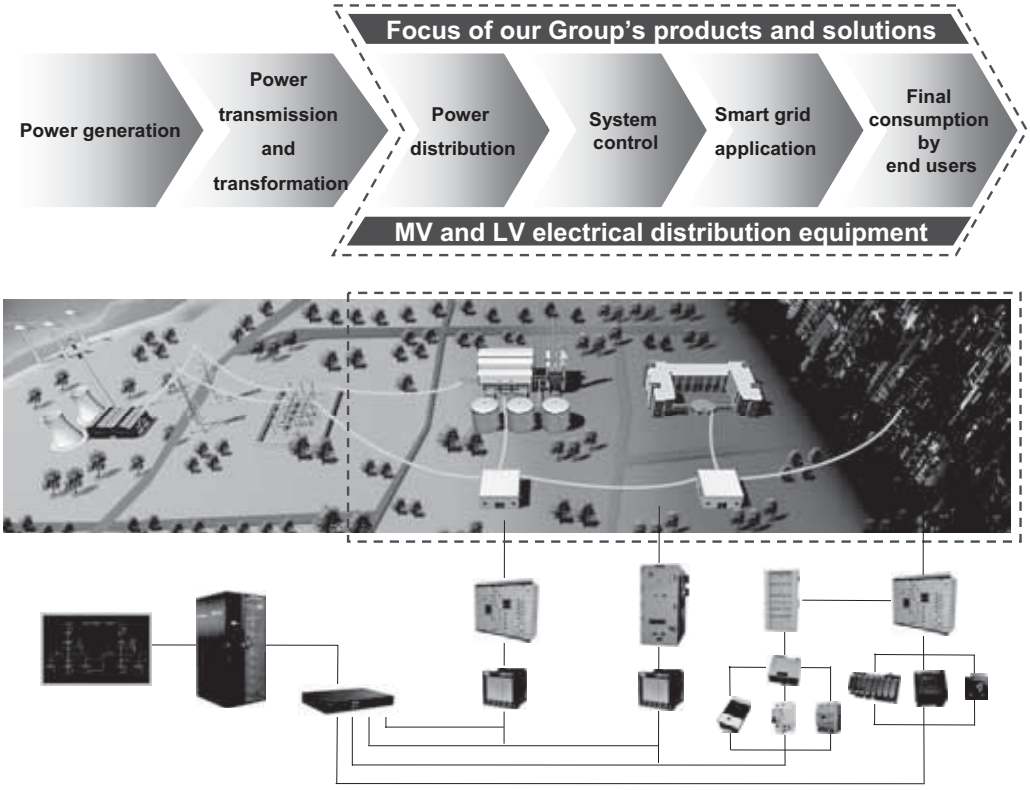
OVERVIEW

We are a leading one-stop designer, manufacturer and seller of high-quality integrated electrical distribution systems and solutions in China with over 20 years of industry experience. According to the Roland Berger Report, we are the largest pure-domestic electrical distribution systems and solutions provider in the high-end segment of the electrical distribution equipment market by revenue in China in 2008. We offer bespoke electrical distribution systems, intelligent electrical distribution systems and energy saving systems, and are one of the few suppliers who are able to offer one-stop integrated electrical distribution systems and solutions in China. Our electrical distribution systems and solutions are used for distributing a suitable volume and voltage of power from the power connection to the premises and facilities of our customers in accordance with the specific needs of their business operations. Our electrical distribution systems and solutions are custom-designed and implemented according to our clients' specific needs, and are aimed at improving the safety, stability and efficiency of their electrical distribution systems.

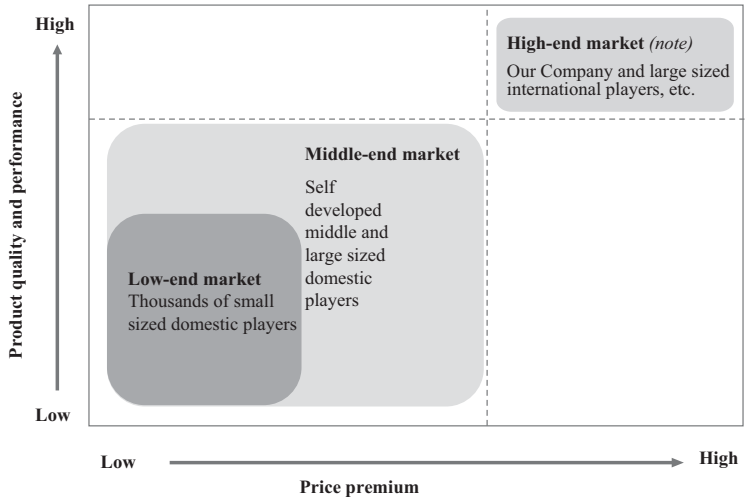
The value chain of power utilisation in the electricity system, as a whole, consists of power generation, power transmission and transformation, power distribution, system control, smart grid applications and final consumption by end-users. Our electrical distribution systems and solutions serve the MV and LV parts of the value chain which are applied in the stages of power distribution, system control, smart grid applications and final consumption by end-users in the electricity system. The diagram below sets out and illustrates various stages of an electricity system and shows which key products of our Group are used in the specific stage of the electricity system:



We compete in the high-end segment of the electrical distribution market and offer electrical distribution systems and solutions to leading players in a number of sectors, including infrastructure construction, telecommunications, water and waste water processing, cement and healthcare. According to the Roland Berger Report, the total revenue of the high-end electrical distribution equipment market in China was estimated to have reached RMB15 billion in 2008, accounting for 4.6% of China's total electrical distribution equipment market in the same year.

Within our target market, we were ranked 6th by revenue in 2008, with the top five players being international electrical distribution players or joint ventures set up by international players in China. As such, we were the largest pure-domestic player in the high-end segment of the electrical distribution equipment market in China in 2008. The diagram below illustrates our positioning in China's electrical distribution equipment market:

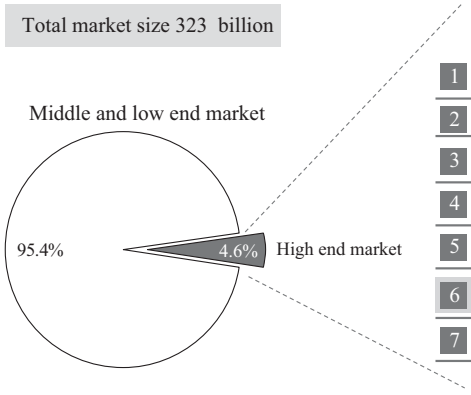
Our positioning in China's electrical distribution equipment market



Source: Roland Berger Report

Note: The high-end market is defined as the segment dominated by both leading global players and domestic players which are in long-term partnership with such global players and are allowed to use the brands of these international companies. From customers' point of view, the high-end market products are perceived to be of better quality, perform better and meet with reliability requirements according to the highest standard.

Ranking of high-end MV and LV switchgear assembly producers by revenue (2008)



	COMPANY	2008 REVENUE (million RMB)
1	ABB China (1) (2)	5,643
2	Siemens China (1) (2)	3,019
3	Shanghai GE Guangdian Co., Ltd (2)	1,121
4	Suzhou Areva Switchgear (2)	616
5	Changzhou Eaton-Senyuan (2)	444
6	The Group	406
7	Cooper Nature (Ningbo) Electric Ltd., Co	344

Notes:

(1) The total revenues of major operating companies engaged in LV and MV electrical distribution equipment.

(2) International electrical distribution players or joint ventures set up by international players in China.

Source: Roland Berger Report

Our Directors believe that our high-end market positioning enables us to secure price premium by serving customers who demand superior product quality and performance and who are less sensitive to price. We further believe that our positioning enables us to distinguish ourselves from most domestic players who aim at the low-end market and mainly compete by selling their products at a lower price.

Our business can be categorised into the following four segments:

- Electrical Distribution System Solutions ("**EDS Solutions**") (配電系統方案)
- Intelligent Electrical Distribution System Solutions ("**iEDS Solutions**") (智能配電系統方案)
- Energy Efficiency Solutions ("**EE Solutions**") (節能方案)
- Components and Spare Parts Business ("**Components and Spare Parts Business**") (元件及零件業務)

We secure our EDS Solutions and iEDS Solutions businesses in the following manner:

(i) Customers originated by us

– We enter into sales contracts with, and supply the electrical distribution systems manufactured by us directly to, the customers originated by us. Based on the requirements of the customers, we will recommend electrical distribution systems of appropriate specifications to the customers. Such electrical distribution systems will typically carry the "BOER", "Schneider" or "ABB" brand depending on the systems chosen. The electrical distribution systems solely designed and developed by our Group will carry the brand of "BOER", while the electrical distribution systems which use the structural layout of Schneider or ABB products as the basic platform and are further designed, augmented and manufactured by us as their authorised manufacturer will carry the brands of "Schneider" or "ABB" (as the case may be) together with the brand of "BOER" as manufacturer. For such systems, we would purchase certain key components from Schneider pursuant to the license agreements and annual supply agreements made between our Group and Schneider, or from ABB pursuant to the license agreements made between our Group and ABB, (as the case may be). Schneider and ABB are not a party to our contracts with our customers and are not involved in the manufacture of such systems.

(ii) Customers originated with Schneider

– Based on market information gathered by us or provided by Schneider, we will work in conjunction with Schneider to secure a contract with us being the principal party responsible for providing customers with the appropriate electrical distribution systems that meet their requirements. In those cases, Schneider will enter into sales contracts with the customers and be responsible for dealing with the customers, while we will enter into contracts with Schneider for designing, manufacturing and selling to Schneider the appropriate electrical distribution systems which Schneider will subsequently provide to their customers. The electrical distribution system typically carries the brand of "Schneider" together with the brand of "BOER" as the manufacturer.

The table below sets forth the breakdown of our revenue generated from our EDS Solutions and iEDS Solutions businesses with customers originated by us and with Schneider during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Customers originated by us	263,980	295,709	352,348	173,901	301,459
Customers originated with Schneider	45,176	52,622	67,605	9,232	87,102
	309,156	348,331	419,953	183,133	388,561

The table below sets forth the breakdown of our sales of EDS Solutions and iEDS Solutions carrying (i) the brand of "Schneider" together with the brand of "BOER" as manufacturer and (ii) the brand of "ABB" together with the brand of "BOER" as manufacturer, during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
EDS Solutions and iEDS Solutions carrying the brand of "Schneider" together with the brand of "BOER" as manufacturer	198,397	247,445	295,419	130,700	294,110
EDS Solutions and iEDS Solutions carrying the brand of "ABB" together with the brand of "BOER" as manufacturer	8,038	7,049	21,627	9,809	12,226
	206,435	254,494	317,046	140,509	306,336

Our business is predominantly project-based, and the products are custom-made to the specific needs of each individual customer. A typical project secured by us will take approximately four to six months to complete from tendering to project implementation. The table below sets forth an analysis of the project value of our Group by business segments during the Track Record Period:

Project Value *(RMB)*	Year ended 31 December 2007		Year ended 31 December 2008		Year ended 31 December 2009			Six months ended 30 June 2009			Six months ended 30 June 2010		
	EDS Solutions	iEDS Solutions	EDS Solutions	iEDS Solutions	EDS Solutions	iEDS Solutions	EE Solutions *(Note)*	EDS Solutions	iEDS Solutions	EE Solutions	EDS Solutions	iEDS Solutions	EE Solutions
10 million or above	10.07%	20.53%	4.01%	–	9.55%	43.12%	–	12.87%	24.86%	–	12.59%	42.35%	–
5 million or above but less than 10 million	22.01%	11.03%	10.04%	30.49%	25.04%	3.36%	–	23.87%	–	–	10.92%	37.97%	–
1 million or above but less than 5 million	48.51%	51.48%	64.45%	58.38%	44.36%	46.56%	–	42.12%	64.42%	–	51.50%	16.55%	–
Less than 1 million	19.41%	16.96%	21.50%	11.13%	21.05%	6.96%	100.00%	21.14%	10.72%	100.00%	24.99%	3.13%	100.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: We started offering EE Solutions to our customers in 2009.

We commenced our cooperation business relationship with Schneider and ABB in 1998 and 2006, respectively. Details of our cooperation and business relationship with Schneider are set out in the paragraphs headed "EDS Solutions", "Major Customers", "Major Suppliers" and "Our Cooperation Relationship with Schneider" of this section.

EDS Solutions

Our products and services

Our EDS Solutions business is operated through Boer Wuxi. EDS Solutions are used in power connection between the power mains and the facilities of our customers. The main purpose of an electrical distribution system is to distribute power to the end users' facilities at suitable voltage and with suitable volume according to the users' specific purposes and functions. As an integrated EDS Solutions provider, we provide design and hardware systems integration services for mainly medium and low voltage switchboards used in electrical distribution. In providing our EDS Solutions, we attach great importance to understanding the specific needs of our customers in each project. Based on our extensive project experience and electrical distribution system production capability, we believe that we can provide our customers with suitable and custom-made hardware products and solutions for their electrical distribution systems. Our EDS Solutions have been adopted in many large-scale telecommunication, infrastructure construction, healthcare and industrial projects in China. The following sets out a number of key products used in our EDS Solutions in which we offer design, manufacture, installation and after-sales maintenance services:

Key products:

LV Switchboards:

- Low voltage switchgear assemblies (低壓配電成套設備)

Key products (continued):

- Low voltage power factor correction assemblies (低壓無功功率補償裝置)

- Power distribution board (動力配電櫃)

- Final distribution box (終端配電箱)

- Isolated switch box (隔離箱)

MV Switchboards:

- Medium voltage switchgear assemblies (中壓開關成套設備)

- Medium voltage ring unit switchgear assemblies (中壓環網設備)

- Medium voltage power factor correction assemblies (中壓電容補償成套裝置)

Our development

We commenced our EDS Solutions business in 1990. The major products and services of our EDS Solutions are design and manufacture of switchboards for low and medium voltage and other electrical distribution equipment in accordance with our customers' needs and requirements. As a non-standard solution product, switchboard requires high level of customisation and therefore our Company has acted not only as a hardware integrator, but also a solutions provider since the early stage of our business development. We have been authorised by Schneider pursuant to five license agreements made between Schneider and us to manufacture MV and LV electrical distribution systems under the brand of "Schneider" together with the brand of "BOER" as manufacturer since 1998 and 2001, respectively, ("**Schneider Authorisation Arrangements**") and we have established a long-term and close cooperation and business relationship with them. Under the Schneider Authorisation Arrangements, our Group is authorised to manufacture, assemble, sell, maintain and repair electrical distribution systems under five different structural layouts of Schneider. Except in two of the five license agreements, we are not required to pay a license fee to Schneider under the terms of the license agreements. However, pursuant to the license agreements, we are, in most cases, required to purchase from Schneider a minimum amount or number of certain components which have to be used in such electrical distribution systems. If we fail to meet such minimum purchase amounts or numbers, Schneider shall have the right to withdraw the licenses from us. During the Track Record Period, our purchases from Schneider had consistently exceeded the minimum purchase amounts or numbers as required under the license agreements. The terms of those license agreements usually range from two to four years. Renewal of the license agreements is, in most cases, subject to our payment of a fixed renewal fee to Schneider.

We have been appointed by another major international leader in the electrical distribution equipment industry, ABB, as an authorised manufacturer of MV and LV electrical distribution systems under its brand pursuant to two license agreements made between ABB and us since 2006. Under the license agreements with ABB, we are authorised to manufacture and sell electrical distribution systems under two structural layouts of ABB. Our Group is required to pay fixed license fees and certain royalties based on the number of products manufactured pursuant to the license agreements. Pursuant to the license agreements, we are required to purchase components from suppliers approved by ABB or in other cases to purchase from ABB minimum amounts or numbers of certain components, which have to be used in such electrical distribution systems, failing which our Group may not be able to renew the licenses with ABB. During the Track Record Period, our purchases from ABB had consistently exceeded the minimum purchase amounts or numbers as required under the license agreements. The terms of those license agreements range from one to two years.

Although we have been authorised by Schneider and ABB to manufacture under their brands, we are not an OEM of either Schneider or ABB as we are a designer, manufacturer, solutions provider and seller of electrical distribution systems that are principally responsible for or has a significant part in the design of the electrical distribution systems manufactured by us. As an authorised manufacturer, we are free to sell the MV and LV electrical distribution systems that carry the brand of "Schneider" or "ABB" (as the case may be) together with the brand of "BOER" as manufacturer to the customers originated by us pursuant to the contracts directly made between our Group and such customers.

As a result of our cooperation with such globally renowned manufacturers, we were able to enter into the high-end electrical distribution equipment market and establish our own business relationships with the top-tier customers in various industry sectors. After over 20 years of development and the experience of cooperating with international market leaders, we have gained extensive experience in providing EDS Solutions in a large number of notable projects, and we believe we have built up a strong and competitive position in the MV and LV electrical distribution system market in China. The need for our EDS Solutions is not only limited to local projects, we have been retained to supply EDS Solutions to oversea projects. For example, we have recently entered into a contract with contract value of over RMB10 million with Harbin Power Engineering Company Limited to supply electrical distribution systems to the Bin Qasim Combined Cycle Power Station Project in Pakistan.

The table below sets forth some of our notable EDS Solutions projects during the Track Record Period:

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Infrastructure Construction				
Phase II, 2 x 600MW Power Plant of Datang Hancheng No. 2 Power Generation Co., Ltd. (大唐韓城第二發電有限責任公司二期工程2*600MW空冷機組)	5 July 2007	3 April 2008	5,040,000	Supplying LV electrical distribution systems to motor control centre for main electrical substation
Qingdao Railway Station Project for China Railway No. 10 Group (中鐵十局集團青島客站改造工程)	20 October 2007	11 March 2008	3,502,000	Supplying LV electrical distribution systems for Qingdao Railway Station
Passenger transport center building of Shanghai International Port Co., Ltd. (上海港國際客運中心港務大樓)	22 April 2008	6 November 2008	3,070,000	Supplying LV electrical distribution systems
Shanghai Bailonggang project (上海白龍港)	22 April 2009	18 August 2009	4,920,000	Supplying high voltage and LV electrical distribution systems for the sludge treatment of Shanghai Bailonggang project

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Six station houses of Fuxia Railway (福廈線六站房)	16 September 2009	9 February 2010	5,676,071	Supplying LV electrical distribution systems for six stations of Fuxia Railway
China Railway Group Limited (中國中鐵股份有限公司)	16 March 2010	28 June 2010	12,460,000	Supplying electrical distribution system used in tunnel drilling machines of China Railway Group Limited
Telecommunications				
Anhui Co., Ltd. of China Mobile Communication Group (中國移動通信集團安徽有限公司)	10 September 2008	30 December 2008	7,800,000	Supplying LV electrical distribution systems for Weiwu Road No. 1 building, Huangshan Road No. 2 building, Weiwu Road No. 1860 building
Steel and Metal				
135KA electrobath energy saving project for Baotou Aluminium (Group) Co., Ltd. (包頭鋁業股份有限公司 135KA電解槽系列環境質量及置換產能技術改造工程)	5 May 2008	17 September 2008	2,361,546	Supplying MV electrical distribution systems
No. 3 Cold Roll Plant of Wuhan Iron and Steel (Group) Co. (武鋼三冷軋工程酸軋機組)	25 September 2008	13 July 2009	4,368,000	Supplying LV electrical distribution systems to main substation

iEDS Solutions

Our products and services

In addition to the provision of electrical distribution systems without automation features through our EDS Solutions, we also offer iEDS Solutions which provide certain automatic functions to our electrical distribution systems. Our iEDS Solutions business is operated through Boer Wuxi and Boer Yixing. The operation model of our iEDS Solutions is similar to that of the EDS Solutions, both of which include the provision of design of custom-made electrical distribution systems. The iEDS Solutions however are more advanced and are equipped with devices for automatic data collection and analysis, remote control and automatic fault detection to enable our customers to undertake off-site operation, control and supervision of their electrical distribution systems. Our customers that use our iEDS Solutions are also provided with data and information on the operation and performance of their electrical distribution systems, which enable them to better understand existing problems in their systems and predict potential future problems, and which in turn facilitate them to manage and utilise their systems and facilities in a more efficient manner. These functions are important to industries which require a comparatively safer, more stable and more reliable power system, for example, telecommunications companies, financial institutions, medical institutions and large supermarket chains.

As an all-round iEDS Solutions provider, we offer design, manufacture, installation and after-sales maintenance of the following products which perform the automatic features of our iEDS Solutions and which possess the relevant functions and capabilities to integrate into smart grids when implemented in China:

Key products:

- Intelligent power distribution switchgear assemblies (智能配電設備)

- Power monitoring system (配電自動化監控系統)

Currently, our Group's products which possess the relevant functions and capabilities to integrate into smart grids when implemented in China are provided under our iEDS Solutions.

Our development

Electricity automation systems serve two major groups of customers: electricity system related customers and non-electricity system related customers. Automation devices and software systems that are used in power plants and substations for electricity dispatch are considered electricity system related, while those for the protection and control of residential consumption of electricity and for application in a wide range of industries including manufacturing, construction and data process-based telecommunications and financial services fall into the non-electricity system related category. Our current addressable market is defined as non-electricity system related distribution automation, where suppliers provide an integrated product set including both measuring devices and back-end software systems to apply on private dispatch equipment or at industrial customers' manufacturing plant sites. Demand for non-electricity system related automation varies significantly across different industries and end-customers, which gives rise to high levels of customisation, diversity and complexity of market demand.

In view of the increasing demand of electricity end users in various industries for higher standard of safety and stability in electrical distribution, we developed and launched our iEDS Solutions in 2003 in order to meet our customers' need for a higher automation level of their existing electrical distribution equipment and an intelligent system that allows effective collection of data and systematic analysis of electricity use and performance. For our future development, we will endeavour to strengthen our competitiveness in our focused industry sectors through improving our products and solutions in accordance with the specific needs and requirements of such industry sectors. Moreover, we will enhance our iEDS Solutions with functions and capabilities that enable our customers to upgrade their electrical distribution systems when required. With our ability to cater to the need of different customers, we are not only engaged to supply iEDS Solutions to local but also oversea projects. For example, we have recently entered into a contract with a contract price of approximately RMB30 million with SEPCO III Electric Power Construction Corporation to provide iEDS Solutions to facilitate the construction of an electrical substation in Rabigh in Saudi Arabia. For details of our focused industry sectors and our strategy in connection with the implementation of smart grids in China, please refer to the paragraphs headed " Sales and Marketing – Focused industry sectors for our sales and marketing" and "Our Strategies – Enhancing our iEDS Solutions to prepare for the implementation of smart grids" in this section of the prospectus.

The table below sets forth some of our notable iEDS Solutions projects during the Track Record Period:

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Infrastructure Construction				
Ningbo Port Beilun Second Terminal Co., Ltd. electrical substation modification project (寧波港北輪第二港埠分公司變電站項目)	23 December 2008	22 August 2009	1,713,547	Modifying electrical substation and providing intelligent MV electrical distribution systems
Dayawan Conventional Island intelligent LV electrical distribution systems upgrading and modification project (大亞灣常規島低壓配電盤升級改造項目)	28 August 2008	31 July 2010	4,496,631	Modifying the smart grid electrical distribution system for Dayawan Nuclear Power Station

Name of Customer/Project	Commencement Date	Completion Date	Aggregate Contract Value	Description
			(RMB)	
Telecommunications				
Zhoushan Xincheng telecommunication building project of China Mobile (舟山新城移動通信大樓工程)	31 May 2008	27 January 2009	4,106,544	Providing intelligent MV and LV electrical distribution systems
Cement				
Vietnam Dien Bien Cement Project (越南奠邊水泥項目)	13 December 2007	6 July 2008	3,900,000	Providing intelligent MV and LV electrical distribution systems
Steel and Metal				
Brazil GERDAU ACOMINAS 63K t/a project (巴西焦化項目)	17 July 2006	10 January 2007	13,100,000	Providing intelligent low voltage power distribution panel and PLC
Others				
China Petro CPECC ALGERIA Project (中石油阿爾及利亞項目)	17 May 2007	21 December 2007	11,014,369	Providing MV and LV Sepeam protection relay and all MV spare parts

EE Solutions

Our services

We leverage on our expertise and experience in our EDS Solutions and iEDS Solutions to develop our EE Solutions. Based on the data and information collected by and provided to our customers using our iEDS Solutions, we are able to analyse the performance of our customers' electrical distribution systems and hence offer solutions, proposals and measures to our customers on how the safety, stability and efficiency of their systems can be upgraded, repaired or improved, with the aim of ultimately saving energy and enhancing the energy efficiency in their operations. Therefore, our EE Solutions refer to the provision of services rather than the offering of products. Our services for EE Solutions include managing equipment maintenance for our customers and offering them a range of other value-added services. Our major tasks include site diagnostics, installation monitoring, on-site and remote maintenance, energy efficiency improvement advice, training and technical support. We offer EE Solutions through our wholly-owned subsidiary, Boer Services Co. On average, the technical staff of Boer Services Co has approximately nine years of experience in the electrical distribution industry. Our EE Solutions are a newly developed business segment and our target customers are electricity end-users in various industry sectors, in particular, our existing customers using our electrical distribution systems and equipment. We believe we can leverage on our experience, expertise and customers gained from our EDS Solutions and iEDS Solutions business segments to promote our EE Solutions, and offer our recommendations and measures to customers to potentially generate additional business opportunities to market our products and services. Our EE Solutions have been adopted by China Mobile, a telecommunications company and by a leading international retailer in China.

Our development

We believe that energy saving, automation and intelligentisation will be the major technical and product trend for electrical distribution equipment market. Driven by the efforts of various countries over the world to combat climate change, improve energy efficiency and reduce energy consumption, we believe that this global trend will spur the sale of our iEDS Solutions and will promote the growth of our EE Solutions. In addition, as a result of the increasing global concern over environmental protection and the rising cost of raw materials and power, electricity end users have become more incentivised to adopt measures to reduce power consumption by implementing automatic electrical distribution systems. International players, including Schneider, have explored and recognised the importance of this niche market, which has resulted in contribution to their revenue. Schneider has been promoting its energy efficiency services since 2005 and according to the Roland Berger Report, its service revenue reached approximately 10% of its total revenue in 2009.

In view of this market trend, we began developing our EE Solutions in 2007, based on our experience and expertise in iEDS Solutions, and started marketing them to our customers in 2009. Equipped with our established research and development capability in automation software design and development as well as our range of product offerings covering both distribution equipment and automation systems, we believe that we are well-positioned as a service provider to satisfy customers' needs. Our Directors believe that although our EE Solutions business is currently only at a nascent stage and amounted to only 0.2% of our total revenue in 2009, the share is likely to be enhanced in the coming years given our unique competitive strength as an EDS Solutions and iEDS Solutions provider. Our current EE Solutions projects are small in absolute contract value when compared to the contract value of EDS Solutions or iEDS Solutions projects. However, our Directors believe the market for potential EE Solutions projects is large and will provide us with the benefits of economies of scale and strong recurring cashflows if sufficient projects are secured.

Currently, we are also working as an informal partner of Schneider for its projects with a leading international retailer in China which Schneider has secured a contract with to provide different electrical distributions systems services for over 90 shops of that international retailer located all over China. Schneider has sourced EE Solutions services from us on a case-by-case basis for its projects with that international retailer and since the beginning of 2009 and up to the Latest Practicable Date, we have provided our EE Solutions to about 60 shops of that international retailer. Although we provided EDS Solutions and EE Solutions services in each of such projects for that international retailer, we invoiced Schneider in one lump sum for all our products

and services provided without separating the contract values for our EDS Solutions and EE Solutions as the revenue for our EDS Solutions in such projects accounted for most of the contract values. Consequently, we have booked all our revenue for projects with that international retailer in China in 2009 as part of our revenue for EDS Solutions during that year. We expect that if we continue our cooperation with Schneider in the remaining projects with that international retailer, they will bring a revenue of not less than RMB5 million to us in 2010. We have separated the revenue for our EDS Solutions and EE Solutions in the projects with that international retailer since 2010.

As at the Latest Practicable Date, we are in the process of finalising and execution of a number of EE Solutions contracts for customers, such as China Mobile. We have been engaged by McDonald's (China) Co., Ltd. ("**McDonald's**") to carry out a pilot program to improve the energy efficiency and reduce energy cost of several McDonald's outlets in Shanghai. Under the pilot program, we have provided custom-made energy-saving management system, employing real-time on-line monitoring techniques to monitor and manage electricity load in response to the customer's specific requirements of each outlet. Upon the completion of the pilot program and upon meeting the requirements of McDonald's, McDonald's intends to extend the pilot program to all McDonald's outlets in Shanghai and as at the Latest Practicable Date, we are still negotiating with McDonald's for the agreement relating to such project.

Components and Spare Parts Business

In addition to providing electrical distribution systems, such as switchboards, and automation and energy efficient solutions to our customers under our EDS Solutions, iEDS Solutions and EE Solutions, we have also manufactured certain components and spare parts used in electrical distribution equipment and sold them separately to our customers since 2002. This business is not a core segment of our existing business as we consider that the mere manufacture and sale of components and spare parts will not allow us to fully leverage our advantages and value as an integrated electrical distribution systems solutions provider capable of offering value-adding design and solutions services to our customers. However, should the components and spare parts manufactured by us become more technologically advanced and become more widely accepted by the customers, the use of such components and spare parts in the manufacture of our electrical distribution systems may increase and drive the further expansion and enhancement of our component production capabilities, and contribute to the future growth and revenue from this business segment in the future. Currently, we operate our Components and Spare Parts Business through Boer Yixing and Yixing Boai.

The following are the key components and spare parts which we manufacture and sell to our customers:

Key products:

- Contactor (交流接觸器)

- Mini circuit breaker (小型斷路器)

- Power supply auto transfer system (雙電源自動轉換裝置)

- Medium voltage breaker (中壓斷路器)

- Digital current meter (單、三相電流、電壓表)

- Multi circuit monitoring unit
  (多回路數據採集器)

Key products (continued):

- Power monitoring meter (綜合電力測控儀)

- Intelligent motor protection relay
  (智能電機保護裝置)

- Electrical networks multi-functional protection relay
  (微機保護裝置)

Track Record Period

For the year ended 31 December 2009, approximately 52.8%, 32.8%, 0.2% and 14.2% of our revenue and 51.6%, 32.6%, 0.4% and 15.4% of our gross profit were derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business, respectively. For the six months ended 30 June 2010, approximately 42.9%, 46.9%, 0.3% and 9.9% of our revenue and 42.3%, 47.6%, 0.5% and 9.6% of our gross profit were derived from our EDS Solutions, iEDS Solutions, EE Solutions and Components and Spare Parts Business, repectively.

The following table sets forth the revenue, gross profit and gross profit margin for each of our business segments for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 respectively:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
EDS Solutions	254,691	277,809	258,936	116,003	185,671
iEDS Solutions	54,465	70,522	161,017	67,130	202,890
EE Solutions	—	—	915*(Note)*	288	1,249
Components and Spare Parts Business	48,118	57,183	69,848	30,497	42,706
Total	357,274	405,514	490,716	213,918	432,516
Gross Profit					
EDS Solutions	50,191	77,198	80,520	32,102	65,273
iEDS Solutions	16,830	26,667	50,940	22,338	73,618
EE Solutions	—	—	620*(Note)*	169	801
Components and Spare Parts Business	12,319	19,248	24,049	11,505	14,825
Total	79,340	123,113	156,129	66,114	154,517
Gross Profit Margin					
EDS Solutions	19.7%	27.8%	31.1%	27.7%	35.2%
iEDS Solutions	30.9%	37.8%	31.6%	33.3%	36.3%
EE Solutions	—	—	67.8%*(Note)*	58.7%	64.1%
Components and Spare Parts Business	25.6%	33.7%	34.4%	37.7%	34.7%
Overall gross profit margin	22.2%	30.4%	31.8%	30.9%	35.7%

As reflected in the financial figures of our Group during the Track Record Period, we experienced a substantial increase in the revenue of our iEDS Solutions business in 2009 and a commencement of our EE Solutions business in 2009. For the six months ended 30 June 2010, our iEDS Solutions business has contributed 46.9% to our total revenue. We believe that these changes were consistent with our development plan and reflected our successful efforts in developing our iEDS Solutions and EE Solutions in order to meet customers' needs for higher automation level of electrical distribution equipment and intelligent system for effective management of electricity use data and performance. The expansion of our iEDS Solutions business is mainly attributable to the increasing demand of our customers from various industries for electrical automation solutions.

The aggregate value of projects of our EDS Solutions and iEDS Solutions in our backlog as of 31 August 2010 amounted to RMB62.0 million and RMB168.8 million, respectively. We expect that the majority of the backlog projects will be completed by December 2010.

Note: Our revenue, gross profit and gross profit margin for EE Solutions in the year ended 31 December 2009 set out in the above table do not include our EE Solutions provided for projects with a leading international retailer in China during that year as we have booked all such revenue as derived from the provision of our EDS Solutions. As revenue generated from EDS Solutions accounted for most of our revenue from these projects, we had invoiced our customer in one lump sum for all our products and services provided during that year.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths enable us to compete effectively:

The largest pure-domestic company in the high-end segment, with significant advantages over domestic and foreign players

China's economic boom has driven rapid growth in fixed assets investment in various industry sectors, including infrastructure construction, telecommunications, water and waste water processing, cement and healthcare which are the major target markets of our electrical distribution systems and solutions, in China since 2004. Such growth in fixed assets investment has also given rise to a huge demand for electrical distribution equipment in those industry sectors. Further details of the growth in fixed assets investment in those industry sectors are set out in the section headed "Industry Overview – Fixed Assets Investment and its Impact" of this prospectus.

As the largest pure-domestic provider of electrical distribution systems and solutions in the high-end segment by revenue in China in 2008, we are well positioned to take advantage of the fast growth in each of our focused industry sectors and have the following competitive advantages according to the Roland Berger Report:

(i) Over domestic players

- We have built our reputation as a supplier of high-end electrical distribution systems and solutions and distinguished ourselves from the majority of cost-driven domestic producers in the low-end MV and LV electrical distribution system market.

- We have demonstrated stronger sales capabilities, stronger customer recognition and better service quality, which is evidenced by our ability to establish direct customer relationships with premium customers, such as China Mobile, Sinoma and CNBM, as their independent qualified domestic supplier.

- We are positioned in the high-end market with higher product quality and are able to charge premium price. We were ranked as the top pure-domestic electrical distribution systems and solutions provider in the high-end market in China, with the highest profit margin compared with other listed comparable domestic players in China in 2008.

- Leveraging on our experience in cooperating with global players, we have developed a more customer-oriented attitude and we fully appreciate the importance of after-sales services. We believe that these attributes have been identified as the key success factors in the global markets but are seriously lacking among the majority of the domestic manufacturers.

(ii) Over foreign players

- At the premium market level, we gain customer satisfaction by offering more competitive prices compared with global players, including ABB and Siemens, for products of comparable quality standard.

- We have the clear advantage of being able to offer competitive product price due to our lower manufacturing costs, both in terms of operating costs and labour costs, and being closer to the market.

- We have also been acknowledged in the industry for our superior service attitude, both in terms of quick response to customer's demands and willingness to offer solutions with a high level of customisation tailoring to individual customer's needs.

- We have a better understanding of the local product trends and the needs of domestic customers, and are therefore able to adapt promptly to the local market and provide more customised electrical distribution systems and solutions for our customers.

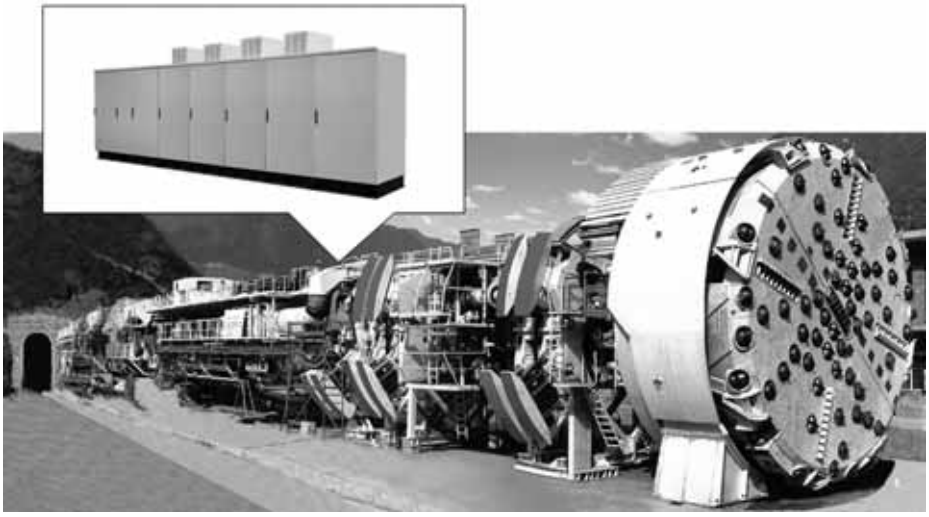
- We are more familiar with the operating and regulatory environment in China.

- The Chinese government tends to encourage the development of domestic enterprises, especially in industries which are sensitive in nature or in which certain restrictions are imposed on the investment by foreign investors.

Advanced technology capabilities and continuous effort in research and development

Our research and development team, managed by Mr. Zha Saibin, had 81 employees as at the Latest Practicable Date. Mr. Zha received a bachelor's degree in Electrical Engineering from Hefei University of Technology in China in 1990 and has worked in relation to the development of new products and quality control in the electrical distribution equipment industry for about 20 years. He joined us in 2000 and is currently the head of our research and development department and also an executive Director. Our Group now holds 15 registered patents and has submitted application for registration of eight patents in China. All these registered patents and the patent in application were invented and developed by our own research and development team. We have widely used and implemented all our registered patents in our business.

Our established research and development team enables us to develop new products efficiently to meet our customers' specific needs in various industries and projects. For example, we were able to develop the electrical distribution systems for use in tunnel drilling machines within three months for a project with China Railway Group Limited (shown in the picture below).



To further enhance our research and development capability, we plan to establish a hi-tech research and development centre in China in the next three years. Further details relating to our plan for the new research and development centre are set out in the paragraph headed "Furthering our research and development capability" in the "Business" section of this prospectus.

Moreover, we are authorised by two international leading and renowned electrical distribution systems and solutions providers, Schneider and ABB, to manufacture and provide our customers with MV and LV electrical distribution systems manufactured by us that carry the brands of "Schneider" or "ABB" (as the case may be) together with the brand of "BOER" as manufacturer. Under such authorisation arrangements, we have received extensive technical support from both Schneider and ABB

to improve the management and quality control of our manufacturing process which has further enhanced the technology capabilities of our production. Further details about our cooperation relationship with Schneider are set out in the paragraph headed "Our Cooperation Relationship with Schneider" in this section of the prospectus.

In addition to our own research capability, we have established a long-term research relationship with Jiangnan University in Wuxi, through which we have jointly developed a number of new products and technology. We entered into a cooperation agreement with Dongnan University in Nanjing in January 2010, through which we have set up a joint research centre for development of intelligent electrical distribution equipment and energy efficient equipment. Under such research programmes, some of the intellectual property rights of the jointly developed products and technology belong to us while some are licensed to us and have been applied in our operations. Further details of our research cooperation with Jiangnan University and Dongnan University are set out in the paragraph headed "Business – Research and Development" of this prospectus.

Broad and high quality customer base to develop long-term relationships

While we serve a large variety of customers, we are selective in identifying infrastructure construction, telecommunications, water and waste water processing, cement and healthcare as the focused industry sectors of our business development. We have targeted the aforementioned industries because of their stricter demand for safe, stable and efficient power supply and electrical distribution systems. By focusing on those industries, we have developed expertise in satisfying specific customer needs and have secured a stable sales network and customer relationship, from which we have attained an unparallel advantage to offset market volatility and unpredictable changes in governmental policies. Although we have not entered into any long-term agreement with our customers, we managed to secure contracts for projects of many of our premium domestic and foreign customers in our focused industry sectors, including the following:

Foreign customers		Industry	Products/services provided
	McDonald's	Food and beverage	• Supply of electrical distribution systems to some of the McDonald's outlets in the PRC
	Veolia OTV	Water and waste water treatment	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at water treatment projects in China to monitor and regulate power usage for the purpose of improving energy usage efficiency
	Degremont	Water and waste water treatment	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at water treatment projects in China to monitor and regulate power usage for the purpose of improving energy usage efficiency

Foreign customers	Industry	Products/services provided
Lafarge	Cement	• Tailored-made intelligent electrical distribution systems for its global invested cement projects
A leading international retailer	Consumer	• Installed electrical distribution systems in about 30 stores of a leading international retailer in China to improve electrical usage safety, reliability and reduce energy cost • Cooperation with Schneider on its projects with this leading international retailer. Schneider secured contracts from this leading international retailer to provide different electrical distribution services to over 90 stores in China

Domestic customers	Industry	Products/services provided
China Mobile	Telecommunications	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at base stations and mobile transmission towers in Jiangsu, Zhejiang, Anhui, Beijing, Hunan, Hebei and Shandong to improve safety and reliability of those systems • Provision of ongoing maintenance and upgrade services in Zhejiang
China Railway No. 10 Group	Infrastructure construction	• Supply of low voltage switchboards installed at Qingdao Railway Stations

Domestic customers		Industry	Products/services provided
	Baosteel	Steel	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at production facilities to monitor and regulate power usage
	Sinoma	Cement	• Supply of electrical distribution systems and intelligent electrical distribution systems installed at multiple overseas EPC cement projects to monitor and regulate power usage
	Ningbo Port	Infrastructure construction	• Supply of iEDS Solutions to monitor and regulate power usage

We believe our ability to establish long-term and recurring business relationships with our premium customers, such as China Mobile and Sinoma, has provided a key growth momentum of our Group and contributed to the consistent rise in our revenue in the past three years, and we are convinced that this strategy will continue to contribute positively to our future financial performance.

One-stop integrated solutions capability

Other than the leading global players, such as ABB and Siemens, we believe we are among the very few domestic companies in China that both manufacture electrical distribution equipment and provide automation products with self-developed automation control systems.

Unlike a number of our China listed competitors that only focus on selective parts of the market and solely provide hardware products for electrical distribution systems, we offer integrated solutions to our customers with regard to their electrical distribution systems.

We also have the following competitive advantages[1]:

(i) compared with automation hardware producers, we possess more advanced research and development capability and are highly capable in automation software system design and development. Our self-developed PMW-series of intelligent electric meters and monitoring instruments have been successfully applied in the electric energy management systems in various industry sectors;

(ii) compared with automation system integrators that specialise in software development, our winning position lies in our comprehensive product offering in switchboard equipment by integrating automation systems into our own devices and thus providing solution-based distribution products catering to customised demand in different industrial application areas; and

[1] *Roland Berger Report*

(iii) from the customer development perspective, we can leverage on the resources of existing customers of switchboard equipment to identify advanced demand for automation solutions. Excellent customer networks and market reputation for high-quality products have been a great enabler for us to quickly develop our electrical distribution automation business.

The integrated products and solutions services offered by us range from product design, manufacture, installation and testing to after-sales services, repair and maintenance. With a comprehensive range of products and services, our customers can solely engage and rely on us as a one-stop provider of equipment and systems custom-made for their specific needs, to collate professional data, information analysis and advice on the performance of their electrical distribution systems which enable them to manage their power systems efficiently and effectively.

Nationwide and highly efficient sales network

We have two representative offices, located in Beijing and Nanjing, responsible for the sales and marketing of our products and services in northern and southern China, respectively. Under the management of the two representative offices, we have set up points of sales in 27 cities all over China and have our sales representatives stationed in each of these cities. We are also planning to expand our market coverage to the central and western regions of China. As at the Latest Practicable Date, we have 61 employees in our sales team covering southern China and 43 employees in our sales team for northern China. In addition, we have also established one team to market our EE Solutions business, two teams to market our components and spare parts, and one team to market our products to China Mobile. China Mobile was one of our top five customers during the Track Record Period and contributed 2.9%, 4.6%, 8.9%, 11.2% and 8.8% of our total sales for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively. Both Mr. Zhang Jiaqing, supervisor of our sales and marketing offices in southern China, and Ms. Zhang Jianqi, supervisor of our sales and marketing offices in northern China, have over 15 years of experience in sales and marketing and had previously worked for Schneider in related field for over five years. Our sales representatives are employed from various regions of China and possess extensive experience in sales of electrical distribution systems and solid client connection. Some of them had worked at international manufacturers, such as Schneider, ABB, General Electric and Moeller. Moreover, our sales strategy which places strong emphasis on our EE Solutions and after-sales maintenance services enables us to gain traction and develop ongoing business relationship with our existing customers, and as a result, build a brand loyalty among our customers and further enhance our sales capability. We believe our extensive geographic sales coverage, our successful sales strategy and our experienced team of marketing personnel, with the requisite industry and marketing knowledge and expertise, are instrumental to the success of our business.

Experienced management team with extensive knowledge of the electrical distribution equipment industry

We have a strong management team that possesses extensive management skill, operating experience and industry knowledge and expertise. Mr. Qian Yixiang, the chairman of our Board and the chief executive officer of our Company, has over 15 years of experience in the electrical distribution equipment industry and is responsible for the overall management and strategic development of our Group. Ms. Jia Lingxia, an executive Director and the chief operating officer of our Company, who also has over 15 years of experience in the electrical distribution equipment industry, is responsible for the overall management of the daily operations of our Group. Other than Mr. Qian and Ms. Jia, we have a team of senior management with extensive experience in electrical distribution industry to assist our Board in the daily management of our business. Under the strong leadership of Mr. Qian and Ms. Jia, the management team has led our Group to become a leading one-stop designer, manufacturer and seller of high-quality integrated electrical distribution systems and solutions in China with over 20 years of industry experience.

OUR STRATEGIES

We seek to enhance shareholder value by expanding and enhancing our current position in China's electrical distribution systems and system solutions market, and strengthening our competitiveness through expanding our EE Solutions business segment. The strategies that we have adopted to attain this goal principally include the following:

Enhancing our iEDS Solutions to prepare for the implementation of smart grids

China has embarked on a 10-year project in 2009 to build a "strong smart grid" by modernising power transmission, securing electricity supplies and boosting energy conservation. Smart grids deliver electricity from suppliers to consumers using digital technology, such as two-way communications, advanced sensors and specialised computers that save energy, reduce costs and increase reliability. The establishment of the smart grids with the relevant digital network will enable utilities, consumers and alternative sources of renewable energy to instantaneously communicate with one another and direct electricity to where it is needed most. Smart grids will also be capable of handling alternative energy sources, such as wind and solar power, more effectively. China's smart grids will be built based on the existing grid, including ultra-high voltage power transmission lines.

In order to allow our customers the opportunity to take part in the initiative, we intend to enhance our iEDS Solutions with functions and capabilities that enable our customers to upgrade their electrical distribution systems when required, and be connected to the smart grids when it is implemented. We will enhance and develop our iEDS Solution, including smart grid products, for such purposes through our own research and development team. Our Directors expect smart grids to be a boon to companies that supply equipment and technology to the power industry.

Enhancing development of our EE Solutions business

We believe our EE Solutions business will be one of the main focus of our business development and Boer Services Co, our subsidiary which operates our EE Solutions business segment, will become one of the substantial contributors to our future profit growth. We also believe that our development plan is consistent with the global trend and the national policy of China to encourage energy saving and environmental protection. In 2006, the State Council and the relevant authorities of China enacted certain guidelines and plans to formulate an examination mechanism for evaluating the energy consumption of all provincial governments and thousands of major high energy-consuming enterprises in accordance with the standards and objectives set out by those relevant authorities. The provincial government or enterprise, which cannot fulfill such standards and objectives, will be subject to sanction. We believe that this policy will provide a strong incentive to the local government and companies in various industry sectors to improve the energy efficiency in their operations and hence further facilitate the expansion of the electrical distribution systems market and the potential development of our EE Solutions business.

With us as an informal partner, Schneider has sourced EE Solutions services from us on a case-by-case basis for its projects with a leading international retailer in China (the "**International Retailer Contract**"). Based on the understanding of our Directors, the International Retailer Contract requires Schneider to provide a range of different electrical distribution systems services for over 90 shops of that international retailer located all over China. Before providing any services to those shops, we will negotiate with Schneider and that international retailer about the scope of our services and our fees based on the technical requirements of that shop. Once an agreement is reached by all parties, we will enter into contract with Schneider and will invoice Schneider for the services provided. Since the beginning of 2009 and up to the Latest Practicable Date, we have provided our EE Solutions to about 60 shops of that international retailer.

At present, our Group is actively negotiating with other large enterprises to provide our EE Solutions to them. Our EE Solutions have particular appeal to those customers which have high electricity consumption, for example, organisations and companies with a large number of branches and stores, such as banks, telecommunications companies, water and waste water processing plants, supermarkets and department stores.

To further strengthen our capability in this business segment, we plan to purchase more advanced equipment and software which will enable us to collate a wider scope of performance data of our customers' electrical distribution systems on an ongoing basis, thus enabling us to further improve our capabilities in providing more efficient EE Solutions to our customers. In the meantime, we will also further increase manpower in Boer Services Co and provide more training to its staff.

Furthering our research and development capability

To strengthen our market position, we will continue to increase investment in our research and development team so as to improve our capability to develop new technologies for our iEDS Solutions and EE Solutions. In light of increasing environmental concerns and move towards improving efficiency in the use of electricity, we believe the global demand for efficient electrical distribution systems will continue to rise in the future. To capitalise on this, we plan to establish a high-tech research and development centre of approximately 30,000 square meters in China within the next three years, which will be equipped with advanced machineries and facilities for prototype production and testing. The research and development centre will specialise in exploring environmentally friendly, energy-saving and intelligent electrical distribution technologies with a view to expanding the scope of products and services of our iEDS Solutions and EE Solutions. We believe the establishment of the high-tech research and development centre equipped with sophisticated and advanced equipment will assist us in attracting more talented staff to join our research and development team. We also believe such investment in our internal capability will be a necessary step in ensuring that we are able to keep abreast of the latest technological edge, and are equipped to compete effectively and continue to provide the value-added services that our high-end customers expect. The enhancement of our internal research and development capability will also allow us to cooperate more effectively on a selective basis with independent research houses as and when necessary. Currently, our design, research and development team has about 123 employees and we plan to increase this number to 350 by the time when our new research and development centre commences its operation.

We also intend to launch four research and development programs for our EE Solutions and smart grid products in 2011 with the aim of further enhancing the safety and energy efficiency of our iEDS Solutions and expanding the scope of our products which will be compatible with the smart grids when it is implemented. Such research and development programs will be mainly related to the development of environmental energy systems, anti-harmonic products, sensors and fieldbus products. We intend to inject about RMB20 million by phases from our internal financial resources, and not to apply any proceeds from the Global Offering, to carry out those research and development programs.

Other than our self-developed technologies, we will also enter into additional cooperation agreements with other universities for the joint development of new integrated solutions and products.

Expanding our production capacity

We plan to invest an aggregate of RMB120 million in the construction of a new plant with a total area of 67,032 square metres in Wuxi. Preparatory works for the construction of the new plant has commenced and we expect the first phase of the construction works to be completed by the end of 2010. We intend to cease the operation of our existing plant located at the premises beside national highway No 312, Luoshe Town, Huishan District, Wuxi City, upon the completion of the whole new plant and the commencement of its operation. In addition, we intend to invest an aggregate of RMB55 million to purchase ten production lines for switchboard manufacturing and increase one production line for automatic expoxy powder painting (全自動靜電噴塗), three production lines for mini circuit breaker (微

型斷路器) and three production lines for contactor (接觸器元件). It is expected that the new plant and the new equipment can double our assembly and production capacity. The aforementioned RMB120 million to be invested in the construction of new plant and RMB55 million to be invested in the purchase of new equipment at the new plant will be partly funded by the net proceeds generated from the issue of new Shares under the Global Offering. The main purpose for the construction of the new plant and the gradual winding down of the operation at the current manufacturing facility is to expand and centralise our production capacity in Wuxi with more advanced production machinery and larger production floor area at the new plant. In addition, the relocation of our current production plant to the new plant will also allow us to transform the premises upon which the old plant is constructed into our new research centre. Further information on the research centre is set out in the paragraph headed "Our Strategies – Furthering our research and development capability" in the "Business" section of this prospectus.

Extending our sales coverage and promoting our products in China

Currently, we have two representative offices and 27 points of sale in China and about 154 employees in our sales and marketing team. The current focus of our sales and promotion network in northern China covers customers in the cement and infrastructure construction sectors. We plan to expand our sales network to customers in transportation, telecommunications, power industries and banks in this region. In southern China, our network focuses on customers in the telecommunications, power and infrastructure construction sectors and we plan to expand our sales network to customers in transportation and water and waste water processing in this region. We are also broadening our exposure in Tianjin to infrastructure construction and transportation industries.

We are expanding the geographical coverage of our markets. Currently, we are exploring markets in the central and western regions of China. In eastern China, we continue to leverage on our geographic location in Yangtze River Delta and have set up our points of sale in the six biggest cities in the region, namely, Shanghai, Nanjing, Hangzhou, Suzhou, Wuxi and Ningbo. In addition, we have also extended our reach to Hunan Province, Hubei Province, Anhui Province, Fujian Province, Guangdong Province and Guangxi Zhuang Autonomous Region. In southwest China, we have already operated in different provinces, such as Yunnan Province and Sichuan Province. In order to expand our geographical reach and penetrate into those markets, we target to broaden our sales network by increasing our points of sale to 30 and our sales and marketing team to 180 people by the end of 2010.

In addition to expanding geographical coverage, we also intend to gain more publicity for our brand, products and services by being more active to promote our products in 2010, such as, by participating in trade fairs and exhibitions and undertaking other marketing events.

Increasing our downstream sales channel and market segment in China

Historically, electrical distribution equipment required by city power bureaus has been supplied by companies directly or indirectly owned by them. However as a result of recent liberalisation in relation to the supply of such equipment in the Chinese electricity market, we now have greater access and opportunities to take part in the supply of electrical distribution systems to the city power bureaus.

We believe we can benefit from this change in market circumstances to expand our sales channel and extend the coverage of our sales to this market segment through acquisition of other companies with existing customers in this market segment or establishing new companies targeting this market segment.

Enhancing our upstream component production capability

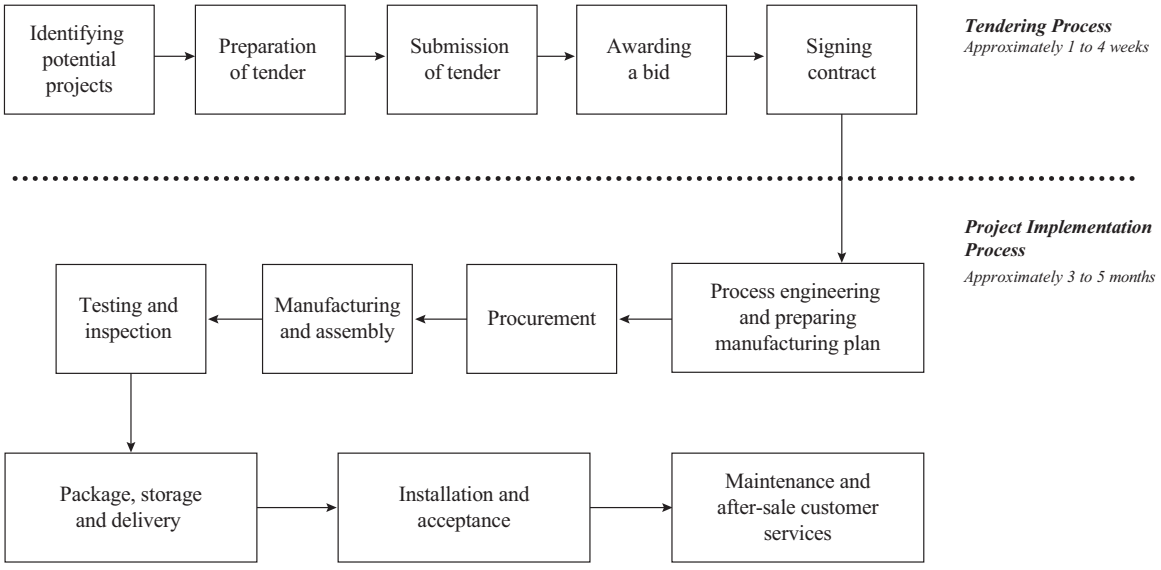
On 15 March 2010, Boer Yixing and Shanghai Boer entered into the Master Agreement, pursuant to which, inter alia, Shanghai Boer agreed to supply to our Group certain parts and components which we use in our EDS Solutions and iEDS Solutions.

As a result of the Master Agreement, we will benefit from the expansion in and steady supply of the types of components manufactured by Shanghai Boer and will be able to apply the products manufactured by Shanghai Boer in our EDS Solutions and iEDS Solutions. We believe that we can further enhance the competitiveness of our products and services through potential acquisition of companies which can expand our upstream component production capability to manufacture more components for use in our EDS Solutions and iEDS Solutions so that we can be more competitive in controlling the costs, specifications and quality of our products.

OUR PROJECT OPERATION PROCESS

Operation Process

The flow chart below illustrates our project operation process for our EDS Solutions and iEDS Solutions businesses:



In general, our project operation process varies from approximately four to six months, depending on the type of products being produced, and consists of the following steps:

(i) Sales and Tendering Process

Except for the sales contracts with our long-term customers relating to the manufacturer of components and measuring devices in which our customers directly enter into contracts with us, we secure most of our contracts through our customers' tender system. Such tenders may either be open or closed. Open tenders are usually marketed by tendering companies or published in trade and industry publications or websites. Closed tenders are only accessible to companies by invitation.

Identifying potential project

We identify potential projects through our marketing team, referrals from our prior and existing customers and through the open tender system. After our in-depth consideration of the different factors in a potential project, including but not limited to project size, technical requirements, duration, funding, location of the project, our production capacity and expertise, our management personnel of our sales and marketing team and production and finance teams will reach a decision as to whether we should submit a bid for such project.

Design and tendering a bid

If we decide to pursue a particular project, we will normally tender our bid with our custom-made electrical distribution systems and solutions for the project, together with our blueprints and bidding price based on the specifications and requirements set by the potential customers in the tender documents. Our design department is currently staffed by about 42 employees.

Awarding a bid and signing contract

After collecting all tenders, the tendering companies or project owners evaluates the tenders based on various factors, including but not limited to the product and solutions design, bidding price and the track record, technical qualification and financial condition of the bidder. For the sake of confidentiality and fairness, the evaluation process is not open to the bidders. If we are awarded a bid, we would then commence further discussions with the customers on the detailed design of the electrical distribution system and start negotiating the terms and conditions of the contract. We conclude a contract with our customers when the overall design of the project is mutually agreed. In most cases, the major terms, such as technical requirements, product design and contract price, are consistent with the terms set out in the tender documents and the tender submitted by us. At times, some of the tender terms may be modified and adjusted during our negotiations with the potential customers.

The duration of the entire tender process varies from one to four weeks from the time when we obtain a tender invitation in case of a closed tender, or when we decide to participate in an open tender, to the stage when our tender bid is accepted, depending on the scale, complexity, technical specifications and requirements of the project.

(ii) Implementation of Project

Process engineering and manufacturing plan

Once a design is approved by our customers and a contract is signed, our project implementation department will design and formulate a manufacturing plan to set out the production sequence for the manufacture of components and the assembly of products, determine the procurement of the necessary materials and allocate the necessary personnel, machines and equipment for implementing such production sequence before the manufacturing process commences. This process normally takes one to two weeks.

Procurement

All our raw materials, parts and components are purchased in the following manner: (1) the more commonly used raw materials are often bought in bulk and stored in our raw materials store. Our technical commercial department formulates a procurement plan based on the needs of our Company's existing projects and the raw materials in stock; (2) our project implementation department applies for procurement of certain raw materials, parts and components in accordance with the manufacturing plan of a project; and (3) small amounts of raw materials are purchased on the request of the relevant departments and subject to the approval on a case by case basis. We have formulated a list of recognised suppliers and we only procure our raw materials, parts and components from such recognised suppliers. In our procurement process, we compare the raw materials, parts and components supplied by at least three recognised suppliers and we choose the most suitable one based on their quality, price, service and payment terms. We have a comprehensive mechanism to shortlist our recognised suppliers, details of which are set out in the paragraphs headed "Major Suppliers" of this section of this prospectus.

Manufacturing and Assembly

Based on the specifications, size and amounts set out in the manufacturing plan, various metal panels are cut to the appropriate size, processed, polished, painted and coated, and assembled to form the frames of switchboards. The components, processed parts and frames are assembled by hand or machinery to form enclosures, frames and panels to house the various components, bus-bar, bus-bar supports and wiring. Some components, such as the circuit breaker, contactor and current transformer, will be directly installed to the cabinet frames while some other components, such as fuse, thermal relay, connector may have to be assembled into drawer frames before being installed into the cabinet frame. The power and control cables and wiring are also installed at this stage to connect various components. The whole manufacturing process takes about one to two months, depending on the complication of the devices.

Testing and inspection

The products are inspected for any defects and tested to ensure that they meet the customers' specifications and requirements. Any correction or rectification is made at this stage. This stage of the production process takes two to three days.

Package/Storage/Delivery

The finished products are then packaged and are usually immediately delivered to the customers. In cases where our customers require us to deliver our products at a later date, we store our finished products in a designated storage area in our plant. The packaging used for our products varies in accordance with, inter alia, the requirements of the customers, the size and type of the products and the delivery distance involved.

(iii) Installation and Acceptance

In normal cases, after we have delivered the products to our customers' premises, our customers install the products using their own engineers and technicians. We provide training, guidance and assistance during the installation process, test the devices and carry out adjustments on site to ensure that the products work properly to the customers' satisfaction. The time required for testing and installation depends on the size of the project, usually ranging from 7 to 15 days. Once the products are installed and an acknowledgement of installation is signed by the customers, our products are deemed to be accepted by our customers under the contracts.

(iv) Maintenance

Our products normally have a 12 months' warranty period which commences on the date when the products are installed and accepted by our customers. During the warranty period, we are responsible for any defects in the products according to the terms of the contract and we provide repair and maintenance services if such defects are covered by the warranty given by us under the contract.

(v) After-Sales Customer Services

In addition to the maintenance services during the warranty period, we also offer after-sale customer services to our customers after expiry of the warranty period. We pay regular visits to our customers to inspect and check the condition of our products. Following such inspection, if any additional maintenance or consultation services are required by our customers, we would then sign a service mandate with them where appropriate, pursuant to which we would conduct more comprehensive on-site inspection, testing and repair and maintenance services for our products. Where a wider scope of services is provided pursuant to the terms of the mandate, we would then provide professional analysis of the condition and performance of our customers' power systems, based on which we advise our customers on how the efficiency, safety and reliability of their power systems can be improved to achieve energy saving purpose. Our fees from these mandates vary depending on the scope of our services provided and our evaluation of the complexity and specific requirements of the customers.

SALES AND MARKETING

Sales Network

Our sales network for our EDS Solutions and iEDS Solutions is supported by two main teams: our southern China team and our northern China team, based on the geographic location of our points of sale. We currently have 27 points of sale throughout China and the headquarters of our northern China team and southern China team are located at Beijing and Nanjing, respectively.

Our southern China team includes the points of sale located at the following regions: Nanjing, Wuxi, Shanghai, Hangzhou, Wuhan, Hefei, Ningbo, Suzhou, Fuzhou, Xuzhou, Kunming, Changsha and Chengdu.

Our northern China team covers the points of sale located at Beijing, Tianjin, Qingdao, Zhengzhou, Shenyang, Changchun, Harbin, Xian, Jinan, Ningxia, Taiyuan and Huhhot.

Each team is responsible for the sales and marketing activities in the regions under its geographic coverage and takes charge of the management of its sales offices. We have appointed a chief sales supervisor in each team who is directly accountable to our chief operating officer.

The diagram below indicates the locations of our points of sale across China:

Note: Areas shaded dark grey illustrate our coverage in northern China while areas shaded light grey illustrate our coverage in southern China.

Apart from the two sales teams for our EDS Solutions and iEDS Solutions businesses, we have four other sales teams, of which one is responsible for the sales of our EE Solutions business, two focus on the sales and promotion of our Components and Spare Parts Business, and one handles our business with China Mobile.

Currently, we have approximately 150 sales personnel, among whom 61 are in the southern China team, 43 in the northern China team, 38 in our EE Solutions sales team, 4 in the team dealing with long-term customers and 4 in the team dealing with China Mobile. 16 members of the southern China team and 15 members of the northern China team are specialised in the sales of the Components and Spare Parts business.

Marketing

Marketing and promotion of our new products are mainly carried out through our existing sales network. After the development of a new product, our marketing department will prepare a market analysis report and formulate a promotion plan for the new product which may include the following promotion activities:

- organising and holding exhibitions in major cities in China, to promote the new products to our existing customers and representatives from institutes of the electricity industry;
- promoting and introducing new products in professional journals and other public media;
- organising and holding seminars for professionals from the electricity industry;
- arranging meetings with and seminars for our existing customers to introduce and promote the new products; and
- participating in fairs and exhibitions organised by professional organisations in the electricity industry.

During the Track Record Period, we invested about 1.5% of our revenue each year on promoting and marketing our products. In our experience, among the various promotion activities, meetings with and seminars for customers who are market leaders in their respective industry sectors are the most effective means to sell and promote our products.

Geographic advantages in Jiangsu Province

Our core operations are based in Jiangsu Province, which brings about the following geographic advantages[2]:

In 2008, eastern China held 34% of the total domestic market share for electrical distribution equipment. As one of the most economically developed regions in China, eastern China absorbs large amounts of fixed assets investment and has become a leading manufacturing base. Its high level of energy consumption drives demand for electrical distribution equipment products, offering excellent market potentials for us.

Our proximity to end-customers enables us to respond quickly to market development trends and build a sales network with a variety of local industry customers. Located by the sea with easy access to marine transportation, the eastern China region also offers us unique advantages to provide better service for port construction customers.

Leveraging on the industrial cluster in the Yangtze River delta region, we have been able to secure research and development, and technology support to enhance our development capabilities, secure locally supplied raw materials and attract talents from across the country to reinforce our sales team as well as strengthen our research and development capability.

[2] *Roland Berger Report*

Focused industry sectors for our sales and marketing

During the Track Record Period, we have focused our efforts on applying our EDS Solutions and iEDS Solutions in five industry sectors in China: infrastructure construction, telecommunications, water and waste water processing, cement and healthcare. The table below summarises the products and services we provide in each industry sector and the percentage of revenue contributed by such sector for the three years ended 31 December 2007, 2008 and 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively:

	Infrastructure Construction	Tele-communications	Water and Waste Water Processing	Cement	Healthcare	Steel and Metal	Others
Percentage of total revenue for the year ended 31 December 2007	26.92%	5.84%	2.50%	8.81%	0.13%	27.22%	28.58%
Percentage of total revenue for the year ended 31 December 2008	27.37%	11.27%	3.30%	4.77%	0.85%	20.63%	31.81%
Percentage of total revenue for the year ended 31 December 2009	33.98%	12.47%	2.43%	2.73%	0.50%	22.32%	25.57%
Percentage of total revenue for the six months ended 30 June 2009	20.28%	16.22%	5.59%	10.47%	0.08%	14.75%	32.61%
Percentage of total revenue for the six months ended 30 June 2010	30.80%	14.13%	8.21%	7.97%	2.65%	8.07%	28.17%

The abovementioned five industry sectors, namely infrastructure construction, telecommunications, water and waste water processing, cement and healthcare, do not cover all the sectors where our EDS Solutions and iEDS Solutions are applied nor does it necessarily represent the sectors from where significant amount of our revenue had been generated over the Track Record Period. We have focused on the above stated five industry sectors as we believe those sectors which require electrical distribution systems products with superior quality and performance, are areas of future growth, supported by the PRC Government, and covered within the RMB4 trillion stimulus package introduced by the PRC Government in 2008. We have not focused on the "steel and metal" industry as we believe the industry is undergoing a consolidation phase which is not conducive for ensuring a viable and sustainable business for our Group. Nevertheless, we have been able to build business relationship with premium customers in the steel and metal industry, like Baosteel, by providing them with our EDS Solutions and iEDS Solutions. The industries included under "Others" in the table above refer to customers in the mining, services and component manufacturing industries. Due to the efforts that we have put in developing the five industry sectors over the years, we believe we have gained a competitive advantage over our competitors for reasons as set out below:

Infrastructure Construction

For the infrastructure construction sector, we have entered into the port construction market in Jiangsu Province, Shanghai and southeast China, and the railway markets in Shanghai, central China and southeast China.

(a) Railway Industry

China plans to greatly improve its railway transportation in the next decade. New railway lines will be constructed and there is a plan to raise the electrification rate and complex line rate to 45% by the end of 2010. Both the central and local governments' commitments, as well as the RMB4 trillion investment plan launched in 2008 to combat the economic crisis, provide strong fiscal support to the railway expansion plan in China. China will see a period of rapid growth in railway investment and construction in the coming years and the significant investment will boost the demand for electrical distribution equipment.

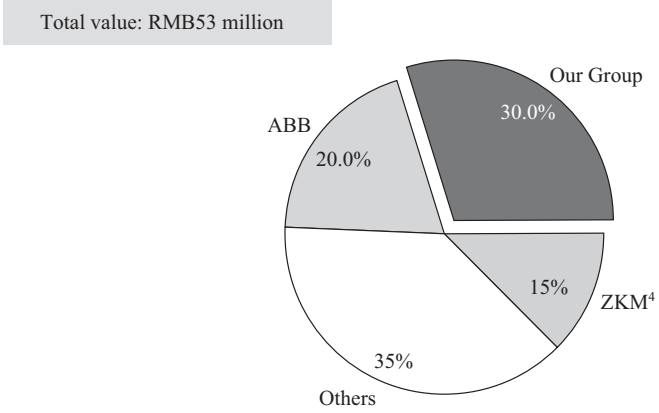
We have entered into the railway markets in Shanghai, central China and southeast China regions, and are planning to enter into the markets in northern China. Based on the fixed assets investment plan made by the major railway bureaus in these regions, the value of the electrical distribution equipment market reached RMB3.3 billion in 2008 and will reach RMB10.4 billion by 2012. The huge market potential makes railway a promising sector and is expected to provide us with significant growth opportunities.[3]

(b) Port Industry

China's port sector has been undergoing rapid construction since 2004. The major drivers are the nation's rapid economic growth and the development initiatives in the coastal and riverside regions, which lead to increasing demand for cargo transportation and container shipping. According to the 11th Five Year Plan of Transportation, the throughput of seaports should reach 4.6 billion tons by the end of 2010. To meet the target, significant fixed assets investment and construction are needed, giving rise to huge demand for electrical distribution equipment in this sector.

Port construction is our focused category of infrastructure construction projects for our future development. It is a premium market for electrical distribution equipment due to its direct funding from the government's fiscal budgets and higher quality requirements for the products. As a result of an influx of investment for new port development and the redevelopment of the coastal development zones in Taicang, Nanjing and Lianyungang, etc., as well as the establishment of the coastal economic zones, Jiangsu Province has demonstrated a strong demand for port construction. The diagram below sets forth the total contract value of electrical distribution systems for Jiangsu port construction projects in 2009 and our market share.

Competitive landscape of Jiangsu port sector (2009)



Source: Roland Berger Report

Suppliers of electrical distribution system for the Jiangsu port construction market mainly comprise our Group, ABB, Moeller and small-sized domestic companies from the electricity network system.

[3] *Roland Berger Report*

[4] *Moeller*

As a result of our competitive edge in this industry sector, we have witnessed a steady increase in our market share from 21.9% in 2006 to 30.0% in 2009.

Telecommunications

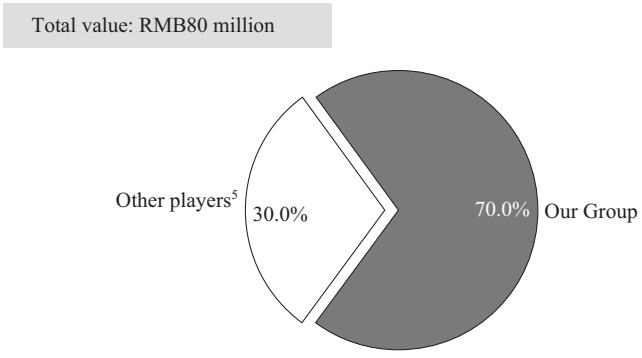
Telecommunications is one of the major industry sectors for our business and we have been cooperating with a leading telecommunications company in China, China Mobile, to provide them with our EDS Solutions since 2000 and our iEDS Solutions since 2005. Meanwhile, we have also offered our products and services to two other major telecommunications companies in China, namely China Unicom and China Telecom, and secured stable revenue from them in 2008 and 2009.

As a result of the continuing increase in mobile phone users and in particular the issue of 3G license at the beginning of 2009, telecommunications is considered to be one of the foremost booming markets in China and has attracted tremendous inflow of investment for construction of new base stations and upgrade of current facilities. Driven by vibrant economic and business activities, Jiangsu Province has been identified as one of the largest regional markets for all major telecommunications operators.

Currently, we are one of the four short-listed suppliers of China Mobile in Jiangsu Province. In 2009, we acquired 70% of the total contract value of electrical distribution systems for China Mobile in Jiangsu Province. China Mobile has engaged us to provide our EDS Solutions and iEDS Solutions for their electrical distribution systems in Jiangsu Province connecting its main base station in Nanjing City and the base stations in other cities within Jiangsu Province, such as Suzhou, Wuxi, Changzhou, Nantong, Zhenjiang, Taizhou, Yancheng, Huaian, Suqian, Xuzhou and Lianyungang, to enhance the safety and energy-efficiency of its systems.

The diagram below sets forth the total contract value of electrical distribution systems for China Mobile in Jiangsu Province and our market share in 2009.

Competitive landscape of Jiangsu China Mobile suppliers (2009)



Source: Roland Berger Report

We have also expanded our business with China Mobile in Zhejiang Province ("**Zhejiang China Mobile**"), one of the most developed regional mobile operators in China. Currently, we, together with ABB and Siemens, are the major suppliers of machine room construction products to Zhejiang China Mobile[6]. Within the machine room segment, our market share in Zhejiang China Mobile has also steadily increased since 2006. Our electrical distribution systems offered to Zhejiang China Mobile have been modeled based on specifications set by China Mobile in other provinces and as a result of our familiarity with the system requirements we were invited to tender for the China Mobile projects in such regions.

Having leveraged on our experience and business connection with China Mobile in Jiangsu Province and Zhejiang Province, we have also entered into the telecommunications market and expanded our cooperation

[5] *Moeller*
[6] *Roland Berger Report*

with China Mobile in another seven provinces and one city, namely Beijing, Shandong Province, Jiangxi Province, Hebei Province, Hunan Province, Hubei Province, Anhui Province and Heilongjiang Province. In addition to these nine provinces and one city, we are also planning to explore new markets in northwest, northeast, south and southwest China. We believe that the significant market size in those regions will provide our Group with substantial opportunities for expansion in the telecommunications sector and growth in revenue in the future.

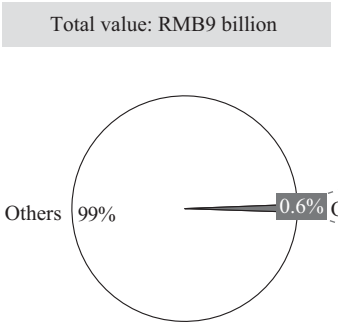
On 9 October 2009, China Mobile in Zhejiang Province issued an internal circular to other branch offices of China Mobile in Zhejiang Province stating, among other things, the recognition of the outstanding quality of the maintenance, system examination and performance testing works regarding an electricity transmission and distribution facility in Ningbo. The circular stated that all other branch offices in Zhejiang Province should take reference of the maintenance, system examination and performance testing works for the facility in Ningbo in considering any future projects in Zhejiang Province in the next six months from the date of the circular. We were responsible for providing the aforementioned maintenance, system examination and performance testing works to the Ningbo branch of China Mobile during the relevant period. In addition, our ability to provide suitable electricity distribution system solutions in the telecommunications industry in the PRC and the quality of our services have been recognised by China Association of Communications Enterprises (中國通信企業協會) in 2010 and we have been supplying electricity distribution system solutions to China Mobile Since 2000.

Water Management Waste Water Processing

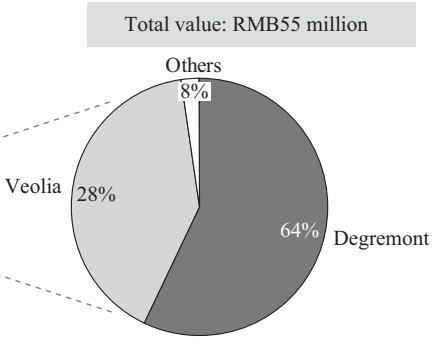
Together with the quickening pace of urbanisation and enhanced quality standards for water supply, there has been growing demand for quality water management in China.

The total revenue for electrical distribution equipment used at waste water processing construction projects is estimated to have reached RMB9 billion in 2009. In 2009, our sales revenue in this sector amounted to RMB55 million, to which our two major customers, namely, Degremont and Veolia OTV, contributed RMB35 million and RMB15 million, respectively. According to the Roland Berger Report, foreign engineering construction companies, led by Veolia, Suez, Thames Water and Berlin Wasser, have been playing an increasingly important role in the development of China's waste water processing industry. The diagram below sets forth the total contract value of the electrical distribution systems for waste water processing industry in China and our market share in 2009. In 2008, while Degremont and Veolia OTV together undertook nearly 20 contracting projects related to waste water processing in China, contributing only a small percentage to the total number of more than 6,650 projects[7] conducted domestically, their revenue sum occupied a comparatively larger share, indicating the premium market position of the two foreign players. This corresponds well with our customer development strategy in the segment.

Market share of our Group's equipment in waste water processing industry (2009)



Breakdown of our Group's revenue in waste water processing segment (2009)



Source: Roland Berger Report

[7] *Including 5,130 industrial waste water processing projects and 1,521 municipal sewage processing projects in 2008, according to information from China Statistics Yearbook 2009 and Ministry of Environmental Protection*

Through our cooperation with Schneider, we have become the major supplier to Degremont, Veolia OTV and other leading overseas water treatment companies in China. We have also entered into direct sales with Degremont and Veolia OTV, which accounted for 20% and 60% of their total purchases of electrical distribution equipment in China in 2008, respectively.

Cement

China's overseas cement market for engineering, procurement and construction ("**EPC**") has been driven by the huge infrastructure upgrade demands from less-developed regions, like Africa and the Middle East. Currently, China's overseas cement contracting engineering projects are dominated by two major players, Sinoma and CNBM.

We commenced our cooperation with Sinoma and CNBM in 2003 and 2007, respectively. We have also started our business cooperation with Lafarge, which is one of the top 10 cement manufacturers in China and one of the leading foreign players in the south west region of China, to provide it with our iEDS Solutions. Compared with other players, we believe that we have built a unique competitive advantage as the largest domestic electrical distribution equipment supplier in this sector[8].

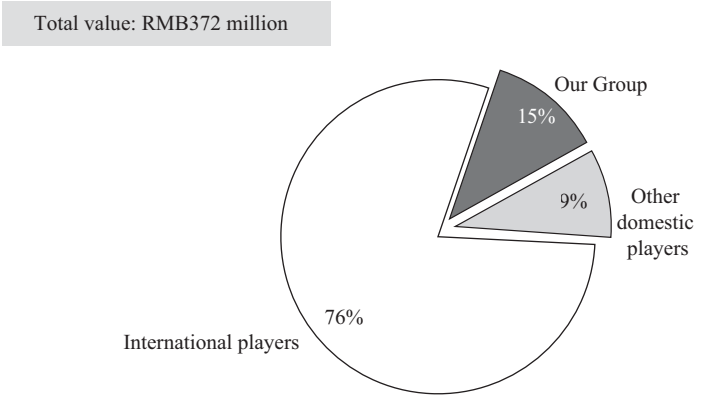
- Compared with the global players, we have a distinct advantage due to our competitive product price, which results from our lower manufacturing cost both in terms of materials sourcing and labour costs. As the most recognised global suppliers, such as Schneider, ABB and Siemens, are specifically designated by foreign customers as their contractors in most of Sinoma and CNBM's overseas projects. Domestic manufacturers have limited market opportunity in such projects. However, through our long-term partnership with Schneider, we have the opportunity to participate in these contracts and have gradually enhanced our brand recognition in overseas markets for producing high quality products which are comparable to international brands.

- Compared with the domestic competitors and other domestic suppliers of Schneider, ABB and Siemens, we have demonstrated stronger sales and marketing capabilities.

- Compared with the small domestic switchboard manufacturers in China, our Company is positioned at the high-end market with higher product quality and charging a premium price level, and is more experienced in providing electrical distribution systems to international projects.

As a result of our unique competitive advantages in this sector, our market share in the overseas cement EPC market in the PRC increased from 6.3% in 2006 to 15% in 2009. The diagram below sets forth the total contract value of electrical distribution systems for overseas cement EPC projects in China and our market share in 2009.

Competitive landscape of overseas cement EPC project (2009)



Source: Roland Berger Report

[8] *Roland Berger Report*

Healthcare

Boosted by significant investment from the central and local governments in healthcare infrastructure and as a result of the increasing demand for high-quality healthcare services, the demand for electrical distribution equipment for this sector is expected to grow rapidly.

As one of the most economically developed provinces in China, we believe that the development of healthcare infrastructure in Jiangsu Province is promising and therefore we have placed healthcare sector as one of the focused industry sectors in the development of our business.

We believe that we have the edge over other competitors, not only because of our strong presence in Jiangsu Province and the advantages of our local knowledge, but more importantly the very strict safety and reliability requirements that apply to electrical distribution equipment in the healthcare industry and cannot be satisfied by the low-end domestic players. Any malfunction of the electrical distribution systems in hospitals will affect the operation of the emergency operation room and intensive care unit and endanger the lives of the patients. To cater for such specific needs of emergency operation room, we developed a power monitoring device used in operating theatre in 2008, which provided value-added functions such as load monitoring, transformer temperature alarm and alarm reset with user-friendly interface. Such device has been incorporated in our iEDS Solutions provided to hospitals since 2008.

MAJOR CUSTOMERS

The end users of our products and services are mainly engaged in the infrastructure construction, telecommunications, water and waste water processing, cement and healthcare sectors. We enter into contracts with some end users while we only provide our products and services to others through our cooperation contracts with the principal equipment and services provider, such as our cooperation contract with Schneider. In the case of the latter, the cooperation contracts are signed between our Group and our customers who then provide our products to the end users.

For the three years ended 31 December 2007, 2008 and 2009, and the six months ended 30 June 2009 and the six months ended 30 June 2010, our top five largest customers accounted for approximately 32.8%, 30.0%, 35.1%, 36.6% and 49.2% of our total revenue respectively.

Our largest customer in 2007, 2008 and 2009 and the six months ended 30 June 2010 was Schneider, which accounted for approximately 12.6%, 13.0%, 13.8% and 20.1% of our total revenue in those periods, respectively. We commenced our business relationship with Schneider since 1998. It contracted with us to buy our EDS Solutions and iEDS Solutions and provided them to its premium customers, which included the market leaders in different industry sectors. There are no sales to Schneider derived from processing service in our Company. Details of our cooperation and business relationship with Schneider are set out in the paragraph headed "Our Cooperation Relationship with Schneider" in this section of this prospectus.

None of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our major customers in the Track Record Period.

PRICING AND CREDIT MANAGEMENT

Pricing Policy

We adopt three different pricing strategies in our sales, which depends on the nature of the products. We consider ourselves as a premium product and service provider and as such we believe our competitive advantage is not in pricing but the quality of our products and the value added services that we provide.

For our electrical distribution systems, our products and services are provided on a project basis and we secure the contracts by means of tender. We determine our tender price based on various financial and commercial considerations, including but not limited to production costs, fee estimates of other competitors,

business relationship with the customers and the impact of the project on our business as a whole. These considerations enable us to retain our competitiveness in the tender process and we have successfully grown our business in competition with other suppliers based on these considerations.

For components and measuring devices under our brand, our pricing strategy is mainly based on the production cost of the products. Since our brand is relatively new in the market and we are still in the process of building the reputation of our own products, we usually set a relatively low selling price as compared to similar products so as to enhance the competitiveness of our products and their acceptance in the market.

Credit Management

Our credit policies vary, and we usually grant to our customers a credit term from one to twelve months, depending on the nature of our products.

For components, normally the products are delivered to the customers when the contract price is settled.

With regard to switchboards and electrical distribution systems, we normally require our customers to pay a deposit of 30% of the contract value upon signing of the contracts and before commencement of production. After delivery of the products to the customers' premises, completion of the testing and installation (which typically requires seven to fifteen days depending on the size of a project) and acceptance of the products by our customers, our customers have to pay us 60% to 65% of the contract value. The remaining 5% to 10% is paid on expiry of the warranty period, which is usually 12 months after acceptance of the products.

These payment terms are subject to negotiation with our customers and the terms of our contract with them. We will review and determine the credit terms offered to our customers in accordance with our assessment of the background and creditworthiness of the customers, the contract size and the significance of the contracts/projects to us. Our customers usually settle our sales price by means of bank acceptance or transfer transmittal and we normally use Renminbi as our settlement currency.

During the Track Record Period, no provision for warranty was made by our Group.

MAJOR SUPPLIERS

The principal raw materials, parts and components that we need to source for our production include the following: masterpact air circuit breaker (空氣斷路器), ATV/ATS variable speed driver/soft starter (系列變頻器／軟啟動器), cable, metal plate (板材) and copper row (銅排).

We usually settle the contract price with our suppliers when the raw materials are delivered to us. The credit periods granted by our suppliers range from 15 to 180 days. We normally make payments to our suppliers by bank acceptance or transfer transmittal.

For the three years ended 31 December 2007, 2008 and 2009, and the six months ended 30 June 2009 and the six months ended 30 June 2010, our top five largest suppliers accounted for approximately 48.4%, 51.8%, 45.1%, 46.6% and 33.9% respectively of our total purchase of raw materials.

We only purchase our raw materials, parts and components from suppliers which have passed our selection assessment. We have a comprehensive mechanism to shortlist our suppliers and have set up a specific department responsible for regularly assessing the capability of our suppliers and the quality of their products. To determine whether a supplier is qualified, we consider a number of factors, including but not limited to its technical capability, management, financial condition, reputation in the industry and competitiveness in price. Normally the time required for choosing and/or changing a supplier (from selection, assessment, negotiation to signing contract) is about 12 weeks for major parts and components and six weeks for other ancillary materials.

Our largest supplier in the three years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2009 and the six months ended 30 June 2010 was Schneider, which is also our largest customer and

accounted for approximately 30.9%, 35.1%, 33.2%, 33.5% and 20.8% of our total purchase of raw materials for the same periods, respectively. Meanwhile, we also use parts and components manufactured by Schneider in our products sold to other customers.

None of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our major suppliers in the Track Record Period.

OUR COOPERATION RELATIONSHIP WITH SCHNEIDER

We started our informal strategic alliance with Schneider in China in 1998. Schneider is an internationally renowned electrical components and electrical distribution solutions provider whose parent company is listed on the NYSE Euronext (previously known as the Paris Stock Exchange). We are among the first batch of companies in China to form an alliance with Schneider. Schneider highly values the relationship with its partners and rates us as one of its three principal partners in China. These three principal partners of Schneider have very similar business operations, and also compete in the same business segment. However, as confirmed by Schneider, we are its preferred partner for working with it to serve customers located in northern and eastern China. Despite such cooperation with Schneider being informal in nature, we have received from Schneider extensive support to improve the management and quality control of our manufacturing process. Due to their satisfaction with the quality of the solutions that we provide, our sales and marketing capability, production management and after-sales services, we have gradually developed, not only a supplier-and-customer relationship, but also a close cooperation relationship with Schneider.

Details of our cooperation relationship with Schneider are set out as follows:

(i) Manufacture of electrical distribution systems under Schneider's authorisation for customers originated by us

We have been authorised by Schneider to manufacture electrical distribution systems using the structural layouts developed by Schneider since 1998. Pursuant to the license agreements made with Schneider (the "**Schneider Authorisation Arrangements**"), we are entitled to manufacture and provide our customers with electrical distribution systems manufactured by us that carry the brand of "Schneider" together with the brand of "BOER" as the manufacturer.

We started to use electrical parts and components produced by Schneider in the electrical distribution systems manufactured by us pursuant to the Schneider Authorisation Arrangements in 1998. In order to ensure a stable supply of electrical parts and components from Schneider, and to benefit from the discounts provided by Schneider to its long-term customers, we started to enter into an annual supply agreement with Schneider since 2000 for purchase of electrical parts and components from Schneider. Pursuant to the annual supply agreement, we have to purchase not less than an agreed amount of parts and components from Schneider in each year to enjoy a discount to the base price for the parts and components purchased. During the Track Record Period, our purchase had consistently exceeded the agreed amounts. We are prohibited from reselling such parts and components to other third parties or use them for any purpose other than in the production of electrical distribution systems. Some of the components purchased under the annual supply agreement are used in the electrical distribution systems manufactured pursuant to the license agreements with Schneider which we may sell to Schneider or our own customers, while the other components are used in the electrical distribution systems developed by our Group. Schneider provides warranty for the parts and components sold for a period of 24 months from the date of production or 18 months from the date of issue of its sales invoice, whichever is earlier. According to the annual supply agreement, the credit term for our purchase is 30 days from the date of delivery of the parts and components. As a result of this supply relationship, Schneider became our largest supplier during the Track Record Period.

Details of the Schneider Authorisation Arrangements with Schneider are set out in the paragraphs headed "EDS Solutions — Our development" of this section of the prospectus.

(ii) Cooperating with Schneider to provide electrical distribution systems manufactured by us to customers originated with Schneider

Our Directors believe that as Schneider does not have a production base in China to manufacture electrical distribution systems similar to those provided by us, it has engaged us to provide our EDS Solutions and iEDS Solutions and then sold them to its premium customers for their projects in China during the Track Record Period. Details relating to the respective responsibilities of our Group and Schneider in those projects are set out in the sub-paragraph headed "Customers originated with Schneider" under the paragraph headed "Overview" of this section of this prospectus.

As a result of this project cooperation relationship between our Group and Schneider, during the Track Record Period, we became one of the top three MV and LV electrical distribution system suppliers of Schneider in China and Schneider became our largest customer.

Our close project cooperation relationship with Schneider offers us numerous opportunities to cooperate with various international enterprises. These opportunities enable us to strengthen our operational and technical expertise in our business and therefore are valuable for our development. For projects undertaken by foreign customers who specifically designate the most recognised global suppliers as their contractor, domestic manufacturers have limited market opportunity. However, through our long-term partnership with Schneider as its major electrical distribution system supplier in China and due to our outstanding performance and competitive prices, we have had the opportunity to participate in these projects and have gradually enhanced our brand recognition in overseas markets for producing high quality products which are comparable with international brands.

As a result of this long-standing business cooperation, we have reached an informal consensus with Schneider to work in cooperation in bidding for projects whenever possible, rather than compete with each other. Our Directors believe that with such informal consensus, there had been very few cases where our Group and Schneider competed and bid for the same project during the Track Record Period. As far as the Directors can recall, the few cases where we and Schneider actually and directly competed with each other were only in projects for nuclear power plants in China. Owing to the extensive experience of overseas suppliers in providing electrical distribution systems for the nuclear power industry, our Directors believe that customers from the nuclear power industry in China often prefer procuring electrical distribution systems manufactured by overseas suppliers to sourcing such systems from domestic manufacturers. As a result of such customer preference, our Directors believe that in the projects for nuclear power plants in China, Schneider submitted its bids without engaging us as its partner, and supplied electrical distribution systems manufactured by its own overseas production base or by other overseas suppliers.

In view of the niche of the international suppliers in this industry sector, we do not place the nuclear power industry as one of our focused industry sectors for the major development of our business. During the Track Record Period, we did not record any revenue from projects related to the industry sector of nuclear power in 2007 and our revenues from such industry sector for the years ended 31 December 2008 and 2009 and the six months ended 30 June 2009 and 2010 were approximately RMB7.8 million, RMB3.4 million, RMB1.5 million and RMB0.6 million, respectively.

In those few cases where we and Schneider submitted separate bids for the same project, the competition between us is on the commercial terms of our respective bids. Even if we eventually won on such bids, we would, as a result of our ongoing business cooperation relationship with Schneider, give first consideration to using parts and components manufactured by Schneider.

MANUFACTURING FACILITIES

Factories and Equipment

Currently, our manufacturing works are carried out in our two plants located in Wuxi and Yixing, respectively. The table below sets forth the information about the floor area of each of our plants:

Location	Total Area	Factory Area
	(sq.m.)	*(sq.m.)*
Existing plants:		
Wuxi, China	22,745.60	8,578.42
Yixing, China	74,887.20	35,905.00
Plant under construction:		
Wuxi, China *(Note 1)*	33,941.90	24,580.00 *(Note 2)*

Note 1: We acquired this parcel of land in October 2009, on which the new plant will be constructed. Preparatory works for the construction of the new plant has commenced and we expect the first phase of the construction works to be completed by the end of 2010. We also expect to close down our existing plant in Wuxi when the new plant becomes fully operational.

Note 2: Under the approval granted by Wuxi City Huishan District Development and Reform Bureau (無錫市惠山區發展和改革局) to our Group dated 7 February 2010 relating to the relocation and expansion of Boer Wuxi, the permitted construction area for the new plant is approximately 24,580 square metres. However, since the construction of the new plant has not been completed as of the Latest Practicable Date, the actual factory area of the new plant may differ from the permitted construction area and could only be ascertained upon receipt of the approval from the relevant PRC authorities upon completion of the construction of the new plant.

The table below sets forth the production capacities and utilisation rates for each existing plant during the Track Record Period and also the expected production capacity of the new plant under construction.

	Year ended 31 December									Six months ended 30 June					
	2007			2008			2009			2009			2010		
Location	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate	Production Capacity	Actual Production	Utilisation Rate
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*	*(Note 1)*	*(Note 2)*	*(Note 3)*
Existing Production Plant	*(Units)*	*(Units)*		*(Units)*	*(Units)*		*(Units)*	*(Units)*		*(Units)*	*(Units)*		*(Units)*	*(Units)*	
Wuxi, China															
– EDS units and iEDS units	7,056	8,922	126.4%	7,056	8,975	127.2%	7,056	9,083	128.7%	3,500	4,066	116.2%	5,000	6,329	126.6%
Yixing, China															
– Meters	21,221	8,510	40.1%	21,221	13,539	63.8%	21,221	18,568	87.5%	10,526	9,153	87.0%	15,000	13,359	89.1%
– Mini circuit breakers (production started in 2009)	N/A	N/A	N/A	N/A	N/A	N/A	156,000	127,140	81.5%	N/A	N/A	N/A	206,250	186,141	90.3%
– Other spare parts based on specific requirement of customers	159,264	112,647	70.7%	159,264	129,322	81.2%	159,264	140,726	88.4%	79,632	70,261	88.2%	79,632	75,194	94.4%

New Production Plant

	Location	Site Area	Production Capacity
		(sq.m.)	*(units)*
Production facilities of EDS units and iEDS units	Wuxi, China	67,032	16,128

Notes:

1. The production capacity for EDS/iEDS units of our Group is calculated on the following basis:
   (i) the average number of workers in each year/period during the Track Record Period was approximately 440;
   (ii) the number of statutory working days in a year under the PRC laws is 252;
   (iii) the number of normal working hours in a day is 8;
   (iv) according to the actual production procedures and subject to the production capacity of the current production facilities of our Group, the average number of working hours for producing one EDS/iEDS unit is 125.7;
   (v) as such, the number of EDS/iEDS units produced by our Group in one year is:
   440 workers X 252 days X 8 hours ÷ 125.7 hours/unit = (approximately) 7,056 units
2. The actual production is the actual number of EDS/iEDS units manufactured by the Group. During the Track Record Period, overtime shift was carried out for the production of EDS and iEDS units at the Wuxi plant.
3. The utilisation rate is calculated by dividing the actual production by the production capacity.

QUALITY CONTROL AND AWARDS

We emphasise quality assurance and consistent quality in our products and services at all levels. We believe that the quality of our products and services is key to our continuing growth and success.

Each of Boer Wuxi, Boer Yixing and Yixing Boai was awarded ISO9001:2000 certification by China Quality Certification Centre in respect of our quality management system in the design, production and services relating to high and low voltage switchboards, electrical distribution equipment and automated control systems for electrical distribution equipment. The ISO certification of each of those companies remains valid.

According to the Provisions on the Administration of Compulsory Product Certification (強制性產品認證管理規定) issued by the State Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) in 2001 and renewed in 2009, most of the transformer and switchgear products applied by our integrated solutions including switchboards and circuit breakers are listed on a directory of products subject to Compulsory Product Certification. As a result, we need to obtain the China Compulsory Certificate (the "**3C Certificate**") (強制性產品認證) to manufacture the products applied by our integrated solutions.

Currently, we have obtained 3C Certificates for all our products as required by the Provisions on the Administration of Compulsory Product Certification.

Moreover, Boer Wuxi obtained the National Torch Program Project Certificate (國家火炬計劃項目證書) issued by Torch High Technology Industry Development Center (火炬高技術產業開發中心) of The Ministry of Science and Technology of the PRC in 2007 and the High and New Technology Enterprise Certificate (高新技術企業證書) issued by the Science and Technology Bureau, Finance Bureau and Tax Bureau of Jiangsu Province in 2009.

INVENTORY MANAGEMENT

Our inventory consists of the following categories: components, cabinet material used in manufacturing electrical distribution equipment.

Inventory management

Our inventory consists of raw materials, work in progress and finished goods. We regularly monitor our inventory level to minimise obsolete stocks and reduce the risks of over-stocking. We generally purchase certain raw materials, parts and components required according to the production plan of a project when we enter into a contract with our customers. Therefore, our raw materials, parts and components are maintained at an appropriate level to facilitate our production process.

On the other hand, we also purchase the commonly used raw materials in bulk to maintain these commonly used raw materials at a reasonable level according to our procurement plan to ensure we have sufficient inventory to meet the needs of our existing projects. To balance the benefits and risks of keeping these commonly used raw materials, we adopt a flexible inventory policy with reference to the number of projects expected to commence within the next 3 months and the relevant prevailing market prices with respect to the raw materials.

We currently perform stocktake on an annual basis, at which time we also identify obsolete goods, if any. We regularly review the carrying amount of inventory with reference to the ageing analysis, professional judgement and management experience. Inventory is written down to its net realisable value if its carrying value is found to have declined based on the review.

The lead-time for purchase of our raw materials, parts and components is usually about one to two weeks. Our procurement plan is determined principally in accordance with customer orders and production requirements. In normal circumstances, we only maintain an inventory sufficient to meet our requirements for a period of one month. We have entered into long-term supply contracts with some of our major suppliers so that we can ensure a stable purchase price of such raw materials and components.

After the raw materials or components are delivered by our suppliers to our factory, our quality control department examines the types, specifications, amounts, size and packaging of the goods and conducts a sample inspection of their quality. We only accept the materials and goods if they completely pass these examination and inspection. Those that pass are then stored in our raw materials warehouse and given a barcode for record. Our inventory records are checked daily to ascertain the inventory level of our raw materials and we also conduct monthly checks.

We have put in place comprehensive inventory storage measures and inventory management procedures to make sure that our inventory is stored in a safe and proper manner and we keep adequate records of the storage and utilisation of our raw materials and components.

RESEARCH AND DEVELOPMENT

Our research and development team, managed by Mr. Zha Saibin, has 81 employees as at the Latest Practicable Date. Mr. Zha received a bachelor's degree in Electrical Engineering from Hefei University of Technology in China in 1990 and has worked in relation to the development of new products and quality control in the electrical distribution equipment industry for about 20 years. The vice manager of our research and development team is Mr. Wang Zhengshan. Mr. Wang received a master's degree in Engineering from Jiangnan University in 1999 and was a professor in the engineering faculty at Jiangnan University before joining our Group in January 2008. Most of the members of our research and development team have college to university qualification and some have been with our Group for more than 15 years. RMB0.5 million, RMB0.6 million, RMB1.4 million and RMB13.9 million was spent on the research and development team of our Group for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively, which constitute approximately 3.7%, 2.1%, 4.5% and 40.2% of our administrative expenses in those periods.

In addition to our internal research team, we have also entered into the following research cooperation agreements:

1. On 25 March 2006, we entered into a research and development contract with Jiangnan University for the latter to develop a new LV intelligent device to be used in our iEDS solutions. Pursuant to this contract, we agreed to pay Jiangnan University RMB0.1 million as research and development fee, of which RMB40,000 was paid within seven days after the contract was signed and the remaining balance of RMB60,000 will be paid after inspection and acceptance of the LV intelligent device. The research and development contract is expected to be completed on or before 31 December 2010. The intellectual property rights in respect of any products and/or technologies developed under this contract will be jointly owned by Jiangnan University and us.

2. On 5 January 2010, we entered into a cooperation agreement with Dongnan University pursuant to which we agreed to inject not less than RMB1 million annually into a joint research centre during the three years of the cooperation agreement. 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, we may, at our 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 we think fit. Nevertheless, we expect that the total injection of capital into the joint research centre by the Company in the three years of cooperation will not exceed RMB4 million. The joint research centre will be set up at the current facilities of Dongnan University and it will be jointly managed by Dongnan University and us. The centre will provide research and development facilities for our development of intelligent electrical distribution equipment and energy efficient equipment. The ownership of the intellectual property rights in respect of any products and/or technologies developed by the joint research centre will be determined based on the specific circumstances in the research and development projects. However, in any case, our Group will enjoy a pre-emption right to purchase or exclusive license for such intellectual property rights. We believe that the development of the joint research centre and our investment in the centre are beneficial to the development of our EDS Solutions and iEDS Solutions and thus beneficial for the long-term development and growth of our business.

We believe the combination of our internal research efforts and the research and development initiatives with other independent third parties has given us a comprehensive research capability.

INTELLECTUAL PROPERTY RIGHTS

We believe in the importance of protecting the intellectual property rights of the products and technologies invented and developed by us. We currently hold 15 registered patents and have submitted application for registration of eight patents in China. Each of the key employees of our research and development team has entered into a confidentiality agreement with us, under which such employee is bound by a non-disclosure obligation at any time in respect of any confidential information relating to us, including without limitation to any intellectual property obtained by the employee in the course of his employment.

We have registered and submitted applications for registration of a number of patents and trademarks in China. Details of the registrations and applications for registration of our patents, trademarks and other intellectual property rights are set out in the paragraph headed "Intellectual property rights of our Group" in Appendix VI, "Statutory and General Information", to this prospectus.

During the Track Record Period, we have not experienced any counterfeiting of our products or infringement of our intellectual property rights by any third party, nor have we violated or faced any claims relating to the intellectual property rights of any third party.

COMPETITION

In accordance to the Roland Berger Report, we were ranked 6th by revenue in 2008 within the high-end segment of the electrical distribution equipment market in China, with the top five players being ABB *(Note 1)*, Siemens *(Note 2)*, General Electric *(Note 3)*, Areva *(Note 4)* and Eaton Corporation *(Note 5)* and the seventh player being Cooper*(Note 6)*. The market shares of our Group, ABB, Siemens, General Electric, Areva, Eaton Corporation and Cooper in the high-end segment of the electrical distribution equipment market in 2008 were 2.7%, 37.6%, 20.1%, 7.5%, 4.1%, 3.0% and 2.3% respectively. Schneider does not have a production base for manufacture of electrical distribution systems in China. When it participates in projects for providing electrical distribution systems in China, it only does so, in most circumstances, through engaging domestic authorised manufacturers to supply the systems. Thus, Schneider was not ranked as one of the electrical distribution system suppliers in the high-end segment of electrical distribution equipment market in the PRC as such suppliers manufacture the electrical distribution systems themselves.

Due to a relatively low entry barrier in the low-end segment of the business, the domestic electrical distribution equipment market in China is extremely fragmented and is facing increasingly fierce competition. While the leading global players such as Schneider, ABB and Siemens and the domestic companies that have built long-term partnership with such global players continue to dominate the high-end market offering products of a higher quality at a premium price, the larger portion of the market is still occupied by thousands of small-sized domestic producers surviving on lower production cost and inferior product quality. In between, the middle layer is dominated by large-sized domestic manufacturers that have successfully expanded and evolved from domestic suppliers to cross provincial market players.

We believe that we have successfully positioned ourselves in the high-end electrical distribution equipment and systems solutions market in China and are among the very few domestic companies in China which possess the capability to provide integrated solutions services to the customers. As such, we believe that our main competitors are the international players and the large-sized domestic manufacturers which have long-term partnership with such international players.

Our Directors believe that we are able to maintain our competitiveness over other competitors for reasons as set out in the paragraph headed "Our Competitive Strengths" above in this section.

Notes:

1. ABB is one of the world's largest electrical transmission and distribution equipment manufacturers. In China, ABB's high-end MV and LV switchgear assembly products are mainly produced by factories in Xiamen and Xinhui. ABB's main products are 3.6kV–40.5kV switchgear assemblies.

2. Siemens is one of the world's top 3 electrical transmission and distribution equipment manufacturers. The main manufacturing sites of Siemens' MV and LV switchgear assemblies include the factories in Shanghai, Wuxi and etc.. Main products of Siemens include 8BK20/40 and NXAIR MV switchgear assemblies and components.

3. General Electric has set up a joint venture named Shanghai GE Guangdian Co., Ltd. with Shanghai Guangdian Electric Group. General Electric's main products are switchgear with voltage ranged from 400–600V to 40.5kV.

4. Areva is one of the world's top 3 electrical transmission and distribution equipment manufacturers. With its PRC factory in Suzhou, Areva mainly focuses on MV switchgear assemblies production. In 2010, Schneider and Alstom Holdings have acquired the electricity transmission and distribution business of Areva.

5. Eaton Corporation has set up a WFOE named Eaton Changzhou Senyuan Switch Co. in China and it is one of the top 3 circuit breaker manufacturers in China. The main products of Eaton Corporation include 12kV–40.5kV switchgear assemblies.

6. Cooper Nature (Ningbo) Electric Ltd., Co., is one of the seven joint enterprises established by Cooper specialised in producing MV and HV indoor/outdoor switchgear.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 793 full-time employees. The following table shows a breakdown of our employees by functions as at such date:

Functions	Number of employees
Management	29
Marketing	4
Sales	150
Manufacturing	389
Design, Research and Development	123
Quality Management	29
Accounts	22
Administration	30
Daily Operation	13
Human Resources	4
Total	793

Our Directors are of the view that our industry is highly specialised and characterised by rapid technological development. As such, it is essential to ensure that our employees are well trained and kept abreast of the latest technological development so as to meet our customers' needs and maintain the competitiveness of our products and services. We provide in house and external training to our employees to make sure that they receive adequate training. Our human resources department is responsible for all of our training programs, including the training of new employees and upgrading of programs. All the training programs are provided to our staff for free.

The majority of our employees belong to a trade union – the All China Federation of Trade Unions. There was no major labour dispute or labour bargaining which has caused any significant disruption to our business during the Track Record Period.

During the Track Record Period, Boer Wuxi, Boer Yixing and Yixing Boai failed to: (a) pay social insurance premiums (社會保險費) for a number of employees; (b) register for housing provident fund (住房公積金) or establish an account of housing provident fund for a number of employees; (c) pay or pay in full the housing provident fund for a number of employees before the expiration of the statutory time limit; and (d) enter into labour contracts with a number of employees. Those companies failed to do so because they were not required to pay the social insurance premiums and housing provident funds and complete the relevant registrations for all their employees according to the practice of the relevant government authorities, and a number of their employees have requested our Group not to pay social insurance premium for them.

If Boer Wuxi, Boer Yixing and Yixing Boai are being pursued by the relevant competent authorities in the future for the past non-compliance as described above, our Group may be required to pay overdue amount of social insurance premiums and housing provident funds for its past non-compliance with the relevant PRC legal requirements albeit such non-compliance was rectified in March 2010. As confirmed by our PRC legal advisers, Grandall Legal Group (Shenzhen), we may be liable for a maximum exposure to certain payments of approximately RMB5.4 million for our past non-compliance with the relevant PRC laws and regulations as described above.

Despite these non-compliance issues, we have obtained confirmations of the relevant PRC social insurance authorities that during the Track Record Period and up to the respective dates of the confirmations, we had not been penalised for any irregularity in our social insurance contribution.

Moreover, as advised by our PRC legal advisers, Grandall Legal Group (Shenzhen), according to the practice of the relevant local government authorities, a company failing to pay social insurance premiums and housing provident funds is usually not required to pay such overdue amounts if such non-compliance is rectified. Hence, there is little possibility that the maximum exposure set out above will be enforced in practice.

As our Controlling Shareholders have agreed to indemnify our Group against any losses, damages, costs, expenses and/or penalties that our Group may suffer directly or indirectly in connection with the non-compliance of Boer Wuxi, Boer Yixing and Yixing Boai with the relevant laws and regulations, our Directors believe that such non-compliance will not materially affect the financial and business operations of our Group even if our Company is required to pay the overdue amount of social insurance premiums and housing provident funds.

In order to prevent such non-compliance in the future, our Company had adopted certain internal control measures which require that (i) our Group shall designate officers to deal with the payments and registrations of social insurance premiums and housing provident funds of all employees of our Group; (ii) monthly reports on the status of such payments and registrations shall be prepared by the designated officers and submitted to our personnel department and vice general manager for approval, and then our Group shall report the same to the relevant governmental authorities and make the payments and registrations, if necessary, and (iii) our supervision department and the trade union of our employees shall make regular checks on the status of the payments and registrations of social insurance premiums and housing provident funds by our Group every six months and report any non-compliance to our Board of Directors for rectification. The Directors have also undertaken to ensure that our Group will comply with all applicable PRC laws and regulations in connection with the payments and registrations of social insurance premiums and housing provident funds in the future. As at the Latest Practicable Date, our Group has paid the social insurance premiums and housing provident funds and completed the relevant registration for all our employees, and has also entered into labour contracts with all our employees. In the future, our Group will pay the social insurance premiums and housing provident funds, undertake the relevant registration and enter into labour contracts with our employees in compliance with all relevant PRC laws applicable from time to time.

PROPERTIES

Owned Properties

As at the Latest Practicable Date, we owned the following land use rights and property ownership rights:

Property	Owner	Description and tenure	Particulars of occupancy	Encumbrance
A parcel of land (Lot No. 6204-26) located at Zhenbei Village, and Qunsheng Village Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	Boer Wuxi	The property comprises a parcel of land with a site area of approximately 33,941.9 sq.m. which is planned to be developed into a factory complex. The land use rights of the property have been granted for a term with the expiry date on 24 October 2059 for industrial use.	The property is currently vacant.	Nil

We plan to invest about RMB120 million in the construction of a new plant of a total area of 67,032 square metres on our land located at Zhenbei Village, Qunsheng Village, Luoshe Town, Huishan District, Wuxi City (無錫市惠山區洛社鎮鎮北村、群勝村). On 4 March 2010, Boer Wuxi obtained the State-owned Land Use Right Certificate for the aforesaid parcel of land. It is expected that the first phase of the construction works of the new plant will be completed and the new plant will commence its operation by the end of 2010.

Property interest contracted to be acquired by our Group

On 20 May 2010, Boer Hong Kong and Mr. Jia Minghao entered into a termination agreement and equity transfer agreement, pursuant to which Mr. Jia Minghao agreed to transfer to Boer Hong Kong at nominal consideration the legal title of the 75% equity interest in Yixing Boai which was held by Mr. Jia Minghao on trust for Boer Hong Kong. As a result of such agreement, as at the Latest Practicable Date, we had the following property interest contracted to be acquired by our Group:

Property	Owner	Description and tenure	Particulars of occupancy	Encumbrance
Two parcels of land, various buildings and structures located at the Centralised Industrial Area Dajian Village Wanshi Town Yixing City Jiangsu Province The PRC	Yixing Boai	The property comprises 2 parcels of land with a total site area of approximately 74,887.2 sq.m., 4 buildings and various structures erected thereon which were completed in various stages between 2005 and 2007. The buildings have a total gross floor area of approximately 35,905 sq.m. The buildings comprise 3 industrial buildings and a dormitory. The structures mainly include roads, boundary fences, a bicycle shed, etc. The land use rights of the property have been granted for terms with the expiry dates on 28 November 2055 and 26 May 2057 respectively for industrial use.	The property is currently occupied by Yixing Boai for production and ancillary purposes except for a portion of the property which is leased to Boer Yixing.	Nil

Leased Properties

As at the Latest Practicable Date, we leased the following premises:

Property	Tenant	Description and tenure	Particulars of occupancy	Annual rental
3 buildings beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	Boer Wuxi	The property comprises 3 single-storey industrial buildings completed in about 1998. The property has a gross floor area of approximately 8,498.42 sq.m. The property is leased for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019.	The property is currently occupied by our Group for production and storage purposes.	RMB840,000, exclusive of management fees, water and electricity charges
A unit on Level 2 of Building No. 7 beside national highway No. 312 Luoshe Town Huishan District Wuxi City Jiangsu Province The PRC	Boer Services Co	The property comprises a unit on Level 2 of a 2-storey industrial building completed in 1998. The property has a gross floor area of approximately 80 sq.m. The property is leased for a term of 10 years commencing from 1 January 2010 and expiring on 31 December 2019.	The property is currently occupied by our Group for office purpose.	RMB7,200
Unit 508 on Level 5 of Tower A Jiahao International Center No. 116 Zizhuyuan Road Haidian District Beijing The PRC	Boer Wuxi	The property comprises a unit on Level 5 of a 15-storey composite building completed in 2004. The property has a gross floor area of approximately 150 sq.m. The property is leased for a term of 3 years commencing from 1 January 2010 and expiring on 31 December 2012.	The property is currently occupied by our Group for office purpose.	RMB150,000, exclusive of management fees, water and electricity charges
Unit 2210 on Level 22 of Tower No. 3 Jiaye International Mansion No. 158 Lushan Road Jianye District Nanjing City Jiangsu Province The PRC	Boer Wuxi	The property comprises a unit on Level 22 of a 29-storey office building completed in 2006. The property has a gross floor area of approximately 327.57 sq.m. The property is leased for a term of 3 years commencing from 16 January 2010 and expiring on 15 January 2013.	The property is currently occupied by our Group for office purpose.	RMB182,400, exclusive of management fees, water and electricity charges

Property	Tenant	Description and tenure	Particulars of occupancy	Annual rental
Unit 1805 on the 18th Floor of Vicwood Plaza 199 Des Voeux Road Central Hong Kong	Boer Hong Kong	The property comprises a unit on the 18th Floor of a 39-storey office building completed in about 1987. The property has a lettable area of approximately 142.1 sq.m. The property is leased for a term of 2 years commencing from 1 April 2010 and expiring on 31 March 2012.	The property is currently occupied by our Group for office purpose.	HK$672,360, exclusive of rates, management fees, air-conditioning charges

The lease agreements in respect of the properties leased by us, except for the lease agreement concerning our leased property in Nanjing, have been duly registered with the relevant authorities. The non-registration of the tenancy agreement regarding our leased property in Nanjing will not affect the validity of such agreement. Boer Wuxi is preparing to apply for the registration of the tenancy agreement as otherwise Boer Wuxi may be subject to a penalty of up to RMB10,000 according to the Regulations of Nanjing on the Lease of Premises.

In accordance with a mortgage registered at the Land Registry of Hong Kong against, inter alia, the office premises leased by us in Hong Kong set out above ("**Boer Hong Kong Office**"), the landlord of Boer Hong Kong Office ("**Landlord**") had undertaken and agreed with its bank ("**Bank**") not to lease or part with the possession of, inter alia, the Boer Hong Kong Office unless the written consent of the Bank or the agent (as defined in the facility agreement mentioned below) is obtained or except as permitted in accordance with the facility agreement between, among others, the Bank and the Landlord. As at the Latest Practicable Date, the Landlord is still in the process of obtaining such written consent from the Bank. Our Controlling Shareholders have agreed to indemnify our Group against any losses, costs and/or expenses that our Group may suffer directly or indirectly in connection with the failure of the Landlord to obtain such consent from the Bank, including but not limited to any losses, costs and/or expenses as a result of the relocation of the office of Boer Hong Kong. In the event that the consent is not forthcoming and as a result our Group is required to relocate our office in Hong Kong, our Directors believe it will not materially affect the operations of our Group as we can easily look for and lease another premises under similar terms and conditions and at similar rental as our office in Hong Kong.

SAFETY AND ENVIRONMENTAL PROTECTION

Environmental Issues

The manufacturing process of the products to be used in our EDS Solutions and iEDS Solutions as well as the manufacturing process of the components and spare parts affect the environment with noise generated. We have adopted measures to ensure compliance with the relevant PRC environmental laws, rules and regulations. The personnel currently responsible for formulating and implementing measures to ensure our Group's compliance with the applicable environmental protection laws, rules and regulations possesses over 15 years of experience in compliance work in relation to the PRC environmental laws rules and regulations. In order to effectively minimise the level of noise pollution caused by our manufacturing facilities to neighbouring areas, the walls and roofs of our factory are built with a layer of foam for noise reduction.

Approximately RMB158,000, RMB209,000, RMB704,000, RMB151,000 and RMB165,000 were spent in the three years ended 31 December 2007, 2008, 2009, the six months ended 30 June 2009 and the six months ended 30 June 2010, respectively, by us to ensure our Group's compliance with the applicable PRC environmental laws, rules and regulations. We plan to spend RMB2 million in each of the years ended 31 December 2010 and 2011 to ensure our compliance of the laws, rules and regulations going forward and to adopt preventive measures in respect of the potential risks of our production process to the environment.

Based on the confirmation letters issued by the relevant local environmental bureaus, our PRC legal advisers, Grandall Legal Group (Shenzhen), confirmed that all the PRC operating entities of our Group have complied with all PRC environmental laws, rules and regulations. Grandall Legal Group (Shenzhen) has also advised that we have obtained all required permits and environmental approvals for our business and operations in the PRC, and no notice of environmental pollution was received by our Group and no administrative penalty was imposed on our Group for violation of environmental rules and regulations during the Track Record Period.

Health and Safety Issues

With respect to health and safety issues, we are subject to the Law of the PRC on Prevention and Control of Occupational Diseases (職業病防治法), the Law of the PRC on Product Safety (安全生產法) and Regulations on Labour Protection in Jiangsu Province (江蘇省勞動保護條例). These laws and regulations require entities that are engaged in production activities to take measures to protect the health and the rights of the labourers, to strengthen the supervision and administration of production safety, and to prevent and reduce safety accidents.

We have adopted health and safety policies to ensure the welfare of our workers. Workers at the factory facilities are provided with gloves, earplugs, masks, etc. to protect themselves from the injuries that they may suffer. A team of technicians is appointed to regularly monitor the manufacturing process and ensure our workplace safety.

Based on the confirmation letters issued by the relevant PRC workplace safety supervision authorities, our PRC legal advisers, Grandall Legal Group (Shenzhen), confirmed that during the Track Record Period and up to the respective dates of the confirmations, we did not violate the workplace safety laws and regulations and were not subject to any administrative penalty as a result of any violation of such laws and regulations. No major accident that has resulted in deaths or serious injuries of our workers has ever occurred during the Track Record Period.

INSURANCE

Our insurance coverage includes composite property insurance for the fixed assets. We also have automobile insurance coverage for all our vehicles in respect of third party liability and passenger and vehicular risks. Our Directors confirm that our insurance coverage is in line with the general practice in the industry and is adequate for our operations. As at the Latest Practicable Date, we had not made nor been the subject of any material insurance claims.

We do not maintain any product liability insurance because we are not statutorily required under the PRC laws to maintain such insurance. As at the Latest Practicable Date, we had not been the subject of any product liability claim.

LICENSES AND PERMITS

We confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had obtained all licenses and permits for its operations and complied with all rules and regulations in all jurisdictions where it had operations.

LEGAL COMPLIANCE AND ADMINISTRATIVE PROCEEDINGS

Litigation, Arbitration and Claims

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our operation results or financial condition.

Loans to Other Parties

According to the Lending General Provisions of the PRC (the "**Provisions**") issued by the People's Bank of China (the "**PBOC**"), a PRC company, other than financial institutions, shall not provide loans to any other company. Any company violating the Provisions and providing a loan to the other company may be subject to a fine and such loan may be invalidated by the PBOC. The maximum amount of fine is up to five times the earnings of the lending company from such loan. For the purpose of the Provisions, earnings from a loan include the interest and other fees (if any) charged by the lending company for providing such loan.

Our Group granted the following loans to other companies in violation of the Provisions, and charged interests from some of such loans, during the Track Record Period:

(a) Loan to Fuyang Industry

We entered into a number of agreements with Fuyang Industry and Fuyang Electrical in 2008 and 2009 (collectively as "**Fuyang Agreements**") relating to a proposed acquisition of 48.9% of the equity interest in an independent third party company (the "**Independent Company**") with the aim of expanding our downstream sales channel. The agreed consideration for such acquisition was RMB1.3 million. As far as our Directors are aware, Fuyang Electrical is a wholly-owned subsidiary of Fuyang Industry. To facilitate our assessment on the business of the Independent Company before we acquire it, we provided a loan to Fuyang Industry in 2008 (the "**Fuyang Loan**") to maintain a sufficient cash flow for the operations of the Independent Company. The amount of the Fuyang Loan outstanding as at the date of the Supplemental Agreement as described below was RMB6 million. In addition, we entered into a contracted operation and management agreement (the "**Contracted Operation and Management Agreement**"), one of the Fuyang Agreements, with Fuyang Electrical in 2009 so that we could take charge of the operation and management of the Independent Company. However, after conducting certain due diligence investigations on the Independent Company, we decided not to proceed with the acquisition and we entered into a supplemental agreement (the "**Supplemental Agreement**") with Fuyang Industry and Fuyang Electrical on 20 January 2010 whereby the parties agreed, inter alia:

(i) the postponement of the performance of our obligations under the Contracted Operation and Management Agreement;

(ii) the transfer of the benefit of the Fuyang Loan from Fuyang Electrical to Boer Yixing and the fixing of the term of the loan to one year from the date on which the Fuyang Loan was provided to the Independent Company by Fuyang Electrical; and

(iii) the postponement of the performance of our obligations to acquire the 48.9% equity interest in the Independent Company and the granting of an option to our Group to elect whether to proceed with the acquisition of such 48.9% equity.

No time period is set out in the Supplemental Agreement for our Group to fulfill our obligations under the Contracted Operation and Management Agreement and to exercise our option to acquire the 48.9% equity interest in the Independent Company. In the Supplemental Agreement, all parties agreed that our Group would not bear any liability for the postponement of performance of our obligations under the Contracted Operation and Management Agreement and for not acquiring the 48.9% equity interest in the Independent Company. As such, our Company's PRC legal advisers, Grandall Legal Group (Shenzhen), have advised that there is no legal risk on our Group for not fulfilling the aforesaid obligations under the Fuyang Agreements and no penalty or fee will be imposed on our Group as a result. Our Directors consider that the non-performance of such obligations, as agreed by all parties under the Supplemental Agreement, will not result in any adverse financial consequence on our Group. The decision not to proceed with the acquisition was made after having considered the current operational status of the Independent Company and the immaturity of the sales and marketing channels of the market in which the Independent Company operates. As a result, our Directors consider that it is not suitable to proceed with the acquisition at present and our Group has no present intention to

exercise the option for the acquisition. Our Group is currently negotiating with Fuyang Industry and Fuyang Electrical to formally terminate the Fuyang Agreements by the end of 2010 and does not intend to apply any of the net proceeds from the Global Offering to the aforesaid proposed acquisition. Our Directors have also undertaken to ensure that in case the proposed acquisition proceeds, our Company will comply with all relevant requirements in connection with such acquisition under the Listing Rules.

Further to the Supplemental Agreement, the Independent Company fully settled and repaid the Fuyang Loan to our Group in May 2010. There is no outstanding loan due from the Independent Company to our Group.

The interest rate charged by our Group for the Fuyang Loan was the prime interest rate then adopted by the banks in China, which was 6.57% per annum as of the date of the loan agreement. Thus, in accordance with the Provisions, the maximum penalty that our Company may be subject to as a result of the Fuyang Loan is approximately RMB1.97 million, which is five times the total interest accrued under the Fuyang Loan.

Our Controlling Shareholders have agreed to indemnify our Group against any losses, damages, costs, expenses and/or penalties that our Group may suffer directly or indirectly in connection with the Fuyang Loan.

Further details of the Fuyang Agreements are set out in the paragraph headed "Summary of Material Contracts" in Appendix VI, "Statutory and General Information", to this prospectus.

(b) Loan to Shanghai Shuanghuan

There were amounts due from Shanghai Shuanghuan (which is owned as to 33% and 67% respectively by Mr. Qian Yixiang, one of our Controlling Shareholders and executive Directors, and Mr. Qian Zhongming, one of the executive Directors) to the Predecessor Entity of RMB69.4 million, RMB69.3 million and RMB78.1 million as at 31 December 2007, 2008 and 2009, respectively. The Predecessor Entity granted such loans to Shanghai Shuanghuan as Shanghai Shuanghuan required additional working capital to fund its business operations and the Predecessor Entity had available unutilised funds which it was able to lend to Shanghai Shuanghuan at the relevant time. Such loans carried an interest of 2.22% and 5.55% per annum for the year ended 31 December 2007 and 2009, respectively. The Predecessor Entity did not receive any interest in respect of the loans in the year 2008. Such loans were still outstanding as at the Latest Practicable Date. In accordance with the Provisions, the maximum penalty that the Predecessor Entity may be subject to in 2007 and 2009 as a result of the loans to Shanghai Shuanghuan are approximately RMB8.75 million and RMB20.55 million, respectively, which are five times the total interest received under such loans in those two years.

The interest incomes from the loans to Shanghai Shuanghuan recognised in 2007 and 2009 were earned by the Predecessor Entity based on an agreement between Shanghai Shuanghuan and the Predecessor Entity. As the business of the Predecessor Entity has been completely assumed by our Group on 31 December 2009, such loans and all the interest incomes derived from such loans were retained (or deemed to be distributed) by the Predecessor Entity, which is not a member of our Group. As such, in the view of our Company's legal advisers, Grandall Legal Group (Shenzhen), such loans and the interest incomes derived from such loans will not impose any legal risk on our Group in relation to any fine under the Provisions.

(c) Loan to Wuxi City Baihuafang Flower Shop (無錫市百花坊鮮花店), Linglan Taihu Water World (Suzhou) Co., Ltd.* (鈴蘭太湖水底世界(蘇州)有限公司) and Wuxi Haijie Rubber Co., Ltd.*(無錫海捷塑膠有限公司)*

The Predecessor Entity entered into loan agreements with the following companies which are Independent Third Parties:

(i) a loan agreement with Wuxi City Baihuafang Flower Shop on 1 March 2006, pursuant to which Wuxi Boer provided a loan of RMB1.06 million to Wuxi City Baihuafang Flower Shop at no interest and the loan is to be repaid by 28 February 2016;

(ii) a loan agreement with Linglan Taihu Water World (Suzhou) Co., Ltd. on 1 August 2007, pursuant to which Wuxi Boer provided a loan of RMB20 million to Linglan Taihu Water World (Suzhou) Co., Ltd. at no interest and the loan is to be repaid within four years from the date of the agreement; and

(iii) a loan agreement and a supplemental loan agreement with Wuxi Haijie Rubber Co., Ltd. on 1 August 2008 and 1 January 2009, respectively, pursuant to which Wuxi Boer provided a loan of RMB1.5 million to Wuxi Haijie Rubber Co., Ltd., at no interest and the loan is to be repaid by 31 July 2013.

The Predecessor Entity granted such loans to the above companies so as to reinforce its business relationship with such companies. These companies had purchased products from our Group and had referred customers to the our Group before. The loans were used as working capital of these companies.

The aforesaid loan to Linglan Taihu Water World (Suzhou) Co., Ltd. was fully settled and repaid in June 2010 while the other two loans to Wuxi City Baihuafang Flower Shop and Wuxi Haijie Rubber Co., Ltd., respectively, were still outstanding as at the Latest Practicable Date.

As the business of the Predecessor Entity was completely assumed by our Group on 31 December 2009, the loans to Wuxi City Baihuafang Flower Shop, Linglan Taihu Water World (Suzhou) Co., Ltd. and Wuxi Haijie Rubber Co., Ltd. described in the sub-paragraph (c) above were retained (or deemed to be distributed) by the Predecessor Entity. In respect of such loans, our Group does not charge any interests and fees under the relevant loan agreements. As such, our Group does not obtain any earnings from the loans and hence our PRC legal advisers, Grandall Legal Group (Shenzhen), have confirmed that there is no legal risk of our Group being subject to any fine as a result of such loans under the Provisions.

In order to prevent any loan to be granted by our Group to any third party in violation of the Provisions in the future, our Company has adopted certain internal control measures which stipulate that any loan to be granted by any member of our Group shall first be considered by our finance department and legal advisers to ensure that such loan will not violate any applicable laws and regulations and then submitted to our Board of Directors for approval. The Directors have also undertaken to ensure that our Group will not provide loan to any company in violation of the Provisions or other applicable PRC laws or regulations in the future.

Compliance with Listing Rules and Other Laws and Rules

We have established procedures, systems and controls which are adequate having regard to the obligations of our Company and the Directors to comply with the Listing Rules and the applicable laws and regulations so that the Directors will be able to assess from time to time the operating and financial positions and prospects of us and to ensure our compliance with all applicable laws and regulations from time to time.

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