Jia Lingxia[(i)]	6	6
Mr. Zha Saibin	6	6
Mr. Qian Zhongming[(i)]	6	6
Mr. Huang Liang	6	6
Non-executive Director		
Mr. Zhang Huaqiao	3	6
Independent Non-executive Directors		
Mr. Yeung Chi Tat	6	6
Mr. Zhao Jianfeng	6	6
Mr. Tang Jianrong	6	6

Note:

(i) Mr. Qian Yixiang is the husband of Ms. Jia Lingxia and the son of Mr. Qian Zhongming.

Notice of regular Board meetings is served to all Directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings.

Directors would receive relevant documents from the Company Secretary in a timely manner to enable the Directors to be informed decisions on matters discussed in the Board meetings. The Company Secretary would ensure the procedures of the Board meetings are observed and provide to the Board opinions on matters in relation to the compliance with the procedures of the Board meetings. Board minutes prepared and kept by the Company Secretary are sent to the Directors for records and are open for inspection at any reasonable time on reasonable notice by any Director.

Independent Non-executive Directors

In compliance with Rules 3.10(1) and 3.10(A) of the Listing Rules, there are three Independent Non-executive Directors, representing one-third of the Board. Among the three Independent Non-executive Directors, one of them have appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Independent Non-executive Directors bring independent judgment on issues of strategy, performance and risk. The Company has received from each of the Independent Non-executive Directors annual written confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmation, considers, all Independent Non-executive Directors, to be independent.

Chairman and Chief Executive Officer

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.

Appointment, re-election and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next Annual General Meeting of the Company (the "AGM") and shall then be eligible for re-election.

In accordance with the Articles of Association of the Company (the "Articles"), one third of the Directors for the time being will retire from office by rotation. Under code provision A.4.1, all the Non-executive Directors should be appointed for a specific term, subject to re-election. At present, each of Mr. Zhang Huaqiao, Mr. Yeung Chi Tat, Mr. Tang Jianrong and Mr. Zhao Jianfeng has been appointed for a specific term of three years from their appointments on 9 November 2011 for Mr. Zhang Huaqiao and 30 September 2010 for the remaining other three Directors. Mr. Tang Jianrong and Mr. Zhao Jianfeng had retired from their offices and been re-elected as Non-executive Directors at the 2012 AGM held on 30 May 2013. Mr. Yeung Chi Tat shall retire from his office at the forthcoming AGM and shall be eligible to offer himself for re-election pursuant to articles 108 and 109 of the Articles.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office and the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two.

Directors'continuous training and development

Directors should keep abreast of the responsibilities as a Director of the Company and of the conduct, business activities and development of the Group. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Group continuously updates Directors with circulars and guidance notes on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. The Group also provides all members of the Board with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

A summary of training received by the Directors for the year ended 31 December 2013 is as follows:

Name of Board members	Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Mr. Qian Yixiang	✓
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. Zhao Jianfeng	✓
Mr. Tang Jianrong	✓

COMMITTEES OF THE BOARD

Remuneration Committee

The Company established a Remuneration Committee on 30 September 2010 and had renewed the written terms of reference in compliance with the Code which was adopted by the Board on 27 March 2012. As at 31 December 2013, the Remuneration Committee has five members comprising three Independent Non-executive Directors and two Executive Directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong, Mr. Zhao Jianfeng, Mr. Qian Yixiang and Ms. Jia Lingxia, respectively. Mr. Yeung Chi Tat is the Chairman of the Remuneration Committee.

Remuneration Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior management and specific remuneration packages and conditions of employment for the Directors and senior management and evaluating and making recommendations on employee benefit arrangements.

The remuneration of Directors is determined by the Board, upon recommendation of the Remuneration Committee with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group.

The terms of reference of the Remuneration Committee are posted on the websites of the Company and Stock Exchange.

During the year ended 31 December 2013, one meeting was held by the Remuneration Committee to discuss the policy for the remuneration of Directors and senior management and to review and approve the shares granted to Directors and senior management pursuant to the share award scheme. No alternate Director was authorised to attend such meeting and the attendance record of each Committee member is set out below:

Name of Committee members	Number of attendance	Number of meetings
Independent Non-executive Directors		
Mr. Yeung Chi Tat	1	1
Mr. Zhao Jianfeng	1	1
Mr. Tang Jianrong	1	1
Executive Directors		
Mr. Qian Yixiang	1	1
Ms. Jia Lingxia	1	1

Audit Committee

The Company established an Audit Committee on 30 September 2010 in compliance with Rules 3.21 and 3.23 of the Listing Rules and had renewed the written terms of reference in compliance with the Code which was adopted by the Board on 27 March 2012. As at 31 December 2013, the Audit Committee has four members comprising three Independent Non-executive Directors and one Non-executive Director: Mr. Yeung Chi Tat, Mr. Tang Jianrong, Mr. Zhao Jianfeng and Mr. Zhang Huaqiao, respectively. Mr. Yeung Chi Tat is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, to review the Company's annual report and interim reports to provide advice and comments thereon to the Board, and to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and assessing their independence and performance.

The terms of reference of the Audit Committee are posted on the websites of the Company and Stock Exchange.

During the year under review, the Audit Committee reviewed the interim and annual financial statements and reports and discussed with external auditors on any significant or unusual items before submission to the Board, reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement and reviewed the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures. In addition, the members of the Audit Committee held two meetings with the management and the independent professional accountant firm appointed by the Company relating to the internal control review matters during the year. Therefore, the Audit Committee actively participated in the internal control review matters to improve and strengthen the internal control system, where necessary.

During the year ended 31 December 2013, four meetings were held by the Audit Committee. No alternate Director was authorised to attend such meeting and the attendance record of each Committee member is set out below:

Name of Committee members	Number of attendance	Number of meetings
Independent Non-executive Directors		
Mr. Yeung Chi Tat	4	4
Mr. Zhao Jianfeng	4	4
Mr. Tang Jianrong	4	4
Non-executive Director		
Mr. Zhang Huaqiao	4	4

There is no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors. Audit Committee has reviewed the Company's annual results for the year ended 31 December 2013.

Nomination Committee

The Company established a Nomination Committee on 30 September 2010 and had renewed the written terms of reference in compliance with the Code which was adopted by the Board on 26 August 2013. As at 31 December 2013, the Nomination Committee has five members comprising three Independent Non-executive Directors, and two Executive Directors: Mr. Yeung Chi Tat, Mr. Tang Jianrong, Mr. Zhao Jianfeng, Mr. Qian Yixiang and Ms. Jia Lingxia, respectively. Mr. Yeung Chi Tat is the Chairman of the Nomination Committee.

Nomination Committee is responsible for making recommendations to the Board on the appointment of Directors. The Committee is also responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and assessing the independence of the Independent Non-executive Directors.

The terms of reference of the Nomination Committee are posted on the websites of the Company and Stock Exchange.

The Nomination Committee has adopted a Board Diversity Policy (the "policy") which became effective on 26 August 2013. A summary of this policy together with the measureable objectives set for implementing this policy, and the progress towards achieving those objectives are outlined below.

The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of having a diverse Board, which can be achieved through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nominations Committee has primary responsibility for identifying qualified candidates to become members of the Board and Board appointments will continue to be made on a merit basis, with candidates being considered against objective criteria, with due regard for the benefits of diversity on the Board. The Nomination Committee is also responsible for monitoring the implementation and reviewing the effectiveness of this Policy.

As at the date of this report, the Board comprises nine directors, which is characterized by diversity in terms of gender, age, cultural and educational background, professional experience and skills.

During the year ended 31 December 2013, one meeting was held by the Nomination Committee and work performed includes reviewing the structure, size and composition of the Board and clarifying the functions of Executive Directors, Non-executive Directors and Independent Non-executive Directors. No alternate Director was authorised to attend such meeting and the attendance record of each Committee member is set out below:

Name of Committee members	Number of attendance	Number of meetings
Independent Non-executive Directors		
Mr. Yeung Chi Tat	1	1
Mr. Zhao Jianfeng	1	1
Mr. Tang Jianrong	1	1
Executive Directors		
Mr. Qian Yixiang	1	1
Ms. Jia Lingxia	1	1

ACCOUNTABILITY AND AUDIT

Directors' responsibility

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board will continue to prepare the consolidated financial statements on a going concern basis.

Internal controls

The Board is responsible for the effectiveness of internal control systems of the Group. The internal control systems are designed to provide reasonable, but not absolute assurance against material misstatement or loss, and manage rather than eliminate risks of failure to achieve business strategies.

During the year under review, the Board has reviewed the effectiveness of the internal controls of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

During the year, the Audit Committee has reviewed the effectiveness of the Group's internal control and risk management procedures and was satisfied that the Group's internal control processes are adequate to meet the needs of the Group in its current business environment.

Auditors' remuneration

During the year ended 31 December 2013, the remuneration paid and payable to the auditors of the Company, KPMG were set out as below:

Nature of services	Remuneration paid and payable RMB'000
Audit service	1,920
Non-audit service – Review of interim results	829
Internal control review	203
Tax advisory	117
Other	214
Total	3,283

RELATIONSHIP WITH INVESTORS AND SHAREHOLDERS

The Board recognises the importance of maintaining clear, timely and effective communication with shareholders of the Company and investors. The Board also recognises that effective communication with investors is the key to establish investor confidence and to attract new investors. Therefore, the Company communicates with its shareholders and investors through various channels including publication of interim and annual reports, press announcements and information on the websites of the Stock Exchange and the Company.

The Company continues to maintain regular dialogue with institutional investors and analysts to keep them informed of the Group's strategy, operations, management and plans. The Company has regularly met with financial analysts, fund managers and potential investors, and has participated in a number of investors' conferences and roadshows organised by various investment banks since the listing of the Company on the Main Board of the Stock Exchange on 20 October 2010 in order to enhance the Group's relationship with equity research analysts, fund managers, institutional investors and shareholders and their understanding of the Group's strategies, operations and developments. All their discussions were limited to explanations of previously published material and general discussion of non-price sensitive information. In the future, the Group plans to continue to strengthen its investors' relationship by participating in roadshows and conferences.

The AGM provides opportunities for the shareholders to meet and raise questions to our Directors, the management and the external auditors. The members of the Board and external auditors will attend the AGM. The Group encourages all shareholders to attend. Shareholders can raise any comments on the performance and future directions of the Company and exchange views with the Directors, the management and the external auditors at the AGM.

The 2012 AGM was held on 30 May 2013 and the attendance record of each Director is set out below:

Name of Board members	AGM
Executive Directors	
Mr. Qian Yixiang *(Chairman)*	0
Ms. Jia Lingxia	0
Mr. Zha Saibin	0
Mr. Qian Zhongming	0
Mr. Huang Liang	1
Non-executive Director	
Mr. Zhang Huaqiao	1
Independent Non-executive Directors	
Mr. Yeung Chi Tat	1
Mr. Zhao Jianfeng	0
Mr. Tang Jianrong	0

Code provisions E.1.2 and A.6.7 stipulates that the Chairman of the Board and Independent Non-Executive Directors and other Non-Executive Directors should attend the AGM respectively. The Chairman of the Board, Mr. Qian Yixiang and Independent Non-executive Directors Mr. Zhao Jianfeng and Mr. Tang Jianrong were unable to attend the 2012 AGM due to other business engagements. Mr. Qian Yixiang had appointed Mr. Huang Liang, an Executive Director, as his delegate to chair the 2012 AGM and to answer the questions from shareholders. The Chairman of the Audit, Nomination and Remuneration Committee was also available to answer questions at the 2012 AGM.

During the year, there were no changes to the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting on requisition by shareholders

Pursuant to Article 64 of the Company's amended and restated Memorandum and Articles of Association, an Extraordinary General Meeting ("EGM") shall be convened on the written requisition of one or more members of the Company, at the date of the deposit of the requisition, holding in aggregate of not less than one-tenth of such of the paid-up capital of the Company which carries the right of voting at general meetings of the Company. The requisition must specify the objects of the meeting and must be signed by the relevant requisitionist(s) and deposited at the Company Secretary at the Company's principal place of business. If the Board does not within twenty one days from the date of deposit of the requisition proceed duly to convene a meeting, the requisitionist(s) may themselves convene a meeting provided that any meeting so convened shall not be held after the expiration of two months from the said date.

Procedures for putting forward proposals at general meetings by shareholders

Shareholders must submit a written notice of proposals they wish to put forward at an AGM or EGM with the detailed contact information to the Company Secretary by email to yc.kwok@boerpower.com, or by fax to 2544 7272, or by mail to the Company's principal place of business at Unit 1805, 18th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong, with a reasonable time prior to the general meeting so that the Company will be allowed to meet the notice period to be given to all the Shareholders as set out below. Detailed procedures and the notice period to be given to all the shareholders for consideration of the proposal raised by the shareholders concerned at an AGM or EGM varies according to the nature of the proposal. The procedures for shareholders to convene and put forward proposals are set out in the notice of the AGM or EGM and are also available on request to the Company Secretary. The notice period is set out below:

(i) At least 14 days' notice (the notice period must include 10 business days) in writing if the proposal constitutes an ordinary resolution of the Company in an EGM.

(ii) At least 21 days' notice (the notice period must include 20 business days) in writing if the proposal constitutes a special resolution of the Company in an EGM or any resolution of the Company in an AGM.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns with contact information of the requisitionists to the Board of Directors of the Company in writing through the Company Secretary by email to yc.kwok@boerpower.com, or by fax to 2544 7272, or by mail to the Company's principal place of business at Unit 1805, 18th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 16 to the financial statements. The nature of the principal activities of the Group has not changed during the year.

RESULTS AND DIVIDENDS

The financial results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 36 of the annual report.

A special dividend of HK17 cents per share, totaling RMB98,431,000 was declared by the Board on 17 January 2014 and paid to shareholders on 14 February 2014.

The Directors now recommend the payment of a final dividend of HK14 cents per share, totaling RMB84,471,000. The final dividend is expected to be paid to those shareholders whose names appear on the register of members of the Company at the close of business on 9 June 2014.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to RMB1,715,000 (2012: RMB35,000).

PROPERTY, PLANT AND EQUIPMENT

The major additions to property, plant and equipment of the Group include addition of the new machineries and equipment in Wuxi and Yixing. Particulars of the movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

SHARE CAPITAL

The movements in the share capital of the Company during the year are set out in note 28(c) to the financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Except for the repurchase of the Company's own ordinary shares by the trust under the share award scheme as set out in note 26 to the financial statements, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

The movements in reserves of the Group and the Company during the year and distributable reserves of the Company as at 31 December 2013 are set out in the consolidated statement of changes in equity and notes 28(a) and 28(e) to the financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 34% of the total turnover of the Group and the largest customer accounted for approximately 12% of the total turnover of the Group.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 19% and 39% of the Group's total purchases for the year, respectively.

None of the Directors, their associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest suppliers and customers.

DIRECTORS

The Directors of the Company during the year were:

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. Zhao Jianfeng
Mr. Tang Jianrong

In accordance with article 108 of the Articles, one-third of the Directors for the time being shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement at least once every three years. Ms. Jia Lingxia and Mr. Zha Saibin, the Executive Directors and Mr. Yeung Chi Tat, the Independent Non-executive Director, shall retire from their offices at the forthcoming AGM and shall be eligible to offer themselves for re-election pursuant to articles 108 and 109 of the Articles.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The Non-executive Director and Independent Non-executive Directors have been appointed for a term of three years in accordance with their respective appointment letters.

Save as disclosed above, none of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director of the Company had a material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, its holding company, or any of its subsidiaries or related companies was a party during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Particulars of the Directors' and senior management's remuneration and the five highest paid employees during the financial year are set out in notes 8 and 9, respectively to the financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of rewarding participants who have contributed to the Group and encouraging participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and shareholders as a whole. Eligible participants of the Scheme include the Company's Directors (including Executive Directors, Non-Executive Directors and Independent Non-executive Directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The Scheme is valid and effective for a period of ten years commencing from 30 September 2010, after which no further share options will be granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Share options complying with the provisions of the Listing Rules which are granted during the duration of the Scheme and those remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant as within the share option period for which such share options are granted, notwithstanding the expiry of the Scheme.

Grant of Options to connected persons or any of their associates

Any grant of options to any Director, Chief Executive or substantial shareholder (as such term is defined in the Listing Rules) of the Company, or any of their respective associates under the Scheme or any other share option schemes of the Company or any of its subsidiaries shall be subject to the prior approval of the Independent Non-executive Directors (excluding Independent Non-executive Directors who are the proposed grantees of the options in question). Where any grant of options to a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and

(ii) having an aggregate value, based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million,

such further grant of options shall be subject to prior approval by resolution of the shareholders (voting by way of poll). The Company shall send a circular to the shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the shareholders.

The Directors may, at their discretion, invite participants to take up options at a price calculated in accordance with paragraph below. An offer shall remain open for acceptance by the participant concerned for a period of 28 days from the date of grant provided that no such offer shall be open for acceptance after the expiry of the option period or after the Scheme is terminated or after the participant has ceased to be a participant.

An offer is deemed to be accepted when the Company receives from the grantee the offer letter signed by the grantee specifying the number of shares in respect of which the offer is accepted, and a remittance to the Company of HK$1.00 as consideration for the grant of option. Such remittance is not refundable in any circumstances.

The offer shall specify the terms on which the option is granted. Such terms may at the discretion of the Board, include, among other things, (a) the minimum period for which an option must be held before it can be exercised; and/or (b) a performance target that must be reached before the option can be exercised in whole or in part; and (c) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

(b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the year, no share option was granted to Directors and employees of the Company or employees of any of the Company's subsidiaries and any entities in which the Group holds any equity interests.

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 share award scheme must not exceed 10% of the issued shares as at the Adoption Date (being 77,812,500 shares) unless the Board otherwise decides. The maximum number of shares which can be awarded to a selected employee under the share award scheme is limited to 1% of the issued share capital of the Company as at the Adoption Date.

On 23 April 2013, 10 May 2013, 18 June 2013 and 1 November 2013 the Company paid HK$45 million, HK$9 million, HK$20 million and HK$18 million, respectively, to the trustee of the share award scheme pursuant to the scheme. On 24 June 2013, HK$6.7 million was refunded to the Company by the trustee. During the year, the Company was informed by the trustee that it had purchased an aggregate of 16,000,000 shares of the Company's existing shares on the market for the purpose of the share award scheme.

On 30 October 2013 and 12 December 2013, the Board resolved to grant a total of 1,090,000 shares and 4,380,000 shares, respectively, to employees, representing 0.14% and 0.56% of the issued shares of the Company as at Adoption Date.

As at 31 December 2013, the Company had 4,380,000 shares granted and not yet vested under the share award scheme and the vesting date of these shares are on 6 January 2014.

Further details in relation to the share award scheme are set out in note 26 to the financial statements of this Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year 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 AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Directors of the Company who held office at 31 December 2013 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)	66.65
Ms. Jia Lingxia	Interest of controlled corporation	517,500,000(i)	66.65
Mr. Zha Saibin	Beneficial owner	390,000	0.05
Mr. Huang Liang	Beneficial owner	2,000	0.00
Mr. Zhang Huaqiao	Beneficial owner	994,000	0.13

Note:

(i) The 517,500,000 shares were 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 31 December 2013, none of the Directors and Chief Executive of the Company held any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

At 31 December 2013, the following interests of 5% or more of the issued share capital of the Company (other than Directors and Chief Executives) 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			
King Able	Beneficial owner	517,500,000	66.65
The Capital Group Companies, Inc.	Interest of controlled corporation	69,921,000(i)	9.00
Capital Research and Management Company	Beneficial owner	42,181,000(i)	5.43

Note:

(i) The Capital Group Companies, Inc. was deemed to have interests in 69,921,000 shares as the direct holding company of Capital Research and Management Company, which owned 42,181,000 shares of the Company, and Capital Group International, Inc., which is deemed to be interested in 27,740,000 shares of the Company by virtue of being the direct holding company of Capital Guardian Trust Company, Capital International, Inc., Capital International Limited and Capital International Sarl, which owned 11,369,000, 2,903,000, 1,289,000 and 12,179,000 shares of the Company, respectively.

CONNECTED TRANSACTIONS

On 3 May 2013, Bank of Communications Trustee Limited, the trustee for the share award scheme adopted by the Board on 17 June 2011, purchased 3,000,000 ordinary shares of the Company from King Able at a total cash consideration of HK$15.84 million for the purpose of the share award scheme (the "Transaction"). The average consideration per share is approximately HK$5.28, which was based on the lower of the average closing price of HK$5.28 per share as quoted on the Stock Exchange for the last five trading days immediately preceding 3 May 2013 and the closing price of HK$5.33 per share as quoted on the Stock Exchange on 2 May 2013, being the trading day immediately prior to the date of the Transaction. The reasons for Transaction are as follows: (1) the Company wished to set aside a larger pool of shares available for allocation to the eligible employees under the share award scheme, (2) the liquidity of the shares on the market was then low in which the volume of transactions was generally less than 3,000,000 shares on a normal trading day, and (3) the purchase of such shares from King Able was considered to have the least effect on the price of the shares in the market.

King Able is a controlling shareholder of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group had not engaged in any connected or continuing connected transactions during the year which requires disclosure in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

Qian Yixiang
Chairman

Hong Kong
26 March 2014

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
BOER POWER HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Boer Power Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 36 to 86, which comprise the consolidated and company statements of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

26 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Turnover	4	**1,353,992**	1,221,214
Cost of sales		**(866,642)**	(771,423)
Gross profit		**487,350**	449,791
Other revenue	5	**83,291**	30,519
Gain on acquisition of a subsidiary		**–**	807
Selling and distribution expenses		**(54,289)**	(46,060)
Administrative expenses		**(146,698)**	(110,243)
Profit from operations		**369,654**	324,814
Finance costs	6(a)	**(7,760)**	(377)
Profit before taxation	6	**361,894**	324,437
Income tax	7(a)	**(17,027)**	(30,296)
Profit for the year		**344,867**	294,141
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside mainland China		**(1,415)**	(4,407)
Net movement in fair value reserve of available-for-sale investments		**(155)**	–
Other comprehensive income for the year		**(1,570)**	(4,407)
Total comprehensive income for the year		**343,297**	289,734
Profit attributable to:	10		
Equity shareholders of the Company		**345,109**	294,141
Non-controlling interests		**(242)**	–
Profit for the year		**344,867**	294,141
Total comprehensive income attributable to:			
Equity shareholders of the Company		**343,539**	289,734
Non-controlling interests		**(242)**	–
Total comprehensive income for the year		**343,297**	289,734
Earnings per share (RMB cents)	11		
Basic		**46**	38
Diluted		**46**	38

The notes on pages 42 to 86 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	12	**212,077**	227,410
Construction in progress	13	**1,373**	180
Intangible assets	14	**5,034**	15,507
Lease prepayments	15	**79,277**	63,039
Prepayments for purchase of equipment and acquisition of land use right		**2,148**	5,887
Deferred tax assets	27(b)	**4,847**	2,811
		304,756	314,834
Current assets			
Inventories	17	**68,969**	73,688
Trade and other receivables	18	**1,097,547**	1,101,689
Current tax asset	27(a)	**21,012**	–
Pledged deposits	19	**128,346**	27,101
Available-for-sale investments	20	**649,641**	245,000
Time deposits with original maturity over three months	21(a)	**103,449**	249,442
Cash and cash equivalents	21	**851,690**	382,007
		2,920,654	2,078,927
Current liabilities			
Bank loans	22	**429,541**	–
Trade and other payables	23	**824,091**	638,035
Current tax liabilities	27(a)	**6,625**	12,111
		1,260,257	650,146
Net current assets		**1,660,397**	1,428,781
Total assets less current liabilities		**1,965,153**	1,743,615
Non-current liabilities			
Deferred tax liabilities	27(b)	**2,574**	5,968
NET ASSETS		**1,962,579**	1,737,647

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
CAPITAL AND RESERVES			
Share capital	28(c)	**66,241**	66,241
Reserves	28(d)	**1,892,580**	1,671,406
Total equity attributable to equity shareholders of the Company		**1,958,821**	1,737,647
Non-controlling interests		**3,758**	–
TOTAL EQUITY		**1,962,579**	1,737,647

Approved and authorised for issue by the Board of Directors on 26 March 2014.

Qian Yixiang
Director

Jia Lingxia
Director

The notes on pages 42 to 86 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Investment in subsidiaries	16	**23,429**	4,031
Amount due from a subsidiary	24	**637,792**	853,168
		661,221	857,199
Current assets			
Other receivables	18	**5,855**	–
Available-for-sale investments	20	**276,641**	–
Cash at bank	21(a)	**1,345**	1,740
		283,841	1,740
Current liabilities			
Bank loans	22	**184,257**	–
Other payables	23	**147**	1
Amount due to a subsidiary	24	**42,473**	–
		226,877	1
Net current assets		**56,964**	1,739
NET ASSETS		**718,185**	858,938
CAPITAL AND RESERVES	28(a)		
Share capital		**66,241**	66,241
Reserves		**651,944**	792,697
TOTAL EQUITY		**718,185**	858,938

Approved and authorised for issue by the Board of Directors on 26 March 2014.

Qian Yixiang
Director

Jia Lingxia
Director

The notes on pages 42 to 86 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company												
	Note	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	Fair value reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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	–	1,512,337
Profit for the year		–	–	–	–	–	–	–	–	–	294,141	294,141	–	294,141
Other comprehensive income		–	–	–	–	–	–	–	–	(4,407)	–	(4,407)	–	(4,407)
Total comprehensive income for the year		–	–	–	–	–	–	–	–	(4,407)	294,141	289,734	–	289,734
Appropriation to statutory reserve		–	–	–	–	31,463	–	–	–	–	(31,463)	–	–	–
Dividends approved in respect of the previous year	28(b)(ii)	–	–	(62,660)	–	–	–	–	–	–	–	(62,660)	–	(62,660)
Shares purchased for share award scheme	26	–	(1,764)	–	–	–	–	–	–	–	–	(1,764)	–	(1,764)
Balance at 31 December 2012		66,241	(33,567)	888,783	(6,200)	86,808	21,436	141	–	(28,462)	742,467	1,737,647	–	1,737,647
Balance at 1 January 2013		66,241	(33,567)	888,783	(6,200)	86,808	21,436	141	–	(28,462)	742,467	1,737,647	–	1,737,647
Profit for the year		–	–	–	–	–	–	–	–	–	345,109	345,109	(242)	344,867
Other comprehensive income		–	–	–	–	–	–	–	(155)	(1,415)	–	(1,570)	–	(1,570)
Total comprehensive income for the year		–	–	–	–	–	–	–	(155)	(1,415)	345,109	343,539	(242)	343,297
Capital injection into a subsidiary		–	–	–	–	–	–	–	–	–	–	–	4,000	4,000
Appropriation to statutory reserve		–	–	–	–	47,485	–	–	–	–	(47,485)	–	–	–
Dividends approved in respect of the previous year	28(b)(ii)	–	–	(71,660)	–	–	–	–	–	–	–	(71,660)	–	(71,660)
Shares purchased for share award scheme	26	–	(70,103)	–	–	–	–	–	–	–	–	(70,103)	–	(70,103)
Equity-settled share-based transaction	26	–	–	–	19,398	–	–	–	–	–	–	19,398	–	19,398
Vesting of shares granted under share award scheme	26	–	3,980	–	(3,980)	–	–	–	–	–	–	–	–	–
Balance at 31 December 2013		66,241	(99,690)	817,123	9,218	134,293	21,436	141	(155)	(29,877)	1,040,091	1,958,821	3,758	1,962,579

The notes on pages 42 to 86 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Cash generated from operations	21(b)	598,158	384,370
Income tax paid		(49,288)	(36,432)
Net cash generated from operating activities		548,870	347,938
Investing activities			
Payment for purchase of property, plant and equipment		(9,920)	(13,779)
Proceeds from sale of property, plant and equipment		13	–
Payment for lease prepayments		(18,060)	(39,646)
Payment for purchase of intangible assets		(2,334)	(102)
Payment for purchase of available-for-sale investments		(2,118,109)	(550,000)
Proceeds from maturity or disposal of available-for-sale investments		1,714,000	345,000
Interest received		17,334	7,896
Investment income received		10,763	2,680
Net payment for acquisition of a subsidiary		(839)	(10,069)
Maturity of time deposits with original maturity over three months		409,973	255,742
Placement of time deposits with original maturity over three months		(263,980)	(505,184)
Increase in pledged deposits		(101,245)	(5,514)
Net cash used in investing activities		(362,404)	(512,976)
Financing activities			
Proceeds from bank loans		678,375	–
Repayment of bank loans		(244,473)	(38,163)
Capital injection from holders of non-controlling interests		4,000	–
Payment for purchase of shares for share award scheme	26	(70,103)	(1,764)
Interest paid		(5,097)	(377)
Dividends paid to equity shareholders of the Company	28(b)(ii)	(71,660)	(62,660)
Net cash generated from/(used in) financing activities		291,042	(102,964)
Net increase/(decrease) in cash and cash equivalents		477,508	(268,002)
Cash and cash equivalents at 1 January	21(a)	382,007	652,810
Effect of foreign exchange rate changes		(7,825)	(2,801)
Cash and cash equivalents at 31 December	21(a)	851,690	382,007

The notes on pages 42 to 86 form part of these financial statements.

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").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company, its subsidiaries and a trust established for the Group's share award scheme as further elaborated in note 26.

These consolidated financial statements are presented in Renminbi ("RMB") because the functional currency of most of the Group's subsidiaries is RMB. All financial information presented in RMB has been rounded to the nearest thousand, except when otherwise indicated. The measurement basis used in the preparation of the financial statements is the historical cost basis except for investments classified as available-for-sale (see note 2(e)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management on the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 34). Impact of adoption of these new or amended HKFRSs are discussed below:

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 29(e). The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)).

The assets and liabilities of the trust in connection with a share award scheme (see note 26), are included in the Company's statement of financial position.

(e) Available-for-sale investments

Available-for-sale investments are carried at fair value with any change in fair value recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised at cost less impairment losses (see note 2(k)). Investment income from these investments are recognised in profit or loss in accordance with the policy set out in note 2(u)(iii).

When the investments are derecognised or impaired (see note 2(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.	
–	Plant and machinery	5–10 years
–	Motor vehicles	5 years
–	Furniture, fixtures and other equipment	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see note 2(k)). Cost of self-constructed items of property, plant and equipment include the cost of materials, direct labour, and an appropriate proportion of production overheads and borrowing costs (see note 2(w)). Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(h) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Software	5 years
–	Customer contracts	amortised over the contract terms
–	Customer relationship	6 years
–	Trademark	10 years

Both the period and method of amortisation are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Lease prepayments

Lease prepayments represent cost of acquiring land use rights paid to the PRC's governmental authorities. Lease prepayments are stated at cost less accumulated amortisation and impairment losses (see note 2(k)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(j) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(k) Impairment of assets

(i) Impairment of available-for-sale investments and other receivables

Investments in wealth management products and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale investments are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Impairment of available-for-sale investments and other receivables (continued)

– For available-for-sale investments, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses in respect of available-for-sale investments are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– construction in progress;

– lease prepayments;

– intangible assets; and

– investments in subsidiaries in the Company’s statement of financial position.

If any such indication exists, the asset’s recoverable amount is estimated.

– Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(k)(i) and (ii)).

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(k)).

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(q) Shares held for share award scheme

Consideration including any directly attributable incremental costs for the purchase of the Company's shares from market for the share award scheme, is presented as shares held for share award scheme and is deducted from total equity.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of shares granted under the share award scheme to employees is recognised as an employee cost with a corresponding increase in an employee share-based compensation reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions (including lock up period) upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. For goods that do not require acceptance testing, revenue is recognised when they are delivered to the customers' premises. For goods that require acceptance testing, revenue is recognised when customers confirmed acceptance of the goods. Revenue excludes value added tax and is after deduction of any trade discounts. Deposits and instalments received prior to the date of revenue recognition are included in the statement of financial position under receipts in advance under trade and other payables.

(ii) Service income

Service income is recognised when the services are rendered and the amount receivable can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(iii) Investment income

Investment income is recognised when the entitlement of the income is ascertained by the relevant banks, financial institutions or asset management firms.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(v) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company and its subsidiaries outside mainland China is Hong Kong Dollars and the functional currency of the subsidiaries in mainland China is Renminbi.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside mainland China are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Impairments

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at the end of each reporting period.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(d) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

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 and services sold less returns, discounts and value added taxes.

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

The Group has four separate segments:

- Electrical Distribution System Solutions ("EDS Solutions");
- Intelligent Electrical Distribution System Solutions ("iEDS Solutions"), which includes product line series of Intelligent Power Grid Solutions and Intelligent Power Distribution Integrated Solutions;
- Energy Efficiency Solutions ("EE Solutions"); and
- Components and Spare Parts Business ("CSP Business"), which includes product line series of Special CSP and Standard CSP.

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

	Turnover RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Depreciation and amortisation included in cost of sales RMB'000
Year ended 31 December 2013				
EDS Solutions	9,893	(6,922)	2,971	125
iEDS Solutions	914,568	(593,434)	321,134	10,343
Intelligent Power Grid Solutions	36,345	(23,496)	12,849	
Intelligent Power Distribution Integrated Solutions	878,223	(569,938)	308,285	
EE Solutions	236,492	(123,420)	113,072	2,194
CSP Business	193,039	(142,866)	50,173	2,576
Special CSP	83,434	(57,776)	25,658	
Standard CSP	109,605	(85,090)	24,515	
	1,353,992	(866,642)	487,350	15,238

4. TURNOVER AND SEGMENT REPORTING (continued)

	Turnover RMB'000	Cost of sales RMB'000	Gross profit RMB'000	Depreciation and amortisation included in cost of sales RMB'000
Year ended 31 December 2012				
EDS Solutions	20,228	(14,903)	5,325	204
iEDS Solutions	845,407	(533,099)	312,308	8,545
Intelligent Power Grid Solutions	33,450	(19,255)	14,195	
Intelligent Power Distribution Integrated Solutions	811,957	(513,844)	298,113	
EE Solutions	150,909	(77,682)	73,227	1,525
CSP Business	204,670	(145,739)	58,931	2,068
Special CSP	81,985	(52,498)	29,487	
Standard CSP	122,685	(93,241)	29,444	
	1,221,214	(771,423)	449,791	12,342

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

	2013 RMB'000	2012 RMB'000
Cost of sales	**15,238**	12,342
Administrative expenses	**9,633**	8,894
	24,871	21,236

One customer contributed RMB165,641,000 towards the revenue of the iEDS Solutions segment, accounting for greater than 10% of the Group's revenue for the year ended 31 December 2013 (2012: Nil).

The Group does not allocate any specific assets or expenditures for property, plant and equipment to the operating segments as chief operating decision maker does not use the information to measure the performance of the reportable segments.

No geographical segment analysis is presented as substantially all turnover and gross profit of the Group are attributable to the PRC.

5. OTHER REVENUE

	2013 RMB'000	2012 RMB'000
Interest income	**7,910**	20,742
Investment income	**11,177**	2,680
Refund of value added taxes ("VAT") ^	**62,689**	2,012
Government grants	**1,044**	2,624
Others	**471**	2,461
	83,291	30,519

^ Pursuant to the VAT law implemented by the State Administration of Taxation in the PRC, taxpayers selling self-developed software products are required to pay VAT at the rate of 17% but are entitled to a 14% VAT refund. Refund of VAT is recognised by the Group when the amount is received from the relevant tax authority.

6. PROFIT BEFORE TAXATION

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

		2013 RMB'000	2012 RMB'000
(a)	Finance costs:		
	Interest on bank borrowings	**7,760**	377
(b)	Staff costs:		
	Contributions to defined contribution retirement plans	**7,053**	6,087
	Equity-settled share-based payment expenses (note 26)	**19,398**	–
	Salaries, wages and other benefits	**75,192**	72,110
		101,643	78,197
(c)	Other items:		
	Amortisation of intangible assets	**2,639**	3,317
	Amortisation of lease prepayments	**1,822**	804
	Depreciation	**20,410**	17,115
	Auditors' remuneration	**2,952**	2,745
	Impairment losses for trade receivables	**6,858**	1,227
	Impairment losses for intangible assets	**10,168**	–
	Operating lease charges in respect of properties	**2,875**	2,590
	Research and development (other than staff costs)	**32,776**	40,933
	Loss on disposal of property, plant and equipment	**29**	20
	Net foreign exchange losses/(gains)	**1,363**	(1,606)
	Cost of inventories#	**733,862**	771,423

Cost of inventories includes RMB48,838,000 (2012: RMB42,436,000) relating to staff costs, depreciation and amortisation expenses, 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 IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013 RMB'000	2012 RMB'000
Current tax		
Provision for PRC income tax for the year	20,049	32,313
Under-provision in respect of prior year	315	–
Withholding tax (note (iv))	2,093	–
Deferred tax		
Origination and reversal of temporary differences (note 27(b))	(5,430)	(2,017)
	17,027	30,296

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2013 RMB'000	2012 RMB'000
Profit before taxation	361,894	324,437
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned	95,891	84,539
Tax effect of PRC preferential tax treatments (note (iii))	(101,085)	(52,439)
Tax effect of non-deductible expenses	39,603	2,796
Tax effect of non-taxable income (note (iii))	(16,172)	(2,411)
Tax effect of additional deduction on research and development expenses	(3,618)	(2,189)
Under-provision of tax expenses for prior year	315	–
Withholding tax (note (iv))	2,093	–
Actual tax expense	17,027	30,296

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (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 years ended 31 December 2013 and 2012.

(iii) PRC income tax
Pursuant to the PRC Corporate Income Tax Law and its implementation, provision for PRC income tax of the Group is calculated based on the statutory income tax rate of 25% except for (a) Boer (Wuxi) Power System Co., Ltd. ("Boer Wuxi"), Boer (Yixing) Power System Co., Ltd.* ("博耳(宜興)電力成套有限公司" or "Boer Yixing") and 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"), which are qualified as High and New Technology Enterprises, and are therefore entitled to a preferential tax rate of 15%; and (b) Boer (Wuxi) Software Technology Limited* ("博耳(無錫)軟件科技有限公司" or "Boer Software") which is a qualified Software Enterprise and is therefore exempted from corporate income tax for the years ended 31 December 2013 and 2012.

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

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

8. DIRECTORS' AND SENIOR MANAGEMENTS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of Hong Kong Companies Ordinance is as follows:

Year ended 31 December 2013

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Employee share-based compensation benefits RMB'000	Total RMB'000
Executive Directors					
Mr. Qian Yixiang	–	952	10	–	962
Ms. Jia Lingxia	–	769	10	–	779
Mr. Zha Saibin	–	760	10	1,350	2,120
Mr. Qian Zhongming	–	769	–	–	769
Mr. Huang Liang	–	570	10	1,073	1,653
Non-executive Director					
Mr. Zhang Huaqiao	399	–	–	–	399
Independent Non-executive Directors					
Mr. Yeung Chi Tat	143	–	–	–	143
Mr. Tang Jianrong	95	–	–	–	95
Mr. Zhao Jianfeng	95	–	–	–	95
Total	732	3,820	40	2,423	7,015

8. DIRECTORS' AND SENIOR MANAGEMENTS' REMUNERATION (continued)

Year ended 31 December 2012

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Employee share-based compensation benefits RMB'000	Total RMB'000
Executive Directors					
Mr. Qian Yixiang	–	976	12	–	988
Ms. Jia Lingxia	–	781	12	–	793
Mr. Zha Saibin	–	781	11	–	792
Mr. Qian Zhongming	–	781	–	–	781
Mr. Huang Liang	–	586	11	–	597
Non-executive Director					
Mr. Zhang Huaqiao	341	–	–	–	341
Independent Non-executive Directors					
Mr. Yeung Chi Tat	146	–	–	–	146
Mr. Tang Jianrong	98	–	–	–	98
Mr. Zhao Jianfeng	98	–	–	–	98
Total	683	3,905	46	–	4,634

The remuneration payable to the Groups' remaining eight (2012: nine) senior managements are within the following bands:

	2013 Number of individuals	2012 Number of individuals
Nil to HK$500,000	**–**	9
HK$500,001 to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**3**	–
HK$1,500,001 to HK$2,000,000	**4**	–
HK$2,000,001 to HK$2,500,000	**1**	–
	8	9

During both years, no remuneration was paid or payable by the Group to any of the Directors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a Director or senior management waived or agreed to waive any remuneration during the year (2012: Nil).

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2012: four) are Directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining three (2012: one) individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	**1,556**	976
Share-based compensation benefits	**4,844**	–
Contributions to retirement benefit schemes	**172**	98
	6,572	1,074

The emoluments of the three (2012: one) individuals with the highest emoluments are within the following bands:

	2013 Number of individuals	2012 Number of individuals
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
	3	1

10. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB3,910,000 (2012: loss of RMB3,000) which has been dealt with in the financial statements of the Company.

Details of dividends declared to equity shareholders of the Company are set out in note 28(b).

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB345,109,000 (2012: RMB294,141,000) and the weighted average of 756,271,000 ordinary shares (2012: 764,641,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013 '000	2012 '000
Issued ordinary shares at 1 January	**776,469**	776,469
Effect of shares held for share award scheme	**(20,198)**	(11,828)
Weighted average number of ordinary shares at 31 December	**756,271**	764,641

11. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB345,109,000 (2012: RMB294,141,000) and the weighted average number of 756,517,000 ordinary shares (2012: 764,641,000 shares) in issue adjusted for the potential dilutive effect caused by the shares granted under the share award scheme (see note 26), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013 **'000**	2012 '000
Weighted average number of ordinary shares at 31 December	**756,271**	764,641
Effect of unvested shares under the Company's share award scheme	**246**	–
Weighted average number of ordinary shares (diluted) at 31 December	**756,517**	764,641

12. PROPERTY, PLANT AND EQUIPMENT

	The Group				
	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
Cost:					
At 1 January 2012	115,383	57,128	7,336	7,940	187,787
Additions	–	6,890	1,240	992	9,122
Transfer from construction in progress	69,863	–	–	–	69,863
Acquisition of a subsidiary	2,033	674	–	86	2,793
Disposals	–	–	(392)	(8)	(400)
Exchange adjustments	(3)	–	–	–	(3)
At 31 December 2012	187,276	64,692	8,184	9,010	269,162
At 1 January 2013	**187,276**	**64,692**	**8,184**	**9,010**	**269,162**
Additions	**–**	**2,681**	**674**	**1,476**	**4,831**
Acquisition of a subsidiary	**–**	**221**	**61**	**6**	**288**
Disposals	**–**	**(167)**	**(323)**	**–**	**(490)**
Exchange adjustments	**(9)**	**–**	**–**	**(1)**	**(10)**
At 31 December 2013	**187,267**	**67,427**	**8,596**	**10,491**	**273,781**
Accumulated depreciation:					
At 1 January 2012	6,922	13,878	2,522	1,698	25,020
Charge for the year	7,885	6,293	1,318	1,619	17,115
Written back on disposals	–	–	(372)	(8)	(380)
Exchange adjustments	(3)	–	–	–	(3)
At 31 December 2012	14,804	20,171	3,468	3,309	41,752
At 1 January 2013	**14,804**	**20,171**	**3,468**	**3,309**	**41,752**
Charge for the year	**10,305**	**6,431**	**1,423**	**2,251**	**20,410**
Written back on disposals	**–**	**(158)**	**(290)**	**–**	**(448)**
Exchange adjustments	**(9)**	**–**	**–**	**(1)**	**(10)**
At 31 December 2013	**25,100**	**26,444**	**4,601**	**5,559**	**61,704**
Net book value:					
At 31 December 2013	**162,167**	**40,983**	**3,995**	**4,932**	**212,077**
At 31 December 2012	172,472	44,521	4,716	5,701	227,410

Buildings are situated on leasehold land with medium-term lease of 50 years in the PRC.

As at 31 December 2013, 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 RMB52,006,000 (2012: RMB116,157,000).

13. CONSTRUCTION IN PROGRESS

	The Group 2013 RMB'000	2012 RMB'000
At 1 January	**180**	58,183
Additions	**1,193**	11,860
Transfer to property, plant and equipment	**–**	(69,863)
At 31 December	**1,373**	180

Construction in progress represented construction cost incurred for plants under construction of the Group.

14. INTANGIBLE ASSETS

	The Group				
	Software RMB'000	Customer contracts RMB'000	Customer relationship RMB'000	Trademark RMB'000	Total RMB'000
Cost:					
At 1 January 2012	288	2,352	18,293	–	20,933
Additions	102	–	–	–	102
Written off on completion of customer contracts	–	(2,352)	–	–	(2,352)
Acquisition of a subsidiary	–	–	–	3,100	3,100
At 31 December 2012	390	–	18,293	3,100	21,783
At 1 January 2013	**390**	**–**	**18,293**	**3,100**	**21,783**
Additions	**229**	**–**	**–**	**2,105**	**2,334**
At 31 December 2013	**619**	**–**	**18,293**	**5,205**	**24,117**
Accumulated depreciation:					
At 1 January 2012	165	2,352	2,794	–	5,311
Charge for the year	35	–	3,049	233	3,317
Write back on completion of customer contracts	–	(2,352)	–	–	(2,352)
At 31 December 2012	200	–	5,843	233	6,276
At 1 January 2013	**200**	**–**	**5,843**	**233**	**6,276**
Charge for the year	**47**	**–**	**2,282**	**310**	**2,639**
Impairment loss	**–**	**–**	**10,168**	**–**	**10,168**
At 31 December 2013	**247**	**–**	**18,293**	**543**	**19,083**
Net book value:					
At 31 December 2013	**372**	**–**	**–**	**4,662**	**5,034**
At 31 December 2012	190	–	12,450	2,867	15,507

14. INTANGIBLE ASSETS (continued)

The customer relationship arising from the acquisition of Wuxi Tezhong Electrical Capacitor Co., Ltd.* ("博耳無錫特種電力電容器有限公司" or "Wuxi Tezhong") were initially determined at fair value by applying the income approach – multi-period excess earnings method and subject to annual amortisation over the estimated beneficial period of 6 years. During the year ended 31 December 2013, the management reassessed the recoverable amounts of customer relationship and due to the changes in the electronic component market, the estimated economic future benefits expected to be obtained from the customer relationships are significantly below the levels previously forecasted by the Group. An impairment provision has therefore been set up against the carrying amount of the customer relationship at the end of the reporting period.

* The English translation of the company name is for reference only. The official name of this company is in Chinese.

15. LEASE PREPAYMENTS

	The Group	
	2013	2012
	RMB'000	RMB'000
Cost:		
At 1 January	**65,466**	23,925
Additions	**18,060**	41,541
At 31 December	**83,526**	65,466
Accumulated amortisation:		
At 1 January	**2,427**	1,623
Charge for the year	**1,822**	804
At 31 December	**4,249**	2,427
Net book value:		
At 31 December	**79,277**	63,039

Lease prepayments represent prepayments of land use rights premiums to the PRC authorities. The Group's land is located in the PRC. The Group is granted with land use rights for a period of 50 years.

16. INVESTMENT IN SUBSIDIARIES

	The Company	
	2013	2012
	RMB'000	RMB'000
Unlisted shares, at cost	**7**	7
Capital contribution in respect of employee share-based compensation (note 26)	**23,422**	4,024
	23,429	4,031

(Expressed in Renminbi unless otherwise indicated)

16. INVESTMENT IN SUBSIDIARIES (continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment and operation	Particulars of issued and fully paid-up capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Cheer Success Holdings Limited	BVI/Hong Kong	1,000 shares of US$1 each	100%	–	Investment holding
Power Investment (H.K.) Limited	Hong Kong	100,000 shares of HK$1 each	–	100%	Investment holding
Boer Wuxi (note (i))	PRC	US$71,000,000	–	100%	Design, manufacture and sale of electrical distribution equipment
Boer Yixing (note (i))	PRC	US$16,250,000	–	100%	Design, manufacture and sale of electrical distribution equipment
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 (i))	PRC	RMB110,000,000	–	100%	Design, manufacture and sale of electrical distribution equipment
Wuxi Boer Power Engineer Co., Ltd.* ("無錫博耳電氣工程服務有限公司") (note (ii))	PRC	RMB5,000,000	–	100%	Provision of energy efficiency solutions
Wuxi Tezhong (note (ii))	PRC	RMB60,000,000	–	100%	Design, manufacture and sale of capacitors
Boer Electric Sales (China) Co., Ltd.* ("博耳電氣銷售(中國)有限公司") (note (i))	PRC	US$8,000,000	–	100%	Trading of electrical distribution equipment
Sydenham (Wuxi) Switch Co., Ltd.* ("賽德翰(無錫)開關有限公司") (note (i))	PRC	US$8,000,000	–	100%	Manufacture and sale of components and spare parts
Shanghai Boer (note (ii))	PRC	RMB35,000,000	–	100%	Manufacture and sale of components and spare parts
Boer Software (note (i))	PRC	HK$2,800,000	–	100%	Development and sale of software

16. INVESTMENT IN SUBSIDIARIES (continued)

Notes:

(i) These entities are wholly foreign owned enterprises established in the PRC with limited liability.

(ii) These entities are limited companies established in the PRC.

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

17. INVENTORIES

	The Group	
	2013	2012
	RMB'000	RMB'000
Raw materials	**24,611**	26,982
Work in progress	**29,295**	28,990
Finished goods	**15,063**	17,716
	68,969	73,688

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**800,977**	866,540	**–**	–
Retention receivables	**176,945**	156,872	**–**	–
Bills receivable	**180**	10,960	**–**	–
Prepayments, deposits and other receivables	**119,445**	67,317	**5,855**	–
	1,097,547	1,101,689	**5,855**	–

All of the trade and other receivables except for retention receivables are expected to be recovered or realised within one year.

18. TRADE AND OTHER RECEIVABLES (continued)

(a) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivable directly (see note 2(k)(i)).

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

	The Group	
	2013	2012
	RMB'000	RMB'000
At 1 January	**5,752**	4,595
Provision for impairment loss recognised	**6,858**	1,227
Uncollectible amounts written off	**–**	(70)
At 31 December	**12,610**	5,752

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

(b) Ageing analysis

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

	The Group	
	2013	2012
	RMB'000	RMB'000
Current	**771,452**	797,113
Less than 3 months past due	**35,282**	76,900
More than 3 months but less than 6 months past due	**86,731**	77,026
More than 6 months but less than 1 year past due	**35,246**	55,745
More than 1 year past due	**49,391**	27,588
Amounts past due	**206,650**	237,259
	978,102	1,034,372

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

18. TRADE AND OTHER RECEIVABLES (continued)

(b) Ageing analysis (continued)

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

The Group does not hold any collateral over these balances.

19. PLEDGED DEPOSITS

Bank deposits have been pledged to banks for bank loans (see note 22), bills payable (see note 23) and quality guarantee issued to customers. These deposits will be released upon settlement of relevant bank loans and bills payable or expiry of relevant quality guarantee period.

20. AVAILABLE-FOR-SALE INVESTMENTS

At 31 December 2013, available-for-sale investments represented investments in quoted funds and unlisted wealth management products issued by banks, financial institutions or asset management companies which are either redeemable on demand or with maturities within 12 months.

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Investments in quoted funds stated at fair value (note 22)	**276,641**	–	**276,641**	–
Unlisted investments in wealth management products stated at cost (note 22)	**373,000**	245,000	**–**	–
	649,641	245,000	**276,641**	–

Investments in quoted funds represent share in funds which primarily invested in bonds and equities or a combination of bonds and equities. These funds are managed by portfolio managers from global banks, financial institutions or asset management companies and are measured subsequently with reference to the quoted price per fund unit.

As at 25 March 2014, the Group had redeemed wealth management products with principal amounts of RMB339,000,000 together with returns. The remaining RMB34,000,000 has been pledged against a bank loan of HKD40,000,000 (see note 22).

21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents and time deposits comprise:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Time deposits with original maturity within three months	**210,505**	80,000	**–**	–
Cash at bank and in hand	**641,185**	302,007	**1,345**	1,740
Cash and cash equivalents in the (consolidated) statement of financial position and consolidated cash flow statement	**851,690**	382,007	**1,345**	1,740
Time deposits with original maturity over three months	**103,449**	249,442	**–**	–
	955,139	631,449	**1,345**	1,740

At 31 December 2013, the balances that were placed with banks in the PRC amounted to RMB951,496,000 (2012: RMB629,237,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2013 RMB'000	2012 RMB'000
Profit before taxation		**361,894**	324,437
Adjustments for:			
– Amortisation of intangible assets	6(c)	**2,639**	3,317
– Amortisation of lease prepayments	6(c)	**1,822**	804
– Depreciation	6(c)	**20,410**	17,115
– Finance costs	6(a)	**7,760**	377
– Investment income	5	**(11,177)**	(2,680)
– Interest income	5	**(7,910)**	(20,742)
– Net loss on disposal of property, plant and equipment	6(c)	**29**	20
– Impairment losses for trade receivables	6(c)	**6,858**	1,227
– Impairment losses for intangible assets	6(c)	**10,168**	–
– Equity-settled share-based payment expenses	26	**19,398**	–
– Gain on acquisition of subsidiary		**–**	(807)
– Net foreign exchange losses/(gains)	6(c)	**1,363**	(1,606)
Changes in working capital:			
– Decrease in inventories		**5,325**	3,978
– Increase in trade and other receivables		**(4,689)**	(93,692)
– Net change in amounts due from/to a related party		**–**	1,068
– Increase in trade and other payables		**184,268**	151,554
Cash generated from operations		**598,158**	384,370

22. BANK LOANS

At 31 December 2013, all of the bank loans of the Group and the Company were repayable within one year with effective interest rates range from 1.26% to 6.00% per annum (2012: Nil).

The Company's bank loans were secured by the following:

(i) Cash at bank of RMB1,068,000; and

(ii) Investments in quoted funds with principal amounts of RMB276,641,000.

Bank loans of the Group's subsidiaries were secured or guaranteed by the following:

(i) Pledged deposits of RMB106,500,000;

(ii) Unlisted investments in wealth management products with principal amounts of RMB34,000,000;

(iii) Guarantee of RMB60,000,000 provided by a subsidiary of the Group; and

(iv) Guarantee of USD9,690,000 provided by the Company.

The above items represent the secured assets or guarantees provided for all bank loans drawn by the Group as at the end of the reporting period.

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**717,926**	561,032	**–**	–
Bills payable	**15,200**	16,400	**–**	–
Receipts in advance	**13,480**	9,231	**–**	–
Other payables and accruals	**77,485**	51,372	**147**	1
	824,091	638,035	**147**	1

Bills payable as at 31 December 2013 and 2012 were secured by pledged bank deposits (see note 19).

All of the trade and other payables are expected to be settled within one year.

As of the end of the reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Due within 1 month or on demand	**711,074**	549,914
Due after 1 month but within 3 months	**21,480**	25,885
Due after 3 months but within 6 months	**572**	1,633
	733,126	577,432

24. AMOUNT DUE FROM/TO A SUBSIDIARY

The amount was unsecured, interest free and had no fixed repayment terms.

25. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries of the Company participate in a defined contribution retirement benefit scheme (the "retirement benefit scheme") organised by the PRC municipal government authorities whereby these PRC subsidiaries are required to make a contribution at rates from 20% to 22% of the eligible employees' salaries to the retirement benefit scheme. The Group has accrued for the required contributions which are remitted to the respective social security offices when the contributions become due. The social security offices are responsible for making the benefit payments to the retired employees covered under the retirement benefit scheme.

The Group also operates a Mandatory Provident Fund Scheme ("MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the MPF scheme vest immediately.

The employees under the Group's Spanish subsidiary are regulated by law to participate in the State Pension Scheme. The State Pension Scheme is part of the social security system in Spain which is governed by the Ministry of Employment and Social Security and the Spain Government. The Group and the employees are required to make mandatory contributions towards the State Pension Scheme at rates of 23.6% and 4.7%, respectively, of the employee's relevant income, subject to a cap of monthly relevant income of EUR3,425.70. The minimum contribution period to qualify for the retirement benefit is 15 years, with a full pension attainable after 35 years of contribution.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

26. SHARE AWARD SCHEME

Pursuant to a resolution of the Board of Directors (the "Board") meeting dated 17 June 2011, the Board approved the adoption of a share award scheme (the "share award scheme") under which shares of the Company may be awarded to selected employees in accordance with its provisions. The share award scheme operates for 10 years starting from 17 June 2011. The maximum number of shares which may be awarded to any selected employee under the share award scheme shall not exceed 1% of the issued shares as at the adoption date (being 7,781,250 shares).

The shares awarded under the share award scheme will be offered to the selected employee for no consideration but subject to certain conditions.

A 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 share award scheme. The total number of shares purchased by the trustee under the share award scheme must not exceed 10% of the issued shares as at the adoption date.

Movement in the number of shares held under the share award scheme is as follows:

	Number of shares held '000	Amount RMB'000
At 1 January 2012	10,802	31,803
Purchase during the year	1,051	1,764
At 31 December 2012 and 1 January 2013	**11,853**	**33,567**
Purchase during the year	**16,000**	**70,103**
Shares granted to employees and fully vested during the year	**(1,090)**	**(3,980)**
At 31 December 2013	**26,763**	**99,690**

During the year ended 31 December 2013, the Company granted a total of 5,470,000 shares to twenty five employees of the Group (2012: Nil). Details are as follows:

Grant date	Vesting date	Number of shares awarded '000	Number of shares vested '000	Average fair value per share RMB	Equity-settled share-based payment expense recognised in 2013 RMB'000
31 October 2013	6 November 2013	**1,090**	**1,090**	**3.89**	**4,243**
13 December 2013	6 January 2014	**4,380**	**–**	**4.55**	**15,155**
					19,398

The fair value of the shares awarded on the grant date is determined by reference to a number of factors including the market price of the Company's share and the six-month lock-up period of these shares awarded.

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2013 RMB'000	2012 RMB'000
Prepaid withholding tax on dividends distribution	**21,012**	–
Provision for PRC income tax	**6,625**	12,111

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Provision for impairment of trade receivables RMB'000	Unrealised profits of intragroup sales RMB'000	Fair value adjustments of assets RMB'000	Accrued expenses RMB'000	Total RMB'000
At 1 January 2012	1,137	296	(6,475)	642	(4,400)
Acquisition of a subsidiary	–	–	(774)	–	(774)
(Charged)/credited to profit or loss (note 7(a))	(275)	1,010	1,281	1	2,017
At 31 December 2012	862	1,306	(5,968)	643	(3,157)
At 1 January 2013	**862**	**1,306**	**(5,968)**	**643**	**(3,157)**
Credited/(charged) to profit or loss (note 7(a))	**1,568**	**567**	**3,394**	**(99)**	**5,430**
At 31 December 2013	**2,430**	**1,873**	**(2,574)**	**544**	**2,273**

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets/(liabilities) recognised: (continued)

	2013 RMB'000	2012 RMB'000
Representing:		
Net deferred tax assets	**4,847**	2,811
Net deferred tax liabilities	**(2,574)**	(5,968)
	2,273	(3,157)

(c) Deferred tax liabilities not recognised

The Group is subject to 5% (2012: 10%) withholding tax on dividends declared by its PRC subsidiaries in respect of their profits earned. As at 31 December 2013, deferred tax liabilities in respect of temporary differences relating to such undistributed profits of RMB956,239,000 (2012: RMB668,987,000) were not recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that those profits will not be distributed in the foreseeable future.

There were no other significant temporary differences relating to deferred tax assets or liabilities not provided for as at 31 December 2013 and 2012.

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		The Company							
	Note	Share capital RMB'000	Shares held for share award scheme RMB'000	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2012		66,241	(31,803)	951,443	(6,200)	141	(50,458)	(17)	929,347
Loss for the year	10	–	–	–	–	–	–	(3)	(3)
Other comprehensive income		–	–	–	–	–	(5,982)	–	(5,982)
Total comprehensive income for the year		–	–	–	–	–	(5,982)	(3)	(5,985)
Dividends approved in respect of the previous year	28(b)(ii)	–	–	(62,660)	–	–	–	–	(62,660)
Shares purchased for share award scheme	26	–	(1,764)	–	–	–	–	–	(1,764)
At 31 December 2012		66,241	(33,567)	888,783	(6,200)	141	(56,440)	(20)	858,938

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(a) Movements in components of equity (continued)

	The Company									
	Note	Share capital RMB'000	Shares held for share award scheme RMB'000	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Capital redemption reserve RMB'000	Fair value reserve RMB'000	Exchange reserve RMB'000	(Accumulated losses) /retained profits RMB'000	Total RMB'000
At 1 January 2013		66,241	(33,567)	888,783	(6,200)	141	–	(56,440)	(20)	858,938
Profit for the year	10	–	–	–	–	–	–	–	3,910	3,910
Other comprehensive income		–	–	–	–	–	(155)	(22,143)	–	(22,298)
Total comprehensive income for the year		–	–	–	–	–	(155)	(22,143)	3,910	(18,388)
Dividends approved in respect of the previous year	28(b)(ii)	–	–	(71,660)	–	–	–	–	–	(71,660)
Shares purchased for share award scheme	26	–	(70,103)	–	–	–	–	–	–	(70,103)
Equity-settled share-based transaction	26	–	–	–	19,398	–	–	–	–	19,398
Vesting of shares granted under share award scheme	26	–	3,980	–	(3,980)	–	–	–	–	–
At 31 December 2013		66,241	(99,690)	817,123	9,218	141	(155)	(78,583)	3,890	718,185

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2013 RMB'000	2012 RMB'000
Special dividend declared after the end of the reporting period of HK17 cents per share (2012: Nil)	**98,431**	–
Final dividend proposed after the end of the reporting period of HK14 cents per share (2012: HK12 cents)	**84,471**	74,580
	182,902	74,580

The special dividend was paid on 14 February 2014 to shareholders from the share premium account of the Company. The dividends declared and proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends (continued)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2013 RMB'000	2012 RMB'000
Dividend in respect of the previous financial year, approved and paid during the year, of HK12 cents per share (2012: HK10 cents)	71,660	62,660

(c) Share capital

(i) Details of authorised and issued share capital are as follows:

	2013 HK$'000	2012 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	200,000	200,000

	Par value HK$	Number of shares '000	Nominal value of ordinary shares HK$'000	RMB'000
Issued and fully paid:				
At 31 December 2012 and 31 December 2013	0.10	776,469	77,647	66,241

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Shares held for share award scheme

Shares held for share award scheme comprised shares purchased and held which will be awarded to selected employees in accordance with share award scheme.

(iii) Employee share-based compensation reserve

Employee share-based compensation reserve represents the fair value of employee services in respect of share granted to certain employees of the Group.

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(iv) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners.

The statutory surplus reserve can be used to make good prior years' losses, if any, and may be converted into capital provided that the balance after such issue is not less than 25% of the registered capital.

(v) Capital reserve

The capital reserve comprised the excess on transfer of equity from non-controlling interests in Boer Yixing, Boer Wuxi and Yixing Boai over purchase considerations prior to 1 January 2011.

(vi) Capital redemption reserve

Capital redemption reserve represents the nominal amount of the shares repurchased.

(vii) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies as set out in note 2(e) and 2(k)(i).

(viii) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC which are dealt with in accordance with the accounting policies as set out in note 2(v).

(e) Distributability of reserve

At 31 December 2013, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$840,422,000 (2012: HK$990,313,000). After the end of the reporting period the Directors declared a special dividend amounting to RMB98,431,000 and a final dividend amounting to RMB84,471,000 (see note 28(b)). These dividends have not been recognised as liabilities at the end of the reporting period.

(f) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company defines "capital" as including all components of equity. The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to honour its contractual obligations, and arises principally from the Group's trade and other receivables, bank deposits and wealth management products.

The Group's exposure to credit risks is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes amongst other things, 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. The Group chases its customers to settle due balances and monitors the settlement progress on an ongoing basis.

At the end of the reporting period, the Group has a certain concentration of credit risk as 8% and 25% (2012: 4% and 19%) of the total trade receivables were due from the Group's largest customer and the five largest customers as at 31 December 2013.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

The Group mitigates its exposure to credit risk arising from bank deposits by placing deposits with financial institutions with established credit ratings. Given the high credit ratings of these banks, management does not expect any counterparty to fail to meet its obligations.

During the year, the Group acquired investments in quoted funds and unlisted wealth management products issued by banks, financial institutions or asset management companies. These are liquid investments which are either redeemable on demand or with maturities within twelve months from date of acquisition, and they are classified as available-for-sale investments. The Group only acquired available-for-sale investments issued by either reputable banks that are of sound credit rating or globally well-known financial institutions and asset management firms with low risk of default as the underlying investments are safeguarded by independent custodians which are regulated by government authorities of the relevant jurisdiction. Moreover, the management has set in place credit limits for each individual counterparties and regular periodic reviews are conducted to ensure that the limits are strictly adhered to. The management considers that the default risk is remote given that the investments are held with counterparties operating under regulatory bodies and the Group does not expect any significant counterparty risk.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Boards of Directors of the entities. The Group's policy is to regularly monitor liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table presents the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

	The Group					
	2013			2012		
	Carrying amount at 31 December RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	Carrying amount at 31 December RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
Bank loans	429,541	432,025	432,025	–	–	–
Trade and other payables	824,091	824,091	824,091	638,035	638,035	638,035
	1,253,632	1,256,116	1,256,116	638,035	638,035	638,035

	The Company					
	2013			2012		
	Carrying amount at 31 December RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	Carrying amount at 31 December RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000
Bank loans	184,257	185,384	185,384	–	–	–
Other payables	147	147	147	1	1	1
Amount due to a subsidiary	42,473	42,473	42,473	–	–	–
	226,877	228,004	228,004	1	1	1

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates and at fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively. The following table details the interest rate profile of the Group's and the Company's interest-generating financial assets and liabilities as at the end of the reporting period:

	The Group			
	2013		2012	
	Effective interest rate per annum	RMB'000	Effective interest rate per annum	RMB'000
Fixed rate instruments:				
Bank loans	6.00%	1,000	–	–
Variable rate instruments:				
Bank loans	1.26 –1.88%	428,541	–	–
Total instruments		429,541		–

	The Company			
	2013		2012	
	Effective interest rate per annum	RMB'000	Effective interest rate per annum	RMB'000
Variable rate instruments:				
Bank loans	1.26 –1.37%	184,257	–	–
Total instruments		184,257		–

As at 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profit for the year by approximately RMB4,054,000 (2012: Nil).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

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 in the year and the impact of foreign currency risk on the Group's total sales is minimal.

As at 31 December 2013, the Group has bank loans, available-for-sale investments and cash at bank (2012: cash at bank), which are denominated in currencies that are not the underlying entity's functional currency. However, management does not expect that there will be any significant currency risk for the Group as the net exposure to currency risk is considered not significant for both years ended 31 December 2013 and 2012.

(e) Fair value and fair value measurement

The following table presents the fair value of the Group's financial instruments measured at fair value at the end of the reporting period, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The levels are defined as follows:

Level 1: Fair values measured using unadjusted quoted prices in active markets for identical financial instruments at the measurement date

Level 2: Fair values measured using value inputs which are directly or indirectly based on observable market data

Level 3: Fair values measured using value inputs which are not based on observable market data

	The Group and the Company	
	Level 1	
	2013	2012
	RMB'000	RMB'000
Available-for-sale investments	**276,641**	–

The quoted market price used for financial assets held by the Group included in level 1 is the bid price as at 31 December 2013. Instruments included in level 1 comprise primarily quoted investment funds managed by listed banks, financial institutions or asset management companies.

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012.

30. CONCENTRATION OF SUPPLIERS

The Group has a certain concentration of suppliers as 19% (2012: 43%) of the total raw materials were purchased from a single supplier for the year ended 31 December 2013. 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.

31. COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of property, plant and equipment outstanding at 31 December 2013 not provided for in the financial statements were as follows:

	2013	2012
	RMB'000	RMB'000
Contracted for	**6,405**	–
Authorised but not contracted for	**166,970**	187,280
	173,375	187,280

(b) Operating lease commitments

At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	RMB'000	RMB'000
Within 1 year	**1,846**	2,549
After 1 year but within 5 years	**2,657**	5,320
	4,503	7,869

The Group leases certain properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew when all terms are renegotiated. None of the leases includes contingent rentals.

32. MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2013, the Directors are of the view that the parties are related parties of the Group:

Name of party	Relationship
Mr. Qian Yixiang	Controlling shareholder and Director
Ms. Jia Lingxia	Controlling shareholder and Director
Ms. Qian Yiying	Employee and sister of Mr. Qian Yixiang
King Able Limited ("King Able")	Immediate parent of the Group which is 50% owned by each of Mr. Qian Yixiang and Ms. Jia Lingxia, both of which are controlling shareholders and Directors

(a) Related party transactions

The Group had the following significant transactions with related parties:

(i) The Company granted 750,000 ordinary shares of the Company to Ms. Qian Yiying for her employee services provided to the Group for nil consideration. This constitutes connected transaction of the Company which was fully exempted under Chapter 14A.31(2) of the Listing Rules.

(ii) The Company purchased 3,000,000 ordinary shares from King Able at market price for a consideration of RMB12,569,000 for its share award scheme. This constitutes connected transaction of the Company which was exempted from the independent shareholders' approval requirement under Chapter 14A.32 of the Listing Rules. The Company has complied with the disclosure requirement under Chapter 14A of the Listing Rules.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors and senior management as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2013 **RMB'000**	2012 RMB'000
Short-term employee benefits	**7,294**	6,867
Contributions to defined contribution retirement plans	**387**	316
Equity-settled share-based payment expenses	**10,899**	–
	18,580	7,183

Total remuneration is included in "staff costs" (see note 6(b)).

(Expressed in Renminbi unless otherwise indicated)

33. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2013, the Directors consider the immediate parent and ultimate controlling party of the Group to be King Able, incorporated in the BVI, and Mr. Qian Yixiang and Ms. Jia Lingxia (the controlling shareholders) respectively. King Able does not produce financial statements available for public use.

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments, a new standard and an interpretation which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKAS 39	Financial Instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and has so far concluded that the adoption of these amendments, new standards and new interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which begins on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.