You should carefully consider all of the information set out in this prospectus before making an investment in the Offer Shares, including the risks and uncertainties described below in respect of our business and our industry and the Global Offering. You should pay particular attention to the fact that, although our Company is incorporated in the Cayman Islands, our Company's business is located almost exclusively in the PRC and our Company's operations are governed by a legal and regulatory environment which in some respects may differ from what prevails in other countries. Our business, financial condition or results of operations could be affected materially and adversely by any of these risks.

We believe that there are numerous risks involved in our operations, many of which are beyond our control. These risks can be categorised into: (i) risks relating to our businesses and the industries in which we operate; (ii) risks relating to the PRC; and (iii) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESSES AND THE INDUSTRIES IN WHICH WE OPERATE

Termination of our business relationship with Schneider will affect our competitiveness

We have maintained a business relationship with Schneider in China. Not only do we work with Schneider as an integrated solutions provider, we also purchase components from Schneider. The amounts of revenue that we generated for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 with Schneider as our largest customer were approximately RMB45.2 million, RMB52.6 million, RMB67.6 million and RMB87.1 million, being 12.6%, 13.0%, 13.8% and 20.1% of our revenue in those periods, respectively. The values of components we purchased from Schneider as our largest supplier for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were approximately RMB84.0 million, RMB87.0 million, RMB110.3 million and RMB60.2 million, being 30.2%, 30.8%, 33.0% and 21.6% of our cost of sales in those periods, respectively. Pursuant to the annual supply agreements we have entered into with Schneider since 2000, we have been able to enjoy a discount on the base price of the parts and components which we purchased from Schneider during the Track Record Period.

We cannot assure that we will be able to maintain our business relationship with Schneider in the future. If Schneider decides to terminate its business relationship with us, our business and competitiveness will be affected. It should also be noted that a large portion of our revenue during the Track Record Period was derived from our business with Schneider, such as our projects for a leading international retailer in China. We have cooperated in 53, 70, 55 and 59 projects with Schneider in the years ended 31 December 2007, 2008 and 2009 and during the period from 1 January to 30 June 2010, respectively. We have been enjoying substantial discounts on our purchases from Schneider as we have consistently been able to meet the business volume requirement for enjoying the highest discount on the base price of the parts and components as set out in the annual supply agreements. As the actual discount we are entitled to is dependent on our business volume with Schneider, any significant reduction in business volume with Schneider will lead to a drop in the discount we have been enjoying with our purchases of parts and components from Schneider. If Schneider decides not to enter into the annual supply agreement with us and thus the discount is withdrawn, our costs may rise significantly and our profitability may be materially affected. The loss of Schneider as our major customer could materially affect our profitability and financial results.

Further details of our business relationship with Schneider are set out in the section headed "Business" of this prospectus.

We rely on the authorisation arrangements with Schneider and ABB to generate a significant portion of our revenue

We have been authorised by Schneider and ABB to manufacture electrical distribution systems that carry their brands together with the brand of "BOER" as manufacturer. We generated RMB206.4 million, RMB254.5 million, RMB317.0 million, RMB140.5 million and RMB306.3 million with the sale of the electrical distribution systems carrying the brands of "Schneider" with "BOER", and "ABB with "BOER" for the years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June

2010 respectively. In aggregate, the sale of the co-branded electrical distribution systems described above contributed 57.8%, 62.8%, 64.6%, 65.7% and 70.8% of the revenue of our Group for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010. Should Schneider and ABB terminate their authorisation arrangements with our Group, our financial condition and revenue may be materially affected. Further information of our authorisation arrangements with Schneider and ABB is set out in the paragraphs headed "EDS Solutions — Our development" in the section headed "Business" of this prospectus.

We may not be able to secure projects in the future

Our business is predominantly on projects basis and largely depends on our ability to secure contracts from our clients. It is generally very difficult to predict whether or when we will win new contracts, as many of our clients select service providers based on a lengthy and complex bidding and selection process which is affected by a number of factors, including market conditions, financing arrangements, governmental approvals, the specific terms of the bids submitted and the qualifications of the bidder. In the event that our clients' bidding process or criteria change, our ability to successfully bid for certain projects may be adversely affected. Although we are constantly bidding for new projects, we cannot assure you that we will win the contracts for any of these projects in the near future or at all. Our failure to secure new profitable projects could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on the contribution of our key management personnel

Our success depends, to a significant extent, upon the continued service of key members of our management team. If we were to lose the services of any of the existing key management members without a suitable replacement, or were unable to attract new members to join our management with suitable experience as we grow, there could be a negative impact on the operations and businesses of our Group. Mr. Qian Yixiang and Ms. Jia Lingxia, two of our executive Directors, have played a significant role in forming the business direction and promoting the growth of our Group. Mr. Qian Zhongming, the founding member of our Group, possesses a wealth of knowledge and experience in the electrical distribution equipment industry and is instrumental to the development of our Group. The loss of one or more members of our management team might pose a threat to our future business and continued growth as such member would be difficult to replace. Our expansion plans and future success depend on our ability to maintain a skilled and experienced management team. In addition, we may lose business to our competitors if any member of our management team were to join them after leaving employment with us.

We are dependent on the contribution of our skilled workforce

Our success also depends upon the continued service of our skilled workforce and on our ability to continue to attract, retain and motivate such workforce. Competition in recruiting technically competent personnel for our different business segments is intense and we have periodically experienced difficulties in recruiting suitable staff. This could limit our production capacity or affect the quality of our product, which could have an adverse impact on our profitability and limit our ability to grow.

Our future plans may not achieve the intended economic benefits

One of our plans is to expand our business segment in offering the EE Solutions, which we started marketing in 2009 and of which we had a gross profit margin of 67.8% and 64.1% for the year ended 31 December 2009 and the six months ended 30 June 2010, respectively, because we anticipate that such business segment presents great potential to our future performance in light of the increasing environmental awareness and focus of the PRC government policy on promoting energy efficiency. However, there is no assurance that our anticipation of market demand for the EE Solutions in the future is correct, and that the development of our business segment in offering EE Solutions will achieve the financial benefit to our business as expected. If the market demand for the EE Solutions does not meet our expectation, the resources we have invested in expanding and operating our EE Solutions business segment, e.g. buying equipment for carrying out maintenance and diagnostics of EDS and iEDS units, will be wasted and the revenue of the EE Solutions business segment of our Group will not grow as we expected.

The constraints of our manufacturing capabilities will be detrimental to the prospect of our business

Our ability to manufacture products is limited by the capacity of our production facilities and workforce. To expand our production capacity we must either upgrade our existing equipment or acquire new equipment and hire workers with the requisite skill to operate it. We cannot assure you that equipment will be available to us in a timely manner or at a reasonable cost, or that we will have access to a sufficient number of skilled employees to upgrade, install or operate the equipment. If we are unable to increase our production capacity effectively or in a timely manner, the results of our operations and growth prospects could be adversely affected.

In addition, we require significant capital to build, maintain and operate our production facilities. We also require significant capital to purchase production equipment, spare parts, develop new services and products and develop and implement new technologies. A substantial portion of our capital expenditure is incurred in advance of any additional sales to be generated by new or upgraded production facilities resulting from the expenditure. To the extent that our capital requirements exceed our cash resources, we will be required to seek additional debt or equity financing or to defer planned expenditures. There can be no assurance that financing for upgrading or expanding our production facilities will be available on terms acceptable to us. If we are unable to obtain financing in a timely manner and at a reasonable cost, our growth, competitive position and future profitability could be adversely affected.

We may face intense competition in markets for our business segments if an increasing number of domestic competitors enter into the high-end markets

We are currently competing in the high-end markets for our business segments, namely EDS Solutions, iEDS Solutions and EE Solutions. As the number of competitors in the high-end markets is limited, we do not need to adopt an aggressive competitive pricing policy in respect of the solutions we offer. However, if an increasing number of domestic competitors enters the high-end markets in the future, the competition we face in such markets will become intense. Intense competition may result in price reductions, reduced profit margins and loss of our market share, any of which could adversely affect our businesses.

We may face delays in payments by our customers

Most of the contracts we have signed provide for payment at different stages of a project including delivery of products, installation and testing. Moreover, customers are sometimes entitled to withhold up to 5%-10% of the contract price until the expiration of the warranty period, which usually lasts for 12 months after the installation of products. Therefore, we are required to pay in advance certain costs and expenses relating to some contracts before we receive sufficient funds to cover such costs and expenses. We may face delay in payment by our customers and such delays are adverse to our cash flow position and our ability to meet our working capital requirements.

Compliance with more stringent regulations may have negative effect on our operations

Our operations require a certain number of government approvals and we are subject to a broad range of laws and regulations governing various matters. In particular, the continuance of our operations depends upon compliance with applicable environmental, health and safety and other regulations. Any change in the scope or application of these laws, regulations or approvals may limit our production capacity or increase our costs and therefore could have an adverse effect on our financial condition and results of operations. Any failure to comply with such laws and regulations could result in fines, penalties or lawsuits. There can also be no assurance that the PRC government will not impose additional or more stringent laws or regulations, compliance with which may cause us to incur significant capital expenditures, which we may be unable to pass on to our customers.

We may not be able to obtain the legally required certification for our products

Pursuant to the Provisions on the Administration of Compulsory Product Certification (強制性產品認證管理規定) (the "**Provisions**"), products involving the health and safety of human beings, animals and plants, environmental protection and public safety are required to undergo compulsory certification. The products listed in the Catalogue of the Products under Compulsory Certification of the State (強制性產品目錄) (the "**Catalogue Products**") must be certified, issued with certification letters by designated certification organisations, and given certification signs being logos containing a pattern of "CCC" as the abbreviation of "China Compulsory Certification" before their sales, import and utilisation in business activities. Parties that sell, import and utilise Catalogue Products that have not been certified in accordance with the Provisions will be subject to a fine of not less than RMB30,000 and an order will be issued to them for their Catalogue Products to be certified within a specified time. In accordance to the Provisions issued by the State Administration of Quality Supervision, Inspection and Quarantine in 2001 and renewed in 2009, most of the products applied by our integrated solutions including switchboards and circuit breaker are listed as Catalogue Products. As a result, we need to obtain the China Compulsory Certificate to manufacture the products applied by our integrated solutions. Currently, we have obtained all the necessary China Compulsory Certificates from the China Quality Certification Centre in respect of the products we produce and offer. There is no assurance that we will be able to obtain the requisite China Compulsory Certificates from time to time. The requirement and standard in relation to the China Compulsory Certificates may also be raised in the future. The failure to obtain the necessary China Compulsory Certificates for all of our products will have an impact on our business and financial performance, as our ability to expand our product range may be restricted, our ability to compete effectively in the market will be affected.

Potential competition may arise between our business and the business of Shanghai Boer

Currently, the business of Shanghai Boer does not compete with that of our Group as Shanghai Boer is engaged in the manufacturing and sale of electrical components such as air circuit breakers and moulded case circuit breakers, which are products different from those being manufactured and sold by our Group. Although we have entered into the Master Agreement, there is no certainty that Shanghai Boer will not further expand and develop its scope of business to compete with the business of our Group. If Shanghai Boer were to develop its business to compete with that of our Group, our profitability may be affected.

We may not be able to adequately protect our intellectual property rights

We have obtained certain patents and registered our trademarks in China. There is no assurance that our patents and trademarks will not be infringed by other parties or that we have sufficient financial means to enforce our intellectual property rights. Although our intellectual property rights are protected under the PRC law, such laws may not be adequate in protecting our intellectual property rights against the violation of other parties. Any litigation regarding the infringement of our intellectual property rights will be time-consuming and costly and adverse to our financial performance.

The failure of our operating subsidiaries to pay us dividends would negatively affect our earnings

We conduct most of our operations through our operating subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our operating subsidiaries. If the earnings from our operating subsidiaries were to decline, our earnings and cash flow would be negatively affected. The ability of our operating subsidiaries to pay dividends depends on business considerations and regulatory restrictions. These restrictions could lower the amount of distributions that we receive from our operating subsidiaries, which would restrict our ability to pay dividends. We cannot assure you that our operating subsidiaries will generate enough earnings and cash flows to pay dividends to enable us to meet our obligations or declare dividends to our Shareholders.

Our Controlling Shareholders may affect our businesses in ways that may not be in the best interests of other Shareholders

Our Controlling Shareholders are King Able, Mr. Qian Yixiang and Ms. Jia Lingxia, which will hold approximately 69% of our issued share capital upon completion of the Global Offering assuming the Over-allotment Option is not exercised (or approximately 66.5% of our issued share capital upon completion of the Global Offering if the Over-allotment Option is exercised in full). Accordingly, as our Controlling Shareholders, subject to our Articles and applicable laws and regulations, King Able, Mr. Qian Yixiang and Ms. Jia Lingxia will, through its representatives on our Board, be able to influence our major policy decisions. In addition, they will be able to control the election of our Directors and, in turn, to indirectly control the selection of our senior management.

The interests of King Able, Mr. Qian Yixiang and Ms. Jia Lingxia may not always be consistent with the best interests of our Company or yours. Our Controlling Shareholders will have the ability to exert great influence over our actions and may have the ability to require us to effect corporate transactions irrespective of the desires of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that are not in the best interest of our other Shareholders, our business may be negatively affected.

The drop in energy demand and deterioration of the electricity market in China will affect our business

We derive substantially all of our revenue from the design, manufacture and sale of electrical distribution equipment and systems solutions in China. The demand for energy and electricity in China is subject to cyclical fluctuations and to a variety of factors, including macroeconomic trends, population, urbanisation, fixed assets investment in China and technology development. The demand for our electrical distribution equipment and systems solutions by our customers may be affected by factors such as their fixed assets investment plan, project budget, government policy and market trends. As a result, any economic slowdown in China may curtail demand for our equipment and solutions.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions in China and policies adopted by the PRC government may adversely affect our business, growth strategies, operating results and financial conditions

Substantially all of our revenues are derived from our operations in China. As a result, any changes in the political, social and economic environment in China will have a direct impact on the growth of the economy in China and hence our business and future prospects. In recent years, the PRC government has implemented measures emphasising market forces for economic reform. However, the PRC government continues to play a significant role in regulating industrial development, allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market-oriented.

Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes that we may be involved in

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As China's economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances.

Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still subject to policy changes. There is no assurance that the introduction of new laws, changes to existing laws and the interpretation or application thereof or the delays in obtaining approvals from the relevant authorities will not have an adverse impact on our business or prospects.

Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and unlike other common law countries such as Hong Kong, decisions on precedent cases are not binding on lower courts. As such, the outcome of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain timely enforcement of the laws in China, and it is usually impossible to obtain enforcement of judgment by a court of another jurisdiction except for those which have treaties with the PRC, such as Hong Kong.

Our intellectual property rights may be inadequately protected and there is a risk that we may be unable to enforce such rights, which would adversely affect our business.

Our future success and ability to compete depend on our ability to protect our intellectual property rights. However, as the legal system, in general, and the laws protecting intellectual property rights in China are still in a state of development, we may not be able to rely on such legal protection. In such circumstances, our business will be adversely affected.

PRC laws concerning the accumulation of statutory reserves will affect our ability to pay dividends

We are a holding company incorporated in the Cayman Islands and we operate our core business through our subsidiaries in China. Therefore, the availability of funds for us to pay dividends to our Shareholders depends upon dividends received from these subsidiaries. The PRC laws require foreign invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

We may be subject to exchange control restrictions in China in relation to our revenues in China

The PRC government imposes controls over the convertibility of RMB into foreign currencies. Although the PRC government introduced policies in 1993 which allowed greater convertibility of RMB, RMB is still not a freely convertible currency. There is no assurance that the PRC regulatory authorities will not impose further restrictions on currency exchanges that may limit our ability to utilise revenue generated in the PRC to fund our business activities outside China or to distribute dividends to our Shareholders. There can be no assurance that exchange rates will not become volatile or the exchange rate of RMB against the HK$ will not change in such a way so as to affect our financial position. Any depreciation of the RMB against the HK$ will materially and adversely affect our Group's translated net assets, earnings and any declared dividends.

Recent PRC regulations relating to acquisition of PRC companies by foreign entities may limit our ability to acquire PRC companies

The Provisions for the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (關於外國投資者併購境內企業的規定) (the "**M&A Provisions**") was issued by six PRC regulatory agencies, including the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission and the SAFE, and became effective from 8 September 2006. These provisions provide the rules with which foreign investors must comply with when they seek to purchase the equities in a domestic company or subscribe for the increased share capital of a domestic company. The provisions stipulate the business scope upon acquisition of domestic enterprise and set out takeover procedures for equity interest in domestic companies. We cannot assure you that we can successfully carry out acquisition as we want to under the M&A Provisions since there are uncertainties as to how the M&A Provisions are implemented.

Our Company and our offshore holding companies may be treated as resident enterprises for PRC tax purposes under the new enterprise income tax law, which could result in the imposition of 25% PRC enterprise income tax payable on our taxable global income

On 16 March 2007, the National People's Congress of the PRC passed the Enterprise Income Tax Law of the PRC (the "**PRC Enterprise Income Tax Law**"), which took effect as of 1 January 2008. On 6 December 2007, the Implementation Rules of Enterprise Income Tax Law of the PRC were also enacted (the "**Implementation Rules**"), and took effect as of 1 January 2008. In accordance with the aforementioned law and regulations, a unified enterprise income tax rate of 25% will be applied equally to both domestic enterprises and foreign-invested enterprises.

Under the PRC Enterprise Income Tax Law, enterprises established under the laws of foreign jurisdictions other than China may nevertheless be considered as resident enterprises in China for tax purposes if the actual institution of the management of these enterprises is located within China. Most of our Directors and the members of our senior management are domiciled in China so our Company and our other offshore holding companies may be considered PRC-resident enterprises. As a result, our global income may be subject to the PRC enterprise income tax rate of 25% pursuant to the PRC Enterprise Income Tax Law. Although dividend payments between certain "qualified PRC-resident enterprises" shall be exempt from income tax under the Enterprise Income Tax Law, and the Implementation Rules refer to "qualified PRC-resident enterprises" as enterprises with "direct equity interest", it remains unclear what the detailed qualification requirements for such exemption are, and whether dividends distributed by our PRC operating subsidiaries to our Company and its other offshore holding company will meet such qualification requirements and constitute dividend income between qualified resident enterprises which qualifies for tax exemption even if our Company and our offshore holding company are considered PRC-resident enterprises for tax purposes.

Dividends payable by us to our foreign investors and gains on the sales of our Shares may become subject to withholding tax under PRC tax laws

Under the PRC Enterprise Income Tax Law and the Implementation Rules, PRC income tax at the rate of 10% is usually applicable to dividends payable to investors that are non-resident enterprises to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares by such investors is also usually subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If we are considered a PRC resident enterprise, the dividends we pay with respect to our Shares, or the gain our Shareholders may realise from the transfer of our Shares, would be treated as income derived from sources within China and be subject to PRC tax. If we are required under the PRC Enterprise Income Tax Law to withhold PRC income tax on our dividends payable to our foreign Shareholders who are not within China, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in your Shares may be materially and adversely affected.

It may be difficult to effect service of process on, or to enforce any judgments obtained outside China against, our Directors or our senior management members who reside in China

Substantially all of our operating assets, officers and Directors are located in China. China does not currently have treaties providing for the reciprocal recognition or enforcement of judgments of courts located in the United States, the United Kingdom, Singapore, Japan and most other Western countries. "An Arrangement between the Mainland and Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned" was executed on 14 July 2006. However, there are many restrictions on such arrangement. As a result, it may not be possible for investors to effect service of process upon our subsidiaries or our Directors pursuant to the authority of non-PRC courts. Further, the recognition and enforcement in China of judgments of courts outside China might be difficult or impossible.

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of the people of China. Some cities in China are particularly susceptible to floods, earthquakes, sandstorms and droughts. Political unrest, acts of war and terrorists attacks may cause damage or disruption to us, our employees or our facilities. The potential for war or terrorists attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict. In addition, certain Asian countries, including China, have encountered epidemics such as SARS, or incidents of the avian flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in China. A recurrence of an outbreak of SARS, avian flu, influenza A(H5N1) (swine flu) or any other similar epidemic could cause a slowdown in the levels of economic activity generally. If any of such natural disasters occurs, our business, revenue, financial condition and results of operations may be materially and adversely affected.

Any change in tax rate in China may have a negative impact on our results of operations

The rate of income tax chargeable on companies in China may vary depending on the availability of preferential tax treatment or subsidies based on their industry or location. The PRC Enterprise Income Tax Law enacted in 2007 that became effective on 1 January 2008 sets a uniform tax rate of 25% for all enterprises and terminates most of the current tax exemption, reduction and preferential treatments available under the current laws and regulations. Boer Yixing was exempt from income tax for 2006 and 2007 and is subject to income tax at 12.5% and 25% from 2008 to 2010 and from 2011 onwards, respectively. Yixing Boai did not generate taxable profits in 2007 and was exempt from income tax for 2008 and 2009, and is subject to income tax at 12.5% and 25% from 2010 to 2012 and from 2013 onwards, respectively. Boer Wuxi was exempt from income tax for 2007 and is subject to income tax at 12.5%, which is 50% of the normal income tax rate, from 2008 to 2010. Being a qualified High and New Technology Enterprise, Boer Wuxi is entitled to a preferential tax rate of 15% from 2011 onwards. If there are changes to the PRC Enterprise Income Tax Law regarding the preferential tax rate in China, our financial results will be affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active or liquid trading market for our Shares may not develop

Prior to the Global Offering, there has not been a public market for our Shares. Although application has been made for the Listing, we cannot assure you that an active public market for our Shares will develop or that the market price of our Shares will not decline below their initial Offer Price. The Offer Price of our Shares will be determined through negotiation between us and the Joint Global Coordinators and it may not be indicative of the market price of the Shares after the Global Offering is completed. You may be unable to sell your Shares at or above the Offer Price, and as a result, may lose all or part of the investment in such Shares. Failure in the development of an active and liquid public trading market may materially and adversely affect the market price and liquidity of our Shares.

The trading price of our Shares may be volatile

The trading price of our Shares following the Global Offering may be volatile and can fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations;
- changes in securities analysts' estimates, if any, of our financial performance;

- announcement by us or our competitors of new products, litigation relating to intellectual property rights, issuance of patents or registration of trademarks, acquisitions, strategic partnerships, joint ventures or capital commitments;

- changes in the economic performance or market valuations of our competitors; and

- general market conditions or other developments affecting us or our industry.

The Stock Exchange has from time to time experienced significant price and trading volume fluctuations which are not related to the operating performance of companies. As a result, investors in our Shares may experience volatility in the market price of the Shares and a decrease in the value of our Shares regardless of our operating performance or prospects.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience dilution if we issue additional Shares in the future

An investor who purchases our Shares in this Global Offering will pay more for such Shares than the amount paid by existing Shareholders for their Shares. As a result, the investors will experience immediate dilution in pro forma net tangible assets value per Share. If we issue additional Shares in order to expand our business in the future, investors of our Shares may experience further dilution.

Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would also result in the reduction in the percentage ownership of the Shareholders. There may also be a dilution in the earnings per Share and the net asset value per Share as a result of the increase in the number of Shares outstanding after the issue of such additional Shares.

Under the HKFRS, the costs of share options to be granted to employees under the Share Option Scheme will be charged to our income statement over the vesting period by reference to the fair value at the date at which the share options are granted. As a result, our profitability may be adversely affected.

Our Directors, officers or existing Shareholders may sell, or be perceived to sell, our Shares in the future and this may adversely affect the value of your investment

Prior to the Global Offering, there has not been a public market for our Shares. Future sales by our existing Shareholders after the Global Offering could adversely affect market prices prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sale or issue immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issue. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of substantial amounts of our Shares in the public market or the perception that these sales may occur could negatively impact the prevailing market price for our Shares and our ability to raise equity capital in the future.

The industry information from official government publications contained in this prospectus should not be unduly relied upon

Certain statistics in the section headed “Industry Overview” in this prospectus relating to the electrical distribution equipment industry and the fixed assets investment in China are derived from various official government publications. We believe that such official government publications are appropriate sources for these statistics and we have taken reasonable care in extracting and reproducing such information. There is no ground for us to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "anticipate", "believe", "expect", "may", "ought to", "should" or "will" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

You should not rely on any information contained in the press articles or other media regarding our Company and the Global Offering

Prior to the publication of this prospectus, there may be certain press and media coverage regarding our Company and the Global Offering which may include certain financial information, industry comparisons, profit forecasts and other information about our Company that does not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to subscribe for the Offer Shares.