
HISTORY AND REORGANISATION

OUR HISTORY AND DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 February 2010 in anticipation of the Listing. Our Group is principally engaged in the design, manufacture and sale of electrical distribution equipment and the provision of electrical distribution systems solutions services.

Origin of our Group

The business of our Group originated from Wuxi Boer which was established as a collectively owned enterprise (集體企業) by Luoshe Town Zhongxin Primary School (洛社鎮中心小學) in Wuxi on 18 October 1988 and was then known as Wuxi Instrumentation System No. 2 Factory (無錫縣第二儀錶成套廠). Its name was changed to Wuxi City Power Instrumentation System Works (無錫市電力儀錶成套廠) on 15 March 1990. On 30 July 1998, Wuxi Boer obtained the approval from the relevant PRC authorities for it to be converted into a joint stock cooperative enterprise (股份合作制企業). In that conversion, Mr. Qian Zhongming, Mr. Qian Yixiang, Mr. Tao Qi and Luoshe Town Zhongxin Primary School respectively contributed RMB5.2 million, RMB4.8 million, RMB1.4 million and RMB0.6 million into Wuxi Boer and respectively obtained ownership interest of 43%, 40%, 12% and 5% in the registered capital of Wuxi Boer. All the capital contributed by Mr. Qian Zhongming and Mr. Qian Yixiang came from their own personal fund. Mr. Qian Zhongming and Mr. Qian Yixiang invested in Wuxi Boer as it was being converted into a joint stock cooperative enterprise because (i) they were then members of the senior management of Wuxi Boer, (ii) they had been in the industry for a long time and (iii) they were familiar with the operations of Wuxi Boer and its development potential. In 2003, the registered capital of Wuxi Boer was increased from RMB12 million to RMB50 million and Ms. Qian Yiying became one of the equity holders of Wuxi Boer. Immediately following such increase, the registered capital of Wuxi Boer was owned as to 51%, 42.8%, 2.8%, 2.2% and 1.2% by Mr. Qian Zhongming, Mr. Qian Yixiang, Mr. Tao Qi, Ms. Qian Yiying and Luoshe Town Zhongxin Primary School, respectively.

On 13 November 2006, Luoshe Town Zhongxin Primary School transferred its entire interest in Wuxi Boer to Mr. Qian Yixiang at a consideration of RMB730,164, which was determined based on its contribution to and interest in the registered capital of Wuxi Boer. Immediately upon completion of the transfer, Wuxi Boer was owned as to 44%, 51%, 2.8% and 2.2% by Mr. Qian Yixiang, Mr. Qian Zhongming, Mr. Tao Qi and Ms. Qian Yiying, respectively. On the same date, Wuxi Boer obtained the approval from the relevant PRC authorities to be converted into a limited liability company.

On 18 January 2007, an equity holders' resolution of Wuxi Boer was passed in respect of the transfer of equity interest in Wuxi Boer by Ms. Qian Yiying and Mr. Tao Qi to Mr. Qian Yixiang at an aggregate consideration of RMB2.5 million based on their contributions to and interests in the registered capital of Wuxi Boer. Following the completion of registration with the relevant PRC authority of the aforesaid transfer on 8 February 2007, Wuxi Boer was owned as to 49% and 51% by Mr. Qian Yixiang and Mr. Qian Zhongming respectively. Since the passing of an equity holders' resolution of Wuxi Boer on 12 June 2007 and the completion of registration in respect of a transfer of 31% equity interest in Wuxi Boer from Mr. Qian Zhongming to Mr. Qian Yixiang on 27 June 2007, Wuxi Boer has been owned as to 80% and 20% by Mr. Qian Yixiang and Mr. Qian Zhongming, respectively. Following a number of changes in the registered capital and transfer of equity interests in Wuxi Boer, the registered capital of Wuxi Boer, as at the Latest Practicable Date, was RMB50 million, which was fully paid on 17 October 2006.

Since its incorporation, Wuxi Boer has been engaged in the design, manufacture and sale of electrical distribution equipment and systems. Wuxi Boer has been jointly operated and managed by Mr. Qian Yixiang, Ms. Jia Lingxia and Mr. Qian Zhongming since 1994. Mr. Qian Yixiang, Ms. Jia Lingxia and Mr. Qian Zhongming, via Wuxi Boer, commenced the development of our Group's EDS Solutions business which has been gradually succeeded and further expanded and developed by Boer Wuxi and Boer Yixing since their incorporation in 2005.

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In preparation for the Listing, Wuxi Boer, Boer Hong Kong, Mr. Qian Yixiang, Mr. Qian Zhongming and Ms. Jia Lingxia entered into a business restructuring agreement (the “**Business Restructuring Agreement**”) on 18 May 2005, pursuant to which Wuxi Boer agreed that all of Wuxi Boer’s business in the design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solutions services (collectively, the “**Assumed Business**”) would be assumed by Boer Wuxi and Boer Yixing by the end of 2009. In accordance with the Business Restructuring Agreement, the Assumed Business had been gradually assumed by Boer Wuxi and Boer Yixing since their incorporation on 11 July 2005 and 7 November 2005, respectively. As part of the restructuring arrangement under the Business Restructuring Agreement, Wuxi Boer also entered into lease agreements for leasing the properties located beside National Highway No. 312, Luoshe Town, Huishan District, Wuxi City to Boer Wuxi and Boer Services Co as their offices and workshop. Details of the lease agreements are set out in the paragraphs headed “Exempt Continuing Connected Transactions Under Rule 14A.33(3)(A)” under the section headed “Connected Transactions” of this prospectus.

The whole business restructuring process was completed on 31 December 2009 and since then, Wuxi Boer has ceased to carry on all the Assumed Business and all substantive business operations of Wuxi Boer have been assumed by our Group. Wuxi Boer’s remaining activities are the leasing of the aforesaid properties, the holding of certain intangible assets used by our Group and investment holdings in Shanghai Boer. Since Wuxi Boer has ceased and will not carry on any Assumed Business, it is not included as one of the companies now comprising our Group. Our Directors are of the view that all substantive business operations of Wuxi Boer have been assumed by our Group and that the remaining activities are not significant to our Group’s operations. Pursuant to the business reorganisation process, a majority portion of the business of Wuxi Boer had been assumed by our Group prior to 31 December 2009.

The assumption of the business of Wuxi Boer by Boer Wuxi and Boer Yixing is not subject to the Provisions for the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (the “**M&A Provisions**”) as the Business Restructuring Agreement was entered into on 18 May 2005, which was before the date on which the M&A Provisions came into effect. The M&A Provisions do not have retrospective effect.

Our Operating Subsidiaries

Boer Wuxi

Boer Wuxi was established as a sino-foreign equity joint venture on 11 July 2005 with a registered capital of US\$1.0 million and a total investment of US\$1.42 million. Its registered capital was contributed as to 70% by Wuxi Boer (formerly known as Wuxi City Power Instrumentation System Works) and 30% by Boer Hong Kong and was fully settled in cash on 30 November 2005.

In accordance with the board resolutions of Boer Wuxi passed on 1 June 2007, it was resolved that the total investment and registered capital of Boer Wuxi would be increased from US\$1.42 million to US\$31.42 million, and from US\$1.0 million to US\$13.0 million, respectively. Such changes were approved by the foreign trade and economic authority of Jiangsu Province (江蘇省對外貿易經濟合作廳) on 14 June 2007. Boer Wuxi then submitted an application to the same authority to amend the proposed total investment and reduce it to US\$29.8 million which was approved on 6 September 2007.

On 27 September 2009, Wuxi Boer and Boer Hong Kong entered into an agreement, pursuant to which the capital contribution of Boer Hong Kong to Boer Wuxi would be settled by the total profits distributed from Boer Yixing and Boer Wuxi to Boer Hong Kong in the two years of 2006 and 2007 and part of the total profits distributed from Boer Wuxi to Boer Hong Kong for the year of 2008 and Boer Wuxi submitted its application to the Committee for Management of the Use of Foreign Capital of Wuxi City (無錫市利用外資管理委員會). Such application was approved on 5 November 2009 and the increased registered capital was fully settled accordingly on 13 November 2009. As a result, the registered capital of US\$13.0 million of Boer Wuxi was contributed as to 15% by Wuxi Boer and 85% by Boer Hong Kong.

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Boer Yixing

Boer Yixing was incorporated as a sino-foreign equity joint venture by Yixing Boai (formerly known as Wuxi Boer Automation System Company Limited (無錫博耳自動化系統有限公司)) and Boer Hong Kong on 7 November 2005 with a registered capital and a total investment of US\$1.25 million and US\$1.78 million, respectively. The registered capital was fully paid in cash and contributed as to 20% by Yixing Boai and 80% by Boer Hong Kong on 29 November 2005.

Yixing Boai

Yixing Boai was incorporated as a domestic limited liability company in Yixing, Jiangsu Province on 15 January 2004 with a registered capital of RMB10 million. At its incorporation, the name of Yixing Boai was Wuxi Boer Automation System Company Limited (無錫博耳自動化系統有限公司). The registered capital was fully settled in cash on 6 January 2004 and the entire equity interest in Yixing Boai was owned as to 50% by Mr. Qian Yixiang, 20% by Mr. Zha Saibin, 5% by Ms. Jia Lingxia, 5% by Mr. Yao Yunliang (姚雲良), 5% by Ms. Ding Huifang (丁惠芳), 5% by Mr. Huang Jian (黃健), 5% by Mr. Wu Chang (吳昶) and 5% by Mr. Shen Weizu (沈偉祖). Mr. Qian Yixiang, Mr. Zha Saibin and Ms. Jia Lingxia are our Directors. The name of Yixing Boai was changed to Yixing Boai Automation Complete Sets of Equipment Co., Ltd. (宜興博艾自動化成套設備有限公司) on 7 December 2006.

On 2 January 2007, all the equity holders of Yixing Boai entered into an equity transfer agreement, pursuant to which Mr. Qian Yixiang, Mr. Yao Yunliang, Ms. Jia Lingxia, Ms. Ding Huifang, Mr. Huang Jian and Mr. Wu Chang transferred an aggregate of 75% of the equity interest in Yixing Boai to Mr. Jia Minghao at a total consideration of RMB7.5 million, while Mr. Zha Saibin and Mr. Shen Weizu transferred an aggregate of 25% of the equity interest in Yixing Boai to Wuxi Weiqi at a total consideration of RMB2.5 million. Such transfers were approved by the Foreign Trade and Economic Cooperation Authority of Jiangsu Province (江蘇省對外貿易經濟合作廳) on 30 January 2007 and all the registration process with the local administration for industry and commerce authority was completed on 8 March 2007. Upon such registration, Yixing Boai was converted into a sino-foreign equity joint venture, the equity interest in which was held as to 75% by Mr. Jia Minghao and 25% by Wuxi Weiqi.

Pursuant to a trust agreement (股權代持協議) dated 5 March 2007 and entered into between Mr. Jia Minghao and Boer Hong Kong under the laws of Hong Kong (which was supplemented by a supplemental agreement between Mr. Jia Minghao and Boer Hong Kong dated 19 January 2010), Mr. Jia Minghao has been holding the 75% equity interest in Yixing Boai on trust for Boer Hong Kong, and Boer Hong Kong has been the beneficial owner of such equity interest, since the completion of the above equity transfer. As advised by our Company's Hong Kong legal advisers, Stephenson Harwood, the trust agreement (as supplemented by the supplemental agreement) is legal, valid and enforceable under the laws of Hong Kong.

Boer Services Co

Boer Services Co was incorporated as a limited liability company in Wuxi, Jiangsu Province on 4 November 2008 and was solely owned by Boer Wuxi. Its registered capital of RMB5 million was fully settled by Boer Wuxi in cash on 27 October 2008. Since its incorporation, Boer Services Co has not experienced any change in its registered capital and equity holding.

HISTORY AND REORGANISATION

REORGANISATION

In preparation for the Listing, the companies in our Group underwent certain reorganisation which is set out below:

1. Transfer of 15% equity interest in Boer Wuxi

On 12 January 2010, Wuxi Boer entered into an equity transfer agreement with Boer Hong Kong to transfer 15% equity interest in Boer Wuxi to Boer Hong Kong at a consideration of US\$1.95 million which was determined based on the registered capital of Boer Wuxi. Upon completion of the transfer, Boer Wuxi was converted into a WFOE wholly owned by Boer Hong Kong. The transfer of equity interest in Boer Wuxi and the conversion of it into a WFOE were approved by Wuxi Use of Foreign Capital Management Committee (無錫市利用外資管理委員會) on 25 January 2010 and an approval certificate was issued by the People's Government of the Jiangsu Province on 26 January 2010. On 1 February 2010, Wuxi Administration for Industry and Commerce of the Jiangsu Province (江蘇省無錫工商行政管理局) issued a new business license to Boer Wuxi.

2. Termination of the trust arrangement and change of equity holder in respect of the 75% equity interest in Yixing Boai

Prior to 5 March 2007, Mr. Qian Yixiang and Ms. Jia Lingxia held in aggregate 55% of the equity interest in Yixing Boai.

Since 5 March 2007, our Group has had a beneficial interest and control in 75% of the equity in Yixing Boai via the trustee, Mr. Jia Minghao.

Boer Hong Kong and Mr. Jia Minghao entered into a termination and equity transfer agreement on 20 May 2010, pursuant to which both parties agreed to (a) transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at a nominal consideration and (b) terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group submitted the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong to the Foreign Trade and Economic Cooperation Department of Jiangsu Province for approval and the application was still being processed as at the Latest Practicable Date.

3. Transfer of 20% equity interest in Boer Yixing

On 8 January 2010, Yixing Boai entered into an equity transfer agreement with Boer Hong Kong to transfer Yixing Boai's 20% equity interest in Boer Yixing to Boer Hong Kong at a consideration of US\$250,000 which was determined based on the registered capital of Boer Yixing. Upon completion of the transfer, Boer Yixing was converted into a WFOE wholly owned by Boer Hong Kong. The transfer of equity interest in Boer Yixing and the conversion of it into a WFOE were approved by Yixing Bureau of Foreign Trade & Economic Cooperation (宜興市對外貿易經濟合作局) on 26 January 2010 and an approval certificate was issued by the People's Government of the Jiangsu Province on 29 January 2010. On 2 February 2010, Yixing Municipal Administration for Industry and Commerce of the Wuxi Municipal (無錫市宜興工商行政管理局) issued a new business license to Boer Yixing.

4. Establishment of King Able and Cheer Success

King Able was incorporated in the BVI on 5 January 2010 with 50 shares of US\$1.00 each being issued and allotted to Mr. Qian Yixiang and 50 shares of US\$1.00 each being issued and allotted to Ms. Jia Lingxia on 29 January 2010. Cheer Success was incorporated in the BVI on 18 January 2010 with 100 shares of US\$1.00 each being issued and allotted to King Able on 29 January 2010.

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5. Allotment and transfer of shares in Boer Hong Kong

Boer Hong Kong was incorporated in Hong Kong on 30 March 2005 and was then owned by Mr. Qian Yixiang and Ms. Jia Lingxia as to 50% each. The authorised share capital of Boer Hong Kong was increased from HK\$10,000 to HK\$100,000 on 29 January 2010. On 29 January 2010, Boer Hong Kong issued and allotted to Cheer Success 90,000 new shares of HK\$1.00 each at a subscription price of HK\$90,000. After such issue and allotment of new shares, Cheers Success acquired the 10,000 shares held by Mr. Qian Yixiang and Ms. Jia Lingxia in Boer Hong Kong at a total consideration of HK\$10,000 on 31 January 2010. Upon completion of the subscription and transfer, Boer Hong Kong became a wholly-owned subsidiary of Cheer Success.

6. Investment of Silver Crest in Cheer Success

On 1 March 2010, Cheer Success issued and allotted 900 shares of US\$1.00 each to King Able. Following such issue and allotment, the issued share capital of Cheer Success was increased from 100 shares to 1,000 shares of US\$1.00 each.

On 1 March 2010, Silver Crest and, among others, King Able entered into an investment agreement, pursuant to which Silver Crest agreed to acquire and King Able agreed to sell 80 shares of US\$1.00 each in Cheer Success, representing 8% of the entire issued share capital of Cheer Success, for a consideration of US\$15 million. The transfer of the 80 shares was completed on 2 March 2010.

7. Establishment of our Company

Our Company was incorporated in the Cayman Islands on 12 February 2010 as an exempted limited liability company. As at the date of incorporation, our Company had an authorised share capital of HK\$390,000 divided into 3,900,000 Shares of HK\$0.10 each, of which one Share was issued and then transferred from the subscriber to our Company to King Able and 999 Shares were issued and allotted to King Able as fully paid. On 30 September 2010, our Company increased its authorised share capital to HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each.

On 30 September 2010, our Company acquired Cheer Success by entering into a share swap agreement with King Able and Silver Crest, pursuant to which our Company acquired from King Able and Silver Crest the entire issued and paid up share capital of Cheer Success comprising 1,000 ordinary shares of US\$1.00 each of Cheer Success. The consideration for the shares of Cheer Success was satisfied by the allotment and issue of 8,200 new Shares of HK\$0.10 each and 800 new Shares of HK\$0.10 each in the capital of our Company, credited as fully paid, to King Able and Silver Crest, respectively. Immediately after completion of the share swap agreement, Cheer Success became a wholly-owned subsidiary of our Company and our Company became the holding company of our Group. King Able and Silver Crest in turn became shareholders of our Company holding 92% and 8% of the then issued share capital of our Company, respectively.

SILVER CREST'S INVESTMENT

On 1 March 2010, King Able and Silver Crest, among others, entered into an investment agreement (the “**Investment Agreement**”), pursuant to which Silver Crest agreed to purchase and King Able agreed to sell 80 shares of US\$1.00 each in Cheer Success for a consideration of US\$15 million. Upon completion of the transfer, Cheer Success was held as to 92% by King Able and 8% by Silver Crest. The consideration for Silver Crest's acquisition of the shares in Cheer Success from King Able was determined based on normal commercial negotiations at arm's length between the parties, after taking into consideration of, among other things, our Group's track record, comparables, market conditions, assessment of management capability as well as our Group's expected consolidated net profits for the financial year of 2010. The consideration of US\$15 million was settled on the completion date of the Investment Agreement on 2 March 2010.

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Silver Crest's investment cost per Share (based on the number of Shares in issue on the Listing Date) is HK\$2.59 which is a discount of 40.9% to the Offer Price (assuming an Offer Price of HK\$4.38 per share, being the lowest point of the indicative Offer Price range) and a discount of 59.4% to the Offer Price (assuming an Offer Price of HK\$6.38 per share, being the highest point of the indicative Offer Price range) and at a premium of 9.26 times of the latest audited net asset value per share of HK\$0.28. Proceeds from the transfer were used to settle all sums due to the related parties appearing in our Group's consolidated accounts dated 31 December 2009 and all other similar sums outstanding after 31 December 2009 other than those incurred in or arising from the ordinary course of business of our Group, in the furtherance of the business carried on by our Group, the expansion of our Group's operations and for general working capital of the companies within our Group and not for other purposes.

Silver Crest is wholly owned by Leon Capital L.P. I ("**Leon Capital**") of which OCBC Bank is the anchor investor. Prior to entering into the Investment Agreement, Silver Crest and Leon Capital were Independent Third Parties to us. Leon Capital is a private equity fund with a primary investment focus on opportunities in Greater China and Singapore.

Pursuant to the Investment Agreement, King Able undertakes that (i) in the event that the consolidated net profits (after tax and non-controlling interest) of our Group as set out in the audited consolidated accounts of our Group in respect of the financial year of 2010 fall under RMB170 million, King Able and its shareholders, who are Mr. Qian Yixiang and Ms. Jia Lingxia, as guarantors (the "**Guarantors**") shall pay to Silver Crest the shortfall in cash in accordance with the terms of the Investment Agreement; and (ii) in the event that the valuation of the Listing falls below RMB2.3 billion (with reference to the bank buy currency exchange rate as quoted on The People's Bank of China as at the closing of trading on the Listing Date), the Guarantors shall compensate Silver Crest for the shortfall by payment in cash.

Pursuant to the Investment Agreement, King Able and the Guarantors undertake to Silver Crest, inter alia, that none of them will, create any encumbrance, over, transfer or otherwise dispose of the whole or any part of their interest in or grant any option over any shares of any companies within our Group to any person or otherwise enter into any arrangement to deal with any interest in any such shares within 12 months after Listing unless otherwise agreed by Silver Crest in writing. Pursuant to the Investment Agreement, a charge over the then entire issued share capital in Boer Hong Kong was created in favour of Silver Crest and the share charge was to be released before the Global Offering.

Silver Crest will hold 6% of the issued share capital of our Company upon Listing and Silver Crest has agreed it will not sell the Shares held by it within six months from the date of Listing.

Details regarding Silver Crest's investment are also disclosed in paragraph headed "Silver Crest's Investment" in the section headed "Summary" of this prospectus.

SAFE REGISTRATION

According to the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicle (the "**SAFE Circular 75**"), which was issued by the SAFE on 21 October 2005, and became effective on 1 November 2005:

- domestic residents who plan to establish or control an overseas special purpose vehicle must conduct foreign exchange registration with the local foreign exchange authority;
- domestic residents who have contributed their assets or shares of a domestic enterprise into an overseas special purpose vehicle, or have raised funds overseas after such contribution, must conduct foreign exchange registration for the modification of the record concerning the overseas special purpose vehicle with the local foreign exchange authority; and

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- domestic residents who are the shareholder of an overseas special purpose vehicle are required to go through registration for the modification of the record with the local foreign exchange authority within 30 days from the date of any major capital change event, such as an increase/decrease of capital, share transfer, share swap, merger or division, long-term equity or debt investment or foreign guarantee where no round-trip investment is involved.

As advised by our PRC legal advisers, Grandall Legal Group (Shenzhen), the SAFE Circular 75 applies to our Group's historical changes and reorganisation steps set out in the paragraphs headed "Our History and Development" and "Reorganisation" in this section of this prospectus and the Global Offering as Mr. Qian Yixiang and Ms. Jia Lingxia are domestic residents. In accordance with the SAFE Circular 75, Mr. Qian Yixiang and Ms. Jia Lingxia respectively completed all formalities for the registration and filing of the overseas investments with the Jiangsu Provincial Office of SAFE in respect of their offshore investments on 29 October 2009.

OUR REORGANISATION AND THE RULES ON THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

Under 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"), a foreign investor is required to obtain approvals when (i) a foreign investor acquires equity in a domestic company thereby converting it into a foreign-invested enterprise, or subscribes for new equity via an increase of registered capital thereby converting it into a foreign-invested enterprise; (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. The acquisition shall be based on the appraisal result on the equity or assets to be acquired. According to Article 15 of the M&A Provisions, where parties to an acquisition are related including where the control is only de facto, the parties must "provide an explanation on the purpose of the acquisition and whether the appraisal result is consistent with fair market value". Avoiding this requirement by using trusts, nominees, or other means is prohibited.

Our PRC legal advisers, Grandall Legal Group (Shenzhen), have advised us that the M&A Provisions are not applicable to our Group's historical changes and reorganisation steps set out in the paragraphs headed "Our History and Development" and "Reorganisation" in this section of the prospectus and the Global Offering because:

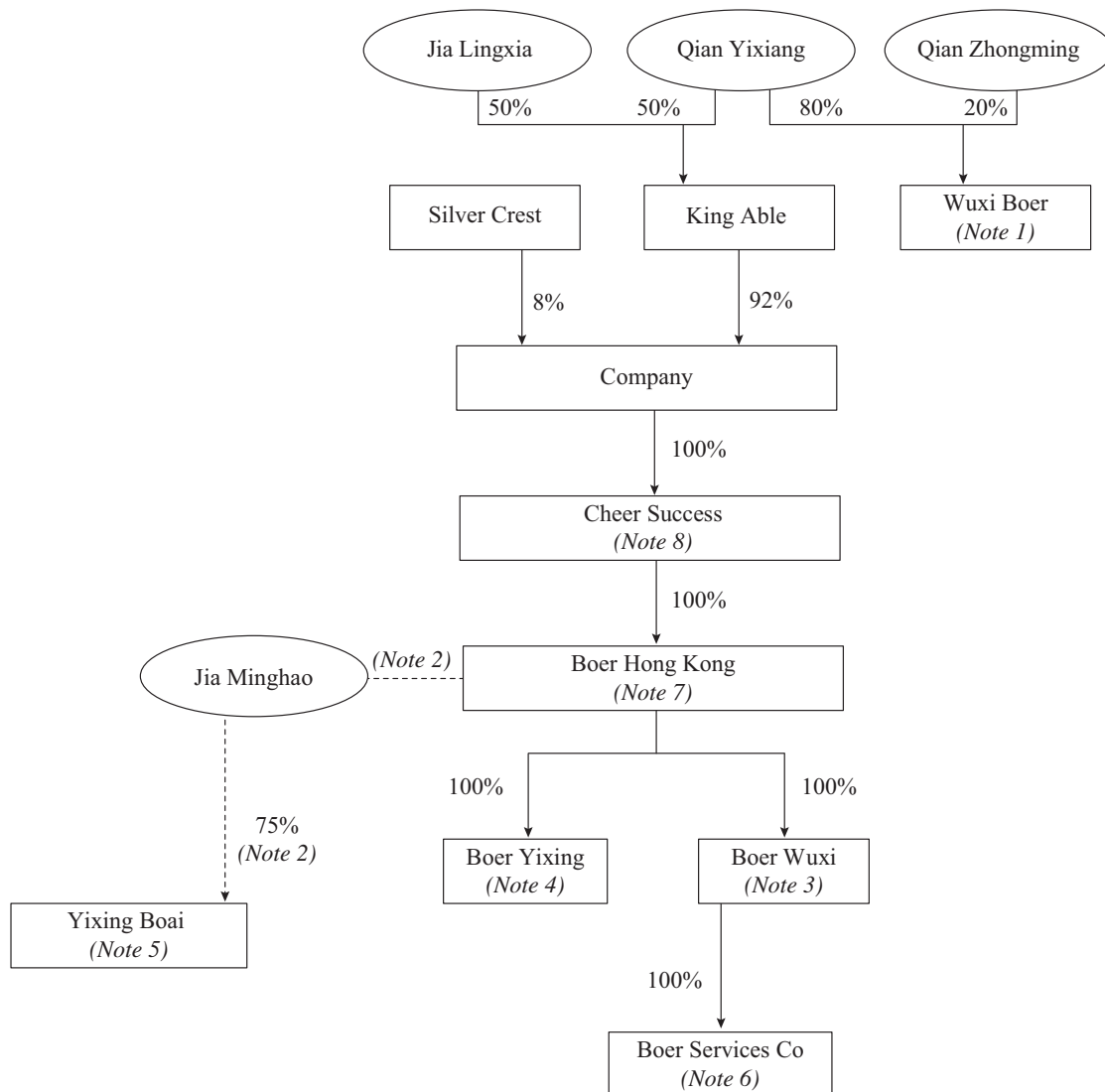
- (a) the M&A Provisions do not explicitly state whether the M&A Provisions apply to any corporate restructuring steps which (i) commenced before and have been continuing after 8 September 2006 and (ii) are not carried out by means of an equity acquisition or assets acquisition under the M&A Provisions (like the assumption of Wuxi Boer's business by Boer Wuxi and Boer Yixing). According to the Legislation Law of the PRC, laws in the PRC have no retrospective effect unless it is specifically stated in the law that such law has retrospective effect. In the absence of any explicit provision, our Company's PRC legal advisers consider that the M&A Provisions do not apply to the assumption of business of Wuxi Boer;
- (b) as the legal owner, Jia Minghao has the right to transfer the 75% equity interest in Yixing Boai to Boer Hong Kong. Such transfer is not an acquisition of domestic company under Article 2 of the M&A Provisions because Yixing Boai is already a foreign-invested enterprise, and therefore is not subject to the approval requirements under the M&A Provisions; and
- (c) the approval of China Securities Regulatory Commission as required under relevant provisions of the M&A Provisions only applies to an acquisition of domestic companies after 8 September 2006 with the consideration settled by share swap. If the target company of an acquisition is a foreign-invested enterprise or the consideration of which was settled in cash, such as the acquisitions of the 15% equity interest in Boer Wuxi and the 20% equity interests in Boer Yixing by Boer Hong Kong as mentioned in the paragraph headed "Reorganisation" in this section of this prospectus, approval of China Securities Regulatory Commission will not apply.

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Our PRC Legal Advisers, Grandall Legal Group (Shenzhen), have also advised us that the trust arrangement whereby Mr. Jia Minghao holds 75% of the equity interests in Yixing Boai on trust for Boer Hong Kong is not subject to the M&A Provisions. The M&A Provisions apply to arrangements which involve domestic companies, enterprises or natural person and which are implemented within the territory of the PRC. The aforesaid trust arrangement is not governed by the M&A Provisions because neither Mr. Jia Minghao nor Boer Hong Kong is a domestic party in the PRC and the trust arrangement was not entered into for implementation in the PRC.

CORPORATE STRUCTURE

The following chart depicts the structure of our Group immediately following completion of the Reorganisation:



- > Shareholding
- - - - -> Trust arrangement (Note 2)

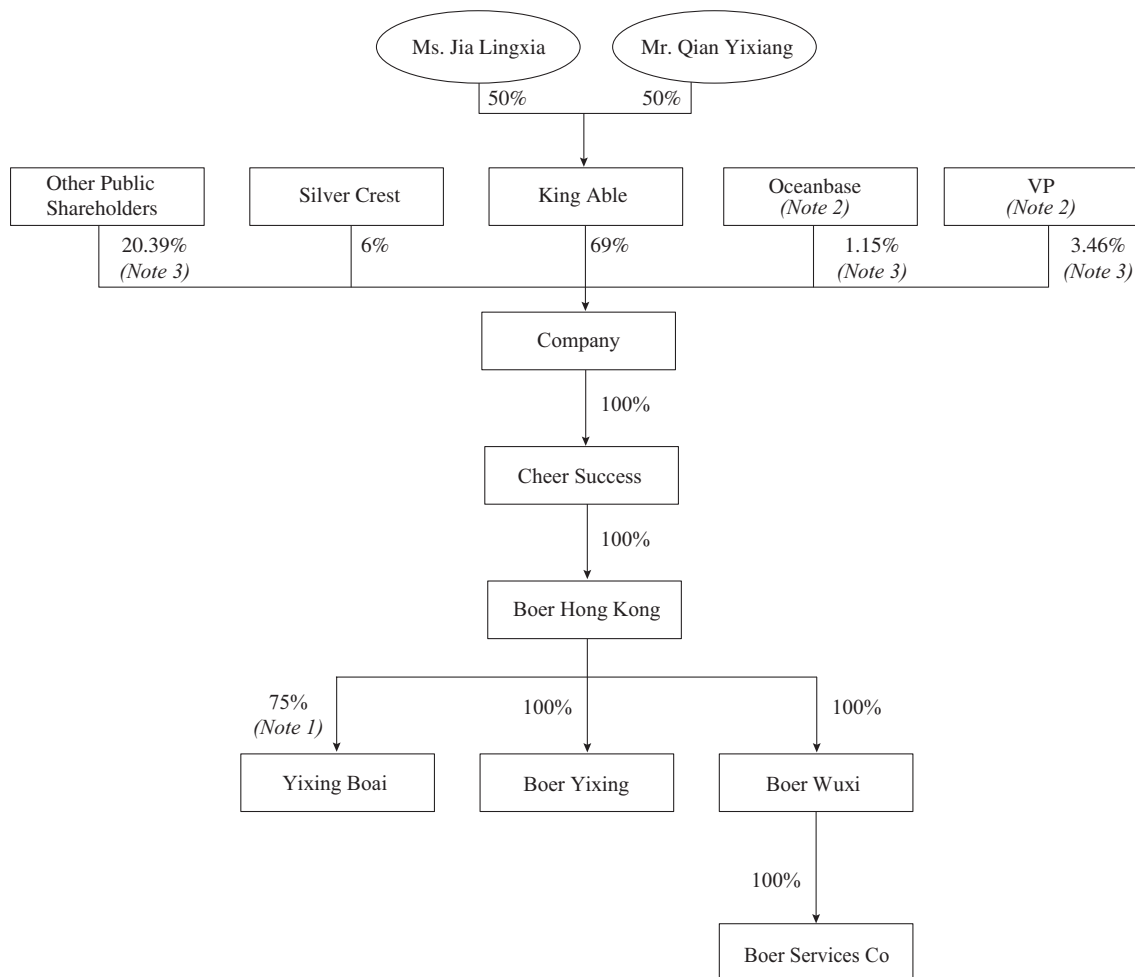
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Notes:

1. Wuxi Boer is not a part of our Group. However, it is under the common control of one of our Controlling Shareholders, Mr. Qian Yixiang, and therefore its financial results were combined in the financial statements of our Group during the Track Record Period.
2. Mr. Jia Minghao holds 75% of the equity interest in Yixing Boai on trust for Boer Hong Kong. On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement, pursuant to which both parties agreed to (a) transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at a nominal consideration and (b) terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group had submitted the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong to the Foreign Trade and Economic Cooperation Department of Jiangsu Province for approval and the application was still being processed as at the Latest Practicable Date.
3. The principal business activities of Boer Wuxi are the design, manufacture and sale of custom-made electrical distribution systems with or without automatic functions and the provision of electrical distribution system solution services.
4. The principal business activities of Boer Yixing are the manufacture and sale of (i) spare parts used in electrical distribution systems with automatic functions, mainly being digital current meter, power monitoring meter and multi circuit monitoring unit, and (ii) other electrical components, including contactor, mini circuit breaker, power supply auto transfer system, medium voltage breaker, intelligent motor protection relay and electrical networks multi-functional protections relay.
5. The principal business activities of Yixing Boai are the manufacture and sale of spare parts based on the specific requirements of the customers, such as electrical switchgear and control gear, and the metal enclosures for electrical switchgear and control gear and compressor, etc.
6. The principal business activities of Boer Services Co are the provision of site diagnostics, installation monitoring, on-site and remote maintenance, energy efficiency improvement advices, training and technical support for electrical distribution systems.
7. Boer Hong Kong is an investment holding company and holds the equity interests in Boer Yixing and Boer Wuxi.
8. Cheer Success is an investment holding company and holds the shares in Boer Hong Kong.

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Immediately following the completion of the Global Offering (assuming that the Over-allotment Option will not be exercised, no options will be granted under the Share Option Scheme and no Shares will be allotted and issued and/or repurchased by our Company under the general mandates as referred to in the paragraph headed “Resolutions in writing of the sole Shareholder passed on 30 September 2010” under the section headed “Further Information about our Company and Subsidiaries” in Appendix VI to this prospectus), the shareholding and corporate structure of our Group will be as follows:



—————> Shareholding

Notes:

1. On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement, pursuant to which both parties agreed to transfer the legal title of the 75% equity interest in Yixing Boai from Mr. Jia Minghao to Boer Hong Kong at nominal consideration and terminate the trust arrangement in respect of the 75% equity interest in Yixing Boai upon the completion of such transfer. Our Group had submitted to the Foreign Trade and Economic Cooperation Department of Jiangsu Province the application for transfer of the 75% equity interest in Yixing Boai to Boer Hong Kong for approval and the application was still being processed as at the Latest Practicable Date.
2. The Shares to be subscribed by each of Oceanbase and the investment or collective investment funds managed or advised by VP or its subsidiaries will form part of the International Offering.
3. The shareholding figures are calculated based on an Offer Price of HK\$5.38 per Share, being the mid point of the proposed Offer Price range of HK\$4.38 to HK\$6.38 per Share.