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宝德科技集團股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 8236)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Characteristics of the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Powerleader Science & Technology Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

Prepared by: Powerleader Science & Technology Group Limited

Unit: RMB

Item	Note	This year	Last year
I. Total operating revenue	5	1,560,677,930.33	1,750,772,574.69
Including: operating revenue		1,560,677,930.33	1,750,772,574.69
II. Total operating cost		1,526,366,606.32	1,692,318,809.79
Including: Cost of operation	5	1,376,359,016.30	1,529,995,123.47
Sales tax and levies		2,251,636.52	2,463,676.39
Selling expenses		42,666,930.00	39,637,288.83
Administrative expenses		54,415,288.51	60,018,964.46
Finance costs	8	45,344,781.41	49,189,955.93
Impairment loss of assets		5,328,953.58	11,013,800.71
Add: Gain (Loss) on fair value changes (loss is denoted as “()”)		183,505.65	178,693.25
Investment income (loss is denoted as “()”)		11,065,648.37	1,777,286.39
Including: Share of profit of associates and jointly controlled entity		8,702,275.77	1,623,572.00
III. Operating profit (loss is denoted as “()”)		45,560,478.03	60,409,744.54
Add: Non-operating income		11,387,188.83	10,857,887.46
Including: Gain on disposal of non-current assets		5,214.53	84,911.62
Less: Non-operating expenses		279,156.38	420,721.01
Including: Loss on disposal of non-current assets		103,662.27	60,305.31
IV. Total Profit (Total loss is denoted as “()”)		56,668,510.48	70,846,910.99
Less: Income tax expenses	9	6,338,140.68	(7,842,169.98)
V. Net profit (Net loss is denoted as “()”)		50,330,369.80	78,689,080.97
Attributable to shareholders of the Company		50,223,721.86	78,742,985.67
Minority interests		106,647.94	(53,904.70)
VI. Earnings per share			
(1) Basic earnings per share	10	0.2067	0.3240
(2) Diluted earnings per share	10	0.2067	0.3240
VII. Other comprehensive income		(9,527.61)	4,334.26
Other comprehensive income which cannot be recycled to profit or loss in subsequent accounting periods			
Other comprehensive income which can be recycled to profit or loss in subsequent accounting periods if conditions are satisfied		(9,527.61)	4,334.26
VIII. Total comprehensive income		50,320,842.19	78,693,415.23
Total comprehensive income attributable to shareholders of the Company		50,214,194.25	78,747,319.93
Total comprehensive income attributable to minority interests		106,647.94	(53,904.70)

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

Prepared by: Powerleader Science & Technology Group Limited

Unit: RMB

Item	Note	Ending balance	Opening balance (Re-stated)
Current Assets:			
Bank balance and cash		370,444,415.57	241,923,342.50
Financial assets at fair value through profit or loss		362,198.90	178,693.25
Notes receivable	12	19,850,837.81	28,224,142.28
Accounts receivable	12	395,920,420.06	360,538,998.63
Prepayments	12	32,346,250.20	24,063,804.96
Interest receivables			
Dividend receivables			
Other receivables	12	173,759,856.44	152,531,800.66
Inventories		190,991,433.57	175,100,856.14
Non-current assets classified as held for disposal and assets in an asset group classified as held for disposal			
Non-current assets due within 1 year			
Other current assets		93,815.82	0.00
Total current assets		1,183,769,228.37	982,561,638.42
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investment			
Long-term accounts receivable			
Long-term equity investment		204,433,275.76	154,667,011.01
Investment Properties		16,838,422.38	—
Fixed assets		201,220,888.57	222,952,104.16
Construction in progress		24,249,172.78	—
Construction material			
Fixed assets pending for disposal			
Intangible assets		96,832,657.57	84,861,983.89
Development expenditure		37,043,811.51	16,800,606.80
Goodwill			
Long-term prepayments		52,652.89	135,145.42
Deferred income tax assets		988,469.02	—
Other non-current assets			
Total non-current assets		581,659,350.48	479,416,851.28
Total assets		1,765,428,578.85	1,461,978,489.70

Item	Note	Ending balance	Opening balance (Re-stated)
Current liabilities:			
Short-term loans		552,801,859.89	542,895,108.87
Financial liabilities at fair value through profit or loss			
Notes payable		—	832,225.90
Accounts payable	13	165,464,646.87	148,363,192.93
Receipts in advance	13	18,681,340.48	16,300,539.94
Employee emolument payables		5,400,368.45	3,669,412.35
Tax payables		14,818,814.62	3,435,219.78
Interest payables		394,625.00	—
Dividend payables			
Other payables	13	47,496,439.82	10,068,483.22
Liabilities classified as held for disposal			
Non-current liabilities repayable within one year		60,000,000.00	20,000,000.00
Other current liabilities		2,532,190.51	2,051,302.48
Total current liabilities		867,590,285.64	747,615,485.47
Non-current liabilities:			
Long-term loans		140,000,000.00	—
Long-term payables			
Payables for special project			
Provisions			
Deferred income tax liabilities		1,513,303.41	3,612,773.20
Other non-current liabilities		8,637,000.00	4,700,000.00
Total non-current liabilities		150,150,303.41	8,312,773.20
Total Liabilities		1,017,740,589.05	755,928,258.67
Shareholders' equity:			
Capital		243,000,000.00	243,000,000.00
Capital reserves		31,987,251.85	28,729,862.88
Less: Treasury shares			
Special reserves			
Surplus reserves		34,601,238.65	34,601,238.65
General Risk Reserves			
Undistributed profits		437,634,780.76	399,561,058.90
Exchange difference on translation of financial statements denominated in foreign currency			
Equity attributable to shareholders of the Company		747,223,271.26	705,892,160.43
Minority interests		464,718.54	158,070.60
Total shareholders' equity		747,687,989.80	706,050,231.03
Total liabilities and shareholders' equity		1,765,428,578.85	1,461,978,489.70
Net current assets	14	316,178,942.73	234,946,152.95
Total assets less current liabilities	15	897,838,293.21	714,363,004.23

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2013

Prepared by: Powerleader Science & Technology Group Limited

Unit: RMB

Item	This year							Others	Minority interests	Total shareholders' equity
	Share capital	Capital reserves	Less: Treasury share	Special reserves	Surplus reserves	General risk reserves	Undistributed profits			
I. Balance at the end of last year	243,000,000.00	28,729,862.88	—	—	34,601,238.65	—	399,561,058.90	—	158,070.60	706,050,231.03
Add: Changes in accounting policy										
Correction of errors of previous years										
Others										
II. Balance at beginning of year	243,000,000.00	28,729,862.88	—	—	34,601,238.65	—	399,561,058.90	—	158,070.60	706,050,231.03
III. Increase/decrease for the year	—	3,257,388.97	—	—	—	—	38,073,721.86	—	306,647.94	41,637,758.77
(1) Net profit							50,223,721.86		106,647.94	50,330,369.80
(2) Other comprehensive income		(9,527.61)								(9,527.61)
Sub-total of (1) and (2)	—	(9,527.61)	—	—	—	—	50,223,721.86	—	106,647.94	50,320,842.19
(3) Contribution from shareholders and reduction of capital	—	—	—	—	—	—	—	—	200,000.00	200,000.00
1. Transfer to surplus reserves Injection from shareholders	—	—	—	—	—	—	—	—	200,000.00	200,000.00
2. Share-based payment included in the amount of Stockholders' equity										
3. Others										
(4) Profit appropriation	—	—	—	—	—	—	(12,150,000.00)	—	—	(12,150,000.00)
1. Transfer to surplus reserves										
2. Transfer to general risk reserves										
3. Dividends paid to shareholders	—	—	—	—	—	—	(12,150,000.00)	—	—	(12,150,000.00)
4. Others										
(5) Equity transfer										
1. Transfer of capital reserves to share capital										
2. Transfer of surplus reserves to share capital										
3. Make good of losses by surplus reserves										
4. Others										
(6) Special reserves										
1. Provision for the year										
2. Utilisation of the year										
(7) Others	—	3,266,916.58	—	—	—	—	—	—	—	3,266,916.58
IV. Balance at end of year	<u>243,000,000.00</u>	<u>31,987,251.85</u>	<u>—</u>	<u>—</u>	<u>34,601,238.65</u>	<u>—</u>	<u>437,634,780.76</u>	<u>—</u>	<u>464,718.54</u>	<u>747,687,989.80</u>

Item	Last year (Re-stated)									
	Share capital	Capital reserves	Attributable to shareholders of the Company					Undistributed profits	Others	Minority interests
Less: Treasury share			Special reserves	Surplus reserves	General risk reserves					
I. Balance at the end of last year	243,000,000.00	28,695,256.17			31,141,640.70		336,427,671.18		211,975.30	639,476,543.35
Add: Changes in accounting policy										
Correction of errors of previous years										
Others										
II. Balance at beginning of year	243,000,000.00	28,695,256.17	—	—	31,141,640.70	—	336,427,671.18	—	211,975.30	639,476,543.35
III. Increase/decrease for the year (Decrease is denoted as “0”)	—	34,606.71	—	—	3,459,597.95	—	63,133,387.72	—	(53,904.70)	66,573,687.68
(1) Net profit	—	—	—	—	—	—	78,742,985.67	—	(53,904.70)	78,689,080.97
(2) Other comprehensive income	—	4,334.26	—	—	—	—	—	—	—	4,334.26
Sub-total of (1) and (2)	—	4,334.26	—	—	—	—	78,742,985.67	—	(53,904.70)	78,693,415.23
(3) Contribution from shareholders and reduction of capital										
1. Injection from shareholders										
2. Share-based payment included in the amount of Stockholders' equity										
3. Others										
(4) Profit appropriation	—	—	—	—	3,459,597.95	—	(15,609,597.95)	—	—	(12,150,000.00)
1. Transfer to surplus reserves	—	—	—	—	3,459,597.95	—	(3,459,597.95)	—	—	—
2. Transfer to general risk reserves	—	—	—	—	—	—	—	—	—	—
3. Dividends paid to shareholders	—	—	—	—	—	—	(12,150,000.00)	—	—	(12,150,000.00)
4. Others	—	—	—	—	—	—	—	—	—	—
(5) Equity transfer										
1. Transfer of capital reserves to share capital										
2. Transfer of surplus reserves to share capital										
3. Make good of losses by surplus reserves										
4. Others										
(6) Special reserves										
1. Provision for the year										
2. Utilisation of the year										
(7) Others	—	30,272.45	—	—	—	—	—	—	—	30,272.45
IV. Balance at end of year	<u>243,000,000.00</u>	<u>28,729,862.88</u>	<u>—</u>	<u>—</u>	<u>34,601,238.65</u>	<u>—</u>	<u>399,561,058.90</u>	<u>—</u>	<u>158,070.60</u>	<u>706,050,231.03</u>

NOTES TO THE FINANCIAL STATEMENTS

1 January 2013 to 31 December 2013

1. INFORMATION OF THE COMPANY

Powerleader Science & Technology Group Limited (herein after referred as the “Company”, together with the subsidiaries referred as the “Group”) was formerly known as Shenzhen Powerleader Science & Technology Group Limited. It was a limited liability established in Shenzhen in 1997 and was reformed to a joint stock company in 2001. The business registration licence number is 440301501122438. The registered capital was RMB243 millions. The legal representative is Zhang Yunxia. The registered address of the Company is Room 43A, 43rd Floor, Block C, Electronics Science & Technology Building, Shennan Road Central, Futian District, Shenzhen. The principal place of business is Powerleader Science & Technology Park, 3 Guanyi Road, Guanlan Hi-Tech Industrial Park, Longhua New District, Shenzhen and Unit 105, 1/F, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

With the approvals from Special General Meeting, General Meeting for H shares, General Meeting for domestic shares on 11 November 2013, every 10 shares of the Company with par value of RMB0.1 each were consolidated into 1 share with par value RMB1 each.

Up to 31 December 2013, the total share capital of the Company was 243 million shares with par value RMB1, including shares with trading restrictions of 182.25 million shares, representing 75% of total capital; shares without trading restrictions of 60.75 million shares, representing 25% of total capital. The capital structure is as follows:

Unit: RMB'000

Name of company	Amount	Proportion (%)
Shenzhen Powerleader Investment Holdings Limited	102,184.50	42.05
Shenzhen Hengtong Dayuan Electronic Limited	23,958.00	9.86
Harbin Century Longxiang Science & Technology Development Limited	15,963.75	6.57
Tianjin Chengbai Equity Investment Partnership (Limited Partnership)	15,000.00	6.17
Shenzhen Luheng Technology Limited	7,893.75	3.25
Shenzhen Jinbo Litong Investment Partnership (Limited Partnership)	7,250.00	2.98
Shenzhen Jiachong Joint Investment Partnership (Limited Partnership)	5,000.00	2.06
Shenzhen Shizhi Zhengli Investment Partnership (Limited Partnership)	5,000.00	2.06
Overseas listed foreign investor shares	60,750.00	25.00
Total	243,000.00	100.00

The Company is operating in computing industry. The scope of operation is: Computer softwares, hardwares and interface connected equipment; research and development of computer peripherals, production, sales of self-produced products; import and export trading.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared based on a going concern basis and in accordance with the requirements of “Accounting Standards for Business Enterprises — Basic Standard” and 40 Specific Standards issued by the Ministry of Finance (MOF) of the PRC (Including 5 new or revised standards issued January and February 2014), and Application Guidance for Accounting Standards for Business Enterprises, Interpretations to Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (collectively referred to as “Accounting Standards for Business Enterprises” or “CAS”) and also comply with the applicable disclosure requirements of “Regulation of the Preparation of Information Disclosure by Companies Offering Securities to the Public No.15 — General Requirements for Financial Reporting (2010 revised)” issued by China Securities Regulatory Commission, Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The Group's financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong ("HK GAAP") for disclosure purposes since its listing in Hong Kong. According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by the Stock Exchange in December 2010, with effect from this financial year, the Group decided to prepare its financial statements in accordance with the "Accounting Standards for Business Enterprises" and other related regulations issued by the China Ministry of Finance ("PRC Accounting Standards"). The adoption of PRC Accounting standards has been applied retrospectively and the comparative financial information for the year ended 31 December 2012 is converted in accordance with PRC Accounting Standards. The reconciliation of net profit and shareholders' equity from HK GAAP to PRC Accounting Standards is set out in Note 4.

3. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in accounting policies, accounting estimates according to the requirements of Accounting Standards for Business Enterprises ("ASBE")

The Group has adopted the 5 new and revised ASBE issued by MOF of the PRC in January to February 2014 as from 1 January 2013. These new and revised accounting standards were: ASBE No. 9 (Revised) — Employee's emoluments, ASBE No. 30 (Revised) — Presentation of financial statements, ASBE No. 33 — Consolidated financial statements, ASBE No 39 — Measurement of fair value, ASBE No 40 — Joint arrangements. The adoption of the new and revised ASBE did not have impact on the recognition, measurement and presentation of relevant items in the 2013 financial statements. The details are as follows:

1) *ASBE No. 9 (Revised) — Employee's emoluments*

In accordance with the standard of employee's emoluments, the Group accounting policies of employee's emoluments were revised. This change belonged to financial statements figures adjustment and note items presentation adjustments: i) the item of post-employment benefits; accumulated compensated leave were added in employee's emolument payables. The basic pension, unemployment insurance under the original Social security item" were adjusted to a new item "Post-employment benefits"; ii) the accumulated compensated leave was changed to the profit or loss for the period. The details are set out in Note VI. 21, Note XV.19. This change in accounting policies was accounted for using protrospective method. The implementation of this standard has no impact on the financial statements of the Group.

2) *ASBE No. 30 (Revised) — Presentation of financial statements*

In accordance with the standard of presentation of financial statements, the Group i) revised the original balance item "financial assets/liabilities held for trading" to as "Financial assets/liabilities at fair value through profit or loss"; ii) added two items of "Other comprehensive income which can be recycled to profit or loss in subsequent accounting periods if conditions are satisfied" and "Other comprehensive income which cannot be recycled to profit or loss in subsequent accounting periods" under the original "Other comprehensive income" income statement item; iii) added the breakdown of expenses by nature for the "Expenses" (including operating costs, selling expenses ad administrative expenses". The details were set out in Note VI.2.53 and supplementary information 4. This change in accounting policies was accounted for using retrospective method. The implementation of this standard has no significant impact on the financial statements of the Group.

3) *ASBE No. 33 — Consolidated financial statements*

The definition of "Control" was revised in accordance with the standard of consolidated financial statements. The details were set out in Note II.7.13. This change in accounting policies was accounted for using retrospective method. The implementation of this standard has no impact on the financial statements of the Group.

4) *ASBE No. 39 — Measurement of fair value*

The Group originally implemented the HK GAAP. The accounting policies of measurement of fair value were revised in accordance with the standard of fair value measurement. The measurement of fair value of “Foreign currency forward contract” was added. The details were set out in Note XIII.2. This change in accounting policies was accounted for using retrospective method. The implementation of this standard has no significant impact on the financial statements of the Group.

5) *ASBE No. 40 — Joint arrangements*

The definition of jointly controlled entities was revised in accordance with the standard of Joint Arrangements. The details were set out in Note II.25. As the Group has no joint arrangements, the implementation of this standard has no impact on the financial statements of the Group.

(2) Changes in pricing method of inventories

In order to reflect the inventories of the Group more objectively and timely and to let management have information of the price fluctuation and the total amount of inventories more timely and to enhance the inventories management of the companies, with the approval from the Group management, with effect from 1 October 2013, the pricing method for issue of raw materials was amended from the original method of first-in-first-out to weighted average method. This change in the pricing method of inventories would not have substantial effect on the Group’s shareholder’s equity, net profit indicators for the reporting period. As it is not possible to ascertain the accumulative effect for such change under retrospective method, such change was accounted for using prospective method. The disclosed financial reports of the recent two years were not adjusted retrospectively.

4. RECONCILIATION OF PROFIT AND SHAREHOLDER'S EQUITY UNDER HK GAAP AND PRC GAAP

(1) Reconciliation of profit for the year ended 31 December 2012

Item	Financial statements under		Financial statements	Explanation of reclassification
	HK GAAP	Reclassification	under PRC GAAP (Re-stated)	
Operating revenue	1,737,218,888.06	13,553,686.63	1,750,772,574.69	Reclassified from other income and profits; reclassified to sales tax and levies
Operating costs	1,691,813,892.89	504,916.90	1,692,318,809.79	
Cost of operation	1,529,416,999.87	578,123.60	1,529,995,123.47	Reclassify with administrative expenses
Sales tax and levies	—	2,463,676.39	2,463,676.39	Reclassified from operation revenue
Selling expenses	39,637,288.83	—	39,637,288.83	
Other costs	76,766,057.13	(76,766,057.13)	—	reclassify to administrative expenses, finance costs, impairment loss of assets, non- operating income
Administrative expenses	—	60,018,964.46	60,018,964.46	
Finance costs	45,993,547.06	3,196,408.87	49,189,955.93	reclassify with other income and profits, administrative costs
Impairment loss of assets	—	11,013,800.71	11,013,800.71	reclassify with administrative expenses, other income and profits
Other income and profits	23,639,650.57	(23,639,650.57)	—	reclassify to operating revenue, non-operating income
Gain on Fair Value changes	178,693.25	—	178,693.25	
Share of results in joint ventures and associates	1,623,572.00	(1,623,572.00)	—	reclassify to investment income
other investment income	—	(153,714.39)	—	reclassify to investment income
Investment income	—	1,777,286.39	1,777,286.39	
Operating Profit	70,846,910.99	(10,437,166.45)	60,409,744.54	
Add: Non-operating income	—	10,857,887.46	10,857,887.46	reclassify with other income and profit, selling expenses, administrative expenses
Less: Non-operating expenses	—	420,721.01	420,721.01	Reclassify with administrative expenses
Total profit	70,846,910.99	—	70,846,910.99	
Less: Income tax expenses	(7,842,169.98)	—	(7,842,169.98)	
Net profit	78,689,080.97	—	78,689,080.97	
Other comprehensive income	4,334.26	—	4,334.26	
Total comprehensive income	78,693,415.23	—	78,693,415.23	
Net profit attributable to:				
Shareholders of the Company	78,742,985.67	—	78,742,985.67	
Minority interests	(53,904.70)	—	(53,904.70)	
Total comprehensive income attributable to:				
Shareholders of the Company	78,747,319.93	—	78,747,319.93	
Minority interests	(53,904.70)	—	(53,904.70)	
Earnings per share				
Basic earnings per share (RMB/share)	0.3240	—	0.3240	
Diluted earning per share (RMB/share)	0.3240	—	0.3240	

(2) Reconciliation of shareholders' equity for the year ended 31 December 2012

Item	Financial statements		Financial statement under PRC GAAP (Re-stated)	Explanation of reclassification
	under HK GAAP	Reclassification		
Current assets:				
Cash and bank balances	—	241,923,342.50	241,923,342.50	
Pledged bank deposits	26,800,691.86	(26,800,691.86)	—	Reclassify to Cash and bank balances
Restricted bank balances	20,228,032.56	(20,228,032.56)	—	Reclassify to Cash and bank balances
Structured deposit	4,808,220.00	(4,808,220.00)	—	Reclassify to Cash and bank balances
Bank balance and cash	190,086,398.08	(190,086,398.08)	—	Reclassify to Cash and bank balances
Financial asset designated to be measured by fair value and which change is recorded in current incomes	178,693.25	—	178,693.25	
Notes receivables	—	28,224,142.28	28,224,142.28	Reclassify from Trade and bills receivables
Account receivables	—	360,538,998.63	360,538,998.63	Reclassify from Trade and bills receivables, Receipts in advance
Trade and bills receivables	387,625,583.13	(387,625,583.13)	—	Reclassify to Notes receivables and Account receivables
Prepayments	—	24,063,804.96	24,063,804.96	
Prepaid lease payment	966,181.07	(966,181.07)	—	
Amount due to a related company	7,600.00	(7,600.00)	—	Reclassify to account receivables
Other receivables	—	152,531,800.66	152,531,800.66	
Other receivables, deposits and prepayments	141,664,789.46	(141,664,789.46)	—	Reclassify to Prepayments and Other receivables
Inventories	175,100,856.14	—	175,100,856.14	
Total current assets	947,467,045.55	35,094,592.87	982,561,638.42	
Non-current assets:				
Long-term equity investments	—	154,667,011.01	154,667,011.01	
Investments in joint ventures and associate	136,667,011.01	(136,667,011.01)	—	Reclassify to Long-term equity investments
Other long-term equity investment	18,000,000.00	(18,000,000.00)	—	Reclassify to Long-term equity investments
Fixed assets	—	222,952,104.16	222,952,104.16	Reclassify from property, plant and equipment, long-term prepayments
Property, plant and equipment	224,103,601.00	(224,103,601.00)	—	Reclassify to fixed assets
Intangible assets	—	84,861,983.89	84,861,983.89	Reclassify from deferred development costs, prepaid lease payment
Development expenditures	—	16,800,606.80	16,800,606.80	Reclassify from deferred development costs
Deferred development costs	39,407,074.05	(39,407,074.05)	—	Reclassify to development expenditures
Prepaid lease payment	60,423,876.03	(60,423,876.03)	—	Reclassify to intangible assets
Long-term prepayments	—	135,145.42	135,145.42	Reclassify from property, plant and equipment
Total non-current assets	478,601,562.08	815,289.19	479,416,851.28	
Total assets	1,426,068,607.64	35,909,882.06	1,461,978,489.70	

Item	Financial statements under		Financial statement under	Explanation of reclassification
	HK GAAP	Reclassification	PRC GAAP (Re-stated)	
Liabilities and owner's equity				
Current liabilities				
Short-term loans	563,833,815.83	(20,938,706.96)	542,895,108.87	Reclassify with non-current liabilities due within one year
Notes payable	—	832,225.90	832,225.90	Reclassify from Trade and bills payables
Trade and bills payables	100,847,621.12	(100,847,621.12)	—	
Account payables	—	148,363,192.93	148,363,192.93	Reclassify from Trade and bills payables, other receivables, other payables
Receipts in advance	17,038,125.45	(737,585.51)	16,300,539.94	Reclassify with account receivables, other payables
Employee emolument payables	—	3,669,412.35	3,669,412.35	Reclassify from accrued expenses and other payables
Taxes Payable	11,786,983.25	(8,351,763.47)	3,435,219.78	Reclassify with other receivables, other payables
Amount due to a related company	8,144.30	(8,144.30)	—	Reclassify to other payables
Amount due to an associate	134,993.00	(134,993.00)	—	Reclassify to other payables
Amount due to a shareholder	9,280.00	(9,280.00)	—	Reclassify to other payables
Other payables	—	10,068,483.22	10,068,483.22	Reclassify from accrued expenses and other payables, receipts in advance
Accrued expenses and other payables	18,046,640.46	(18,046,640.46)	—	
Non-current liabilities due within one year	—	20,000,000.00	20,000,000.00	Reclassify from short-term loans
Other current liabilities	—	2,051,302.48	2,051,302.48	Reclassify from accrued expenses and other payables, employee emolument payables
Sub-total of current liabilities	711,705,603.41	35,909,882.06	747,615,485.47	
Non-current liabilities				
Deferred tax liabilities	3,612,773.20	—	3,612,773.20	
Other non-current liabilities	4,700,000.00	—	4,700,000.00	
Sub-total of non-current liabilities	8,312,773.20	—	8,312,773.20	
Total liabilities	720,018,376.61	35,909,882.06	755,928,258.67	
Shareholders' equity:				
Share capital	243,000,000.00	—	243,000,000.00	
Reserves	462,892,160.43	(462,892,160.43)	—	
Capital reserves	—	28,729,862.88	28,729,862.88	Reclassify from reserves
Surplus reserves	—	34,601,238.65	34,601,238.65	Reclassify from reserves
Undistributed profits	—	399,561,058.90	399,561,058.90	Reclassify from reserves
Sub-total of equity attributable to the Company's shareholders	705,892,160.43	—	705,892,160.43	
Minority interests	158,070.60	—	158,070.60	
Total shareholders' equity	706,050,231.03	—	706,050,231.03	
Total liabilities and owner's equity	1,426,068,607.64	35,909,882.06	1,461,978,489.70	

5. OPERATING REVENUE AND OPERATING COSTS

Item	This year	Last year
Operating revenue	1,553,056,430.51	1,740,775,447.19
Other operating revenue	7,621,499.82	9,997,127.50
Total	1,560,677,930.33	1,750,772,574.69
Operating costs	1,372,159,761.05	1,524,421,254.70
Other operating costs	4,199,255.25	5,573,868.77
Total	1,376,359,016.30	1,529,995,123.47

Operating revenue, which is also the Group's turnover, represents the net amounts received and receivables for sale of goods and rendering of services by the Group to outside customers, less trade discounts during the year.

Gross profit

Item	This year	Last year
Total Operating revenue	1,560,677,930.33	1,750,772,574.69
Total Operating costs	1,376,359,016.30	1,529,995,123.47
Gross profit	<u>184,318,914.03</u>	<u>220,777,451.22</u>

6. TOTAL PROFIT

Total profit has been arrived at after charging (crediting):

	This year	Last year
Staff costs (including directors' emolument)		
— Wages, salaries and other benefits	32,699,871.41	28,970,264.29
— Retirement scheme contribution	3,593,332.25	3,190,467.61
Total staff costs	36,293,203.66	32,160,731.90
Recognised cost of inventories	1,376,359,016.30	1,529,995,123.47
Auditors remuneration	796,557.50	770,000.00
Depreciation	9,943,625.02	10,060,318.37
Amortisation	16,047,464.46	16,444,594.92
Research and development expenses	2,492,538.07	4,448,260.58
Marketing promotion expenses	5,848,683.81	4,382,822.94
Provision for (Reversal of) bad debts	4,832,233.28	10,173,630.75
Impairment of inventories	496,720.30	840,169.96
Taxation	2,659,416.03	2,737,760.85
Entertainment	2,021,711.93	2,241,866.57
Government grants	(7,988,319.22)	(9,163,594.65)
Gain on disposal of long-term equity investment	(2,000,000.00)	—
Gain on investments in jointly controlled entities and associates	(8,702,275.77)	(1,623,572.00)

7. SEGMENT INFORMATION

The reportable segments are determined based on the structure of its internal organization, management requirements and internal reporting system. The Group has 3 reportable segments. These reportable segments are determined based on the structure of its internal organization, management requirements and internal reporting system reportable segment. The Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance. The main products and services rendered each reportable segment are servers; parts; and softwares and others respectively.

The reportable segment of the Group are as follows:

Operating segment	Principal operations
Cloud Infrastructure as a Service (IaaS)	Provision of equipment such as cloud servers and cloud storage and their related solutions
Cloud Module as a Service (MaaS)	Research and development, design and manufacturing of cloud computing equipment related components, agency distribution of key components of cloud computing equipment and provision of related value added services
Software and Platform as a Service (SaaS and PaaS)	Development of cloud computing software and platforms and provision of related services

Segment reporting information is disclosed in accordance to the accounting policies and measurement standards adopted for reporting to the management by each segment, which are consistent with the accounting policies and measurement basis for preparing financial statements.

Transfer price between each reportable segment is measured as the price selling to third parties, and indirect expenses are allocated to each segment based on revenue.

Segment results, assets and liabilities

Except for cash and bank balance of the Company, buildings, motor vehicles, and office equipment of fixed assets, investment properties, dividends receivable, long-term equity investments, investment income, loans and interest, shareholder's equity of the Company and administrative expenses, all assets, liabilities and operating results are allocated to each reportable segment.

Operating results of each segment represent total revenue generated by each segment (including revenue from transaction with third parties and intra-segmental transaction) after deducting expenses incurred by each segment; depreciation and amortisation and impairment loss of the assets attributable to each segment; net interest expenses on bank deposits and bank loans directly attributable the segment; net amount of other operating income and expenses.

(1) Reportable segment information for 2013

Item	Cloud		Software and	Unallocated	Elimination	Total
	Infrastructure as a Service (IaaS)	Cloud Module as a Service (MaaS)	Platform as a Service (SaaS and PaaS)			
Operating revenue	428,271,377.94	1,178,963,709.62	39,533,706.29	—	(86,090,863.52)	1,560,677,930.33
Including: Revenue from external transactions	423,610,598.18	1,123,327,170.43	13,740,161.72	—	—	1,560,677,930.33
Revenue from intra-segment transactions	4,660,779.76	55,636,539.19	25,793,544.57	—	(86,090,863.52)	—
Operating costs	360,005,025.43	1,096,140,995.64	6,109,683.99	—	(85,896,688.76)	1,376,359,016.30
Expenses for the year	35,543,964.76	38,402,798.94	4,956,290.83	66,501,031.21	(725,449.29)	144,678,636.45
Segment operating profit(loss)	36,903,969.99	39,405,491.23	35,460,309.57	(57,294,635.43)	2,193,375.11	56,668,510.47
Total assets	809,453,434.82	917,046,735.30	100,829,906.63	777,983,734.82	(839,885,232.72)	1,765,428,578.85
Including: Significant impairment loss of individual assets	—	—	—	—	—	—
Total liabilities	382,413,537.41	479,760,425.57	30,990,714.25	672,984,356.55	(548,408,444.73)	1,017,740,589.05
Supplementary information	—	—	—	—	—	—
Capital expenditure	39,090,240.54	409,549.11	14,297,006.27	28,886,879.94	—	82,683,675.86
Impairment loss recognised in the period	(429,271.13)	5,577,087.67	181,137.04	—	—	5,328,953.58
Including: Impairment loss of goodwill	—	—	—	—	—	—
Depreciation and amortisation	9,671,831.71	4,445,970.58	2,966,701.07	9,360,063.56	—	26,444,566.92
Non-cash expenses other than impairment loss, depreciation, amortisation	3,724,673.02	5,463,961.50	1,718,021.82	—	—	10,906,656.34

(2) Reportable segment information for 2012

Item	Cloud Infrastructure as a Service (IaaS)	Cloud Module as a Service (MaaS)	Software and Platform as a Service (SaaS and PaaS)	Unallocated	Elimination	Total
Operating revenue	384,405,322.61	1,405,406,390.37	30,114,150.75	—	(69,153,289.04)	1,750,772,574.69
Including: Revenue from external transactions	369,355,402.40	1,376,248,465.98	5,168,706.31	—	—	1,750,772,574.69
Revenue from intra-segment transactions	15,049,920.21	29,157,924.39	24,945,444.44	—	(69,153,289.04)	—
Operating costs	310,245,442.27	1,283,952,643.46	4,958,144.48	—	(69,161,107.04)	1,529,995,123.47
Expenses for the year	34,967,657.99	40,275,030.39	6,078,566.41	69,887,739.64	100,891.18	151,309,885.61
Segment operating profit (loss)	36,957,035.74	75,638,205.46	26,741,984.78	5,835,559.78	(74,325,874.77)	70,846,910.99
Total assets	646,762,011.26	907,897,641.87	57,515,603.24	685,699,887.44	(835,855,307.11)	1,461,978,489.70
Including: Significant impairment loss of individual assets	—	—	—	—	—	—
Total liabilities	341,005,557.87	511,038,633.89	17,303,696.00	448,268,962.49	(561,088,591.58)	755,928,258.67
Supplementary information						
Capital expenditure	9,038,367.76	1,726,649.54	6,721,802.62	9,683,203.81	—	27,170,023.73
Impairment loss recognised in the period	5,092,991.42	5,932,480.00	(11,670.71)	—	—	11,013,800.71
Including: Impairment loss of goodwill	—	—	—	—	—	—
Depreciation and amortisation	9,594,014.81	4,400,211.51	960,693.74	12,318,776.49	—	27,273,696.55
Non-cash expenses other than impairment loss, depreciation, amortisation	3,432,734.99	1,611,237.34	1,900,204.00	—	—	6,944,176.33

The Group's revenue from external customers domestically and in foreign countries or geographical areas, and the total noncurrent assets other than financial assets and deferred tax assets located domestically and in foreign countries or geographical areas are as follows:

Revenue from external transaction	This year	Last year
PRC (excluding Hong Kong)	1,088,437,693.00	1,303,096,043.04
Hong Kong	289,790,689.03	391,783,505.72
Other overseas regions	182,449,548.30	55,893,025.93
Total	1,560,677,930.33	1,750,772,574.69
Total non-current assets	This year	Last year
PRC (excluding Hong Kong)	580,586,097.78	479,180,939.29
Hong Kong	1,073,252.70	235,911.99
Other overseas regions	—	—
Total	581,659,350.48	479,416,851.28

The Group has no significant reliance on the major customers in 2013.

8. FINANCE COSTS

(1) Breakdown of finance costs

Item	This year	Last year
Interest expenses	46,234,428.94	44,186,560.74
Less: Interest income	777,683.45	1,513,882.85
Add: Loss on exchange	7,062,587.63	2,947,092.87
Less: Gain on exchange	10,988,874.07	1,376,304.02
Handling charges	3,814,322.36	4,946,489.19
Total	45,344,781.41	49,189,955.93

(2) *Breakdown of interest expenses*

Item	This year	Last year
Interest on bank loans	46,234,428.94	44,186,560.74
Sub-total	46,234,428.94	44,186,560.74
Less: Amount capitalised	—	—
Total	46,234,428.94	44,186,560.74

(3) *Breakdown of interest income*

Item	This year	Last year
Interest income on bank deposits	777,683.45	1,513,882.85
Total	777,683.45	1,513,882.85

9. INCOME TAX EXPENSES

(1) *Income tax expenses*

Item	This year	Last year
Current income tax	9,347,709.35	(8,195,180.81)
Deferred income tax	(3,009,568.67)	353,010.83
Total	6,338,140.68	(7,842,169.98)

(2) *Current income tax*

Item	This year	Last year
Current income tax		
PRC	5,367,491.40	3,325,089.71
Hong Kong	2,096,131.89	2,187,627.78
Sub-total	7,463,623.29	5,512,717.49
Under-provision for prior years (over-provision is denoted as “()”)		
PRC	1,588,493.97	—
Hong Kong	295,592.09	(13,707,898.30)
Sub-total	1,884,086.06	(13,707,898.30)
Total	9,347,709.35	(8,195,180.81)

The amount of Hong Kong Profits Tax recorded in the income statement was RMB1,509,410.07 (Last year: RMB(11,545,302.81)).

The income tax expenses for last year was negative. It was mainly because the offshore income the application filed to the tax authority by Ex-channel was approved in last year and the amount over-provided in prior years of RMB13.71 million were reversed.

(3) *Reconciliation of total profit based on the income statement to current income tax for the year*

Item	This year	Last year
Total profit	56,668,510.48	70,846,910.99
Income tax calculated at applicable tax rates of 15% (1012: 15%)	8,500,276.57	10,627,036.64
Tax effect of non-taxable income	(4,630,812.64)	(11,838,448.64)
Tax effect of no-deductible expenses	(2,895,802.81)	(985,937.35)
Tax effect of special tax exemption	(521,496.15)	(2,027,773.95)
Effect of inconsistent tax rate among subsidiaries	(141,963.46)	747,217.24
Utilisation of unrecognised deductible temporary differences	(303,582.66)	(5,215,288.07)
Unrecognised deductible losses and deductible temporary differences	4,447,435.77	7,371,759.68
Under-provision/over-provision in prior years	1,884,086.06	(13,707,898.30)
Adjustment to beginning balance of deferred income assets/deferred income liabilities as a result of change in tax rate	—	—
Income tax expenses	<u>6,338,140.68</u>	<u>(7,842,169.98)</u>

10. EARNINGS PER SHARE

(1) *Basic earnings per share*

The basic earnings per share is arrived at dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issued.

Item	This year	Last year
Consolidated net profit attributable to the ordinary shares shareholders of the Company	50,223,721.86	78,742,985.67
Consolidated net profit (after deducting non-recurring profit or loss) attributable to the ordinary shares shareholders of the Company	42,069,615.26	73,182,102.25
Weighted average number ordinary shares of the Company in issue	243,000,000.00	243,000,000.00
Basic earnings per share (RMB/share)	0.2067	0.3240
Basic earnings per share (RMB/share) (after deducting non-recurring profit or loss)	<u>0.1731</u>	<u>0.3012</u>

The calculation of the weighted average of ordinary shares:

Item	This year	Last year
No. of ordinary shares in issue at the beginning of year	2,430,000,000.00	2,430,000,000.00
The increase in number of shares by transference of capital reserve transfer to increase capital or distribution of dividends (I)	—	—
The increase in number of shares by issue of new shares or converting debts to capital (II)	—	—
The number of months from the next month of increase in number of shares (II) to year end	—	—
The decrease in number of shares by re-purchase of shares	—	—
The number of months from the next month of the decrease in number of shares to year end	—	—
Reduction in number of shares consolidated	2,187,000,000.00	2,187,000,000.00
Number of months in reporting period	12	12
Weighted average number of ordinary shares in issue	<u>243,000,000.00</u>	<u>243,000,000.00</u>

On 11 November 2013, the share of the Company were consolidated. The number of shares used in the calculation of earnings per share for 2012 were re-stated to reflect this shares consolidation.

(2) Diluted earnings per share

As the Company has no dilutive potential shares for both years, the diluted earnings per share was the same as basic earnings per share.

11. DIVIDENDS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated income statement. The directors of the Company do not recommend the payment of any final dividend for the year ended 31 December 2013. Final dividends of RMB0.005 (Including tax) per shares, totaling RMB12,150,000, were paid for the year ended 31 December 2012.

12. TRADE AND OTHER RECEIVABLES

	Ending balance	Beginning balance
Accounts receivable	413,158,786.33	373,510,036.91
Less: Provision for bad debts for accounts receivable	<u>17,238,366.27</u>	<u>12,971,038.28</u>
	395,920,420.06	360,538,998.63
Bills receivable	19,850,837.81	28,224,142.28
Prepayments	32,346,250.20	24,063,804.96
Other receivables	174,452,012.72	155,580,315.24
Less: Provision for bad debts for other receivable	<u>692,156.28</u>	<u>3,048,514.58</u>
Total	<u><u>621,877,364.51</u></u>	<u><u>565,358,746.53</u></u>

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables for the year ended 31 December 2013, based on recognition date:

Aged	Ending balance	Beginning balance
Within 1 year	157,592,726.41	139,998,972.33
1 to 2 years	4,031,557.36	2,581,352.98
2 to 3 years	1,599,369.72	2,037,651.74
3 to 4 years	914,567.50	2,439,627.71
4 to 5 years	20,837.71	1,305,588.17
Over 5 years	<u>1,305,588.17</u>	<u>—</u>
Accounts payable	165,464,646.87	148,363,192.93
Receipts in advance	18,681,340.48	16,300,539.94
Other payables	<u>47,496,439.82</u>	<u>10,068,483.22</u>
Total	<u><u>231,642,427.17</u></u>	<u><u>174,732,216.09</u></u>

14. NET CURRENT ASSETS

Item	Ending balance	Beginning balance
Current assets	1,183,769,228.37	982,561,638.42
Less: Current liabilities	867,590,285.64	747,615,485.47
Net current assets	316,178,942.73	234,946,152.95

15. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	Ending balance	Beginning balance
Total assets	1,765,428,578.85	1,461,978,489.70
Less: Current liabilities	867,590,285.64	747,615,485.47
Total assets less current liabilities	897,838,293.21	714,363,004.23

16. COMMITMENTS

1) Significant commitments

1) *Sub-contracting contracts with significant amount that were contracted and executing or readily for execution*

Up to 31 December 2013, the Group has sub-contracting contracts with significant amount contracted but not yet paid totalling RMB48,200,797.00. The details are as follows:

Project	Contract amount (RMB)	Amount paid	Amount recognised as liabilities	Amount unrecognised	Estimated investment period
Shenzhen Guanlan Cloud Computing Data Centre	60,541,815.00	16,710,618.00	9,398,927.75	34,432,269.25	2014
Nanjing Powerleader	31,949,125.00	27,579,525.00	—	4,369,600.00	2014
Total	92,490,940.00	44,290,143.00	9,398,927.75	38,801,869.25	

2) *Lease agreement contracted for or readily for execution and their financial effect*

As at 31 December 2013 (T), the Group, as a lessee, had contracted with landlord for the minimum lease payment under non-cancellable operating leases in respect of office building and plant:

Period	This year	Last year
Within 1 year (T+1 year)	1,691,600.49	2,567,000.00
1 to 2 years (T+2 years)	286,136.12	938,000.00
2 to 3 years (T+3 years)	139,200.00	—
Total	2,116,936.61	3,505,000.00

As at 31 December 2013 (T), the Group, as a lessor, had contracted with tenant for the minimum lease receivable under non-cancellable operating leases in respect of plant:

Period	This year	Last year
Within 1 year (T+1 year)	1,678,260.00	1,821,000.00
1 to 2 years (T+2 years)	1,096,388.00	1,723,000.00
2 to 3 years (T+3 years)	288,134.00	—
Total	<u>3,062,782.00</u>	<u>3,544,000.00</u>

3) *Agreement for acquisitions contracted for or readily for execution and their financial effect*

There were no executing or readily for executing acquisition agreements for the current year.

(2) **Execution of commitments of prior period**

There were no exceptions in executing the commitments of prior periods.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the financial year ended 31 December 2013, the Group recorded an operating income of RMB1,560,677,930 and profit attributable to owners of the Company of RMB50,223,722 as compared to operating income and profit attributable to owners of RMB1,750,772,575 and RMB78,742,986 for the year ended 31 December 2012, representing a decrease of 10.86% and 36.22% respectively. Earning per share was RMB0.2067 (2012: RMB0.3240) and net assets per share of the Company was RMB3.07 (2012: RMB2.90).

Operating income

The operating income of the Group for the year ended 31 December 2013 and the comparative figures of 2012 as classified by business segments as follows:

	2013		2012		Change
	<i>RMB</i>	%	<i>RMB</i>	%	%
Income from the principal business					
Cloud Infrastructure as a Service (IaaS)	421,329,862	27.00	361,134,365	20.63	16.67
Cloud Module as a Service (Maas)	1,117,986,407	71.63	1,374,472,376	78.51	(18.66)
Software and Platform as a Service (SaaS & PaaS)	13,740,162	0.88	5,168,706	0.29	165.83
Income from other business	7,621,499	0.49	9,997,128	0.57	(23.76)
Total	<u>1,560,677,930</u>	<u>100</u>	<u>1,750,772,575</u>	<u>100</u>	<u>(10.86)</u>

The Group's operating income was mainly derived from Cloud Infrastructure as a Service (IaaS) and Cloud Module as a Service (MaaS) business segments. With reference to the table above, for the year ended 31 December 2013, operating income from Cloud Infrastructure as a Service (IaaS) and Cloud Module as a Service (MaaS) business segments amounted to RMB421,329,862 and RMB1,117,986,407 respectively (2012: RMB361,134,365 and RMB1,374,472,376), accounting for 27% and 71.63% (2012: 20.63% and 78.51% of total operating income respectively). Operating income from Cloud Infrastructure as a Service (IaaS) business segment increased by 16.67%, which was mainly attributable to the optimization of our product mix during the year. On the other hand, operating income from Cloud Module as a Service (MaaS) business segment dropped by 18.66% under keener competition during the year in this industry. Further details of business analysis are set out in the "Business Review" section below.

Gross Profit

	Operating income		Gross profit		Gross profit margin	
	2013	2012	2013	2012	2013	2012
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	%	%
Income from the principal business						
Cloud Infrastructure as a Service (IaaS)	421,329,862	361,134,365	105,313,561	97,259,266	25.00	26.93
Cloud Module as a Service (Maas)	1,117,986,407	1,374,472,376	68,111,605	118,884,364	6.09	8.65
Software and Platform as a Service (SaaS & PaaS)	13,740,162	5,168,706	7,471,503	210,562	54.38	4.07
Income from other business	7,621,499	9,997,128	3,422,245	4,423,259	44.90	44.25
Total	<u>1,560,677,930</u>	<u>1,750,772,575</u>	<u>184,318,914</u>	<u>220,777,451</u>	<u>11.81</u>	<u>12.61</u>

The Group's gross profit decreased from RMB220,777,451 for the year ended 31 December 2012 to RMB184,318,914 for the year ended 31 December 2013, representing a decrease of 16.51%.

The Group's overall gross profit margin slipped from 12.61% for the year ended 31 December 2012 to 11.81% for the year ended 31 December 2013. Gross profit of both Cloud Infrastructure as a Service (IaaS) and Cloud Module as a Service (MaaS) decreased when compared with those in 2012. These were mainly attributable to the surge in labour cost and manufacturing cost of cloud server and cloud storage related equipment, keener market competition in Cloud Module as a Service (Maas) business segment, and the industry-wide decrease in gross profit. Further details of business analysis are set out in the "Business Review" section below.

Sales expenses

Sales expenses mainly comprised of, amongst others, salaries of sales personnel, marketing expenses, rentals and transportation cost. For the year ended 31 December 2013, sales expenses in total were RMB42,666,930, compared to the total sales expenses of RMB39,637,289 for the year ended 31 December 2012, representing an increase of 7.64% from last year.

Administrative expenses

Administrative expenses mainly comprised of, amongst others, amortization of intangible assets, salaries of management personnel, depreciation, research and development cost. For the year ended 31 December 2013, administrative expenses in total were RMB54,415,289, compared to the total administrative expenses of RMB60,018,965 for the year ended 31 December 2012, representing a decrease of 9.34% from last year.

Finance costs

Finance costs mainly comprised of, amongst others, net interest expenses, exchange gain or loss, and handling fees. For the year ended 31 December 2013, finance costs in total were RMB45,344,781, compared to the total finance costs of RMB49,189,956 for the year ended 31 December 2012, representing a decrease of 7.82% from last year.

Assets, Liabilities and Shareholders' Equity

As at 31 December 2013, current assets of the Group amounted to RMB1,183,769,228 (2012: RMB982,561,638), which mainly comprised of bank balance and cash of RMB370,444,416 (2012: RMB241,923,343), trade and bills receivables of RMB415,771,258 (2012: RMB388,763,141), inventories of RMB190,991,434 (2012: RMB175,100,856). Non-current assets amounted to RMB581,659,351 (2012: RMB479,416,851), which mainly comprised of long-term equity investment of RMB204,433,276 (2012: RMB154,667,011), fixed assets of RMB201,220,889 (2012: RMB 222,952,104), intangible assets and development costs of RMB133,876,469 (2012: RMB101,662,591). Total assets were RMB1,765,428,579 (2012: RMB1,461,978,490).

As at 31 December 2013, the Group's current liabilities mainly comprised of short-term borrowings of RMB552,801,860 (2012: RMB542,895,109) and trade payables of RMB165,464,647 (2012: RMB148,363,193). Non-current liabilities mainly included Long-term borrowings of RMB140,000,000 (2012: RMB0). Total liabilities were RMB1,017,740,589 (2012: RMB755,928,259).

As at 31 December 2013, the Group's equity attributable to the shareholders of the parent was RMB747,223,271 (2012: RMB705,892,160).

Changes in share capital

Share consolidation on the basis of every ten shares of RMB0.10 each consolidated into one Consolidated Share of RMB1.00 each was approved by a resolution at the EGM of held on 11 November 2013. Based on the number of issued shares of the Company, the registered share capital of the Company will comprise 182,250,000 Consolidated Domestic Shares and 60,750,000 Consolidated H Shares of RMB 1.00 each, all of which are in issue and fully paid. Articles Amendment in respect of this resolution was approved by the Economy, Trade and Information Commission of Shenzhen Municipality and the registration of such changes to the Market Supervision Administration Bureau of Shenzhen Municipality completed on 27 December 2013.

Significant investment, acquisition and disposal of subsidiaries and associates

On 1 March 2013, the Company entered into the share transfer agreement to sell 18% equity interests in 深圳市深越聯合投資有限公司 (Shenzhen Shenyue Joint Investment Co., Ltd.*) to 深圳市宝德投資控股有限公司 (Powerleader Investment Holdings Company Limited*, “Powerleader Holdings”) for a consideration of RMB20 million. Upon the completion, the Company no longer has equity interest in 深圳市深越聯合投資有限公司 (Shenzhen Shenyue Joint Investment Co., Ltd.*). This transaction constituted a discloseable transaction of the Company, details of which are set out in the announcement of the Company dated 1 March 2013.

In October 2013, the Company entered into a capital increase agreement, pursuant to which, the Company increased its shareholding in its 25%-owned subsidiary 北京海雲捷迅科技有限公司 (Beijing Haiyun Jiexun Technology Co., LTD.*) by capital contribution of RMB15 million.

In the same month, the Company entered into a capital increase agreement, pursuant to which, the Company increased its shareholding in its 49%-owned subsidiary 四川寶騰互聯科技有限公司 (Sichuan Baoteng Internet Technology Co., LTD.) by capital contribution of RMB42 million.

In December 2013, the Company invested RMB10 million to incorporate its 100%-owned subsidiary 廣州寶雲信息科技有限公司.

Currency Risk

The Company and some of its subsidiaries conduct sales and procurement in foreign currencies, which expose the Group to foreign exchange risks. In 2013, approximately 62% (2012: 67%) of the Group’s turnover was denominated in currencies other than the Group entities’ functional currency, and approximately 21% (2012: 19%) of the cost of the Group was denominated in the Group entities’ functional currency.

Gearing Ratio

As at 31 December 2013, the gearing ratio of the Group was approximately 57.65% (2012: 51.71%), which is the percentage calculated by dividing Group’s total liabilities with total assets. The Group’s gearing ratio surged by 5.94 percentage points compared to last year.

BUSINESS REVIEW

Cloud Infrastructure as a Service (IaaS) — providing cloud server and cloud storage related equipment as well as their related solutions

In 2013, China’s cloud computing market continued to maintain steady growth. The robust demand for cloud infrastructure construction drove the cloud server and cloud storage related equipment and their related solutions to grow in a rapid pace. The world-wide controversy arising from the PRISM incident raised concerns about information security across different industries around the worldwide. It is a general consensus for Chinese government and private enterprises and an inevitable trend for the development of industry to materialize “Domestically-made Autonomous Controllable Core Equipments Alternatives” (核心裝備自主可控, 國產化替代). The strong demand for bulk data usage fuelled by fast development of industries such as Internet of Things, mobile Internet, cloud computing helped sustain the growth of the demand for cloud server.

On front of R&D, armed with autonomous innovation, the Company launched various cloud servers, cloud storage products and their related solutions with autonomous intellectual property rights and strong competitiveness. The Company carried out the fully-autonomous R&D of mid-to-high end

cloud server products such as PR4860R, PR2730R and stepped up efforts on promoting quad-route cloud server PR4840R, which has received vigorous market response. For application with bulk data, R&D was focused on bulk data appliance, cloud servers, and construction of bulk data processing models to provide integrated solutions with software and hardware based on bulk data to industries of security and taxation. The Company was recognized as a “Post-doctoral Innovation Trial Centre” by the Shenzhen Municipality.

On front of sales system, we promoted the cloud server business as the strategic development core of cloud computing infrastructure and service of the Group to optimize sales and management system of large areas, rationalize manpower configuration by expanding the size of our sales force in key areas. We also strengthened industry sales management and stepped up manpower building for industry expansion team. Meanwhile, we arranged our sales channels in key industries over military machineries, energy, telecommunication, finance and government while actively expanding into other emerging market segments. In relation to the enhancement of our capability in cloud computing solutions, we did so by implementing solutions in the fields of HPC, cloud computing, bulk data and intelligent cities through the autonomous R&D and integration of resources of industry chain of cloud computing. The Company established a sales system on “Solution-based interconnection between regional sales and industry” (以解決方案為依託, 區域銷售與行業銷售縱橫互聯).

On front of marketing promotion, we made great efforts on our autonomous R&D of quad-route cloud server, cloud computing solutions and promoting our newly upgraded cloud server products and solutions with remarkable success. In addition to conventional promotion platforms such as advertisement, public relation and marketing activities, we extended marketing efforts via new means of media platforms such as Weibo and WeChat, thereby lifting up the brand visibility and influence of Powerleader.

In 2013, the Company continued to further expand in sectors including government, education, military machineries, power generation, Internet, telecommunication and finance. We maintained steady growth in industry sales. Our computing solutions for government affairs cloud, education cloud and private corporate sector cloud had had wide application in various regions. At the same time, we were actively involved in specialized construction cases including intelligent cities, safe cities, intelligent transportation and broadcasting IPTV which reaped notable achievements. We continued to consolidate our position in security monitoring industry and demonstrated in full range of the unique advantages of our products and solutions to business partners in order to start a new glorious chapter in security monitoring industry.

Cloud Module as a Service (MaaS) — providing cloud computing equipment related components R&D, design, manufacturing and sales, as well as cloud computing equipment key components agency distribution and related value-added services

In 2013, the Cloud Module as a Service (MaaS) business segment recorded a decline in operating income of 18.66% over the previous year, as competition in China’s agency distribution of cloud computing equipment related components sector had intensified. Capitalizing on the experience in the autonomous R&D and design of cloud computing equipment related components, the Company gave continued and aggressive efforts on the expansion of business in areas of cloud server accessories, network cards, storage products, Internet products and all-in-one computer. In line with the business strategy and business mode of suppliers, we were committed to our business philosophy of “customers come before strong growth” by integrating our wide range of products and resources to improve the relevant value-added cloud computing services, thus better fostering the one-stop purchase demand from our partners. We endeavored to provide customers with a more comprehensive range of efficient solutions.

Software and Platform as a Service (SaaS & PaaS) — Development and Services of Cloud Computing Related Software and Platform

Based on our software development technology and experience over the years, the Company continued to take initiative in expanding the business and step up R&D efforts to perfect cloud computing technology related software and platform, thus providing customers with a multi-structured cloud computing service with immediate availability, pay-per-use and unified management. It met the demand for more personalized and diversified cloud application of customers, and further contributed to popularity and application in wide range of user groups such as government institutions, big enterprises, SM enterprises.

The Company strived to step up investment in R&D of cloud computing. Solutions and services were launched and put into commercial operation successfully in respect of cloud computing, cloud storage and information centers. In order to cope with new challenges and opportunities emerged in the cloud computing market, we abided by the guidelines of “optimizing foundation, enhancing services, integrating resources, promoting application” to foster a more open and convenient application environment for cloud computing, which was mainly reflected in the following aspects:

Powerleader cloud platform

Powerleader cloud platform integrates computing, storage and network resources and minimizes hardware purchasing, transportation and maintenance costs, thereby providing customers with cloud services that are simple and efficient, safe and stable, with flexible scalability and pay-per-use features. During the year, in order to provide more and better services for customers, greater improvement and modifications had been made for Powerleader cloud platform, which was mainly reflected in the following aspects: cloud resources monitoring and management, cloud safety analysis and deployment, user centre control, improvement for cloud storage, optimization of the snapshot function etc. Moreover, Powerleader cloud platform had undergone successful operation in mobile games and construction industries and attained high recognition from customers.

Cloud hosting

As the core product in Powerleader cloud platform, cloud hosting is based on technological virtualization which creates several virtual hosts separately in a cluster of physical computers. Each host can run separate operating system and the way of management is the same as that of a physical computer. In the cluster of cloud hosting, there is a mirroring of cloud hosting in each host so that the safety and stability of the virtual host is substantially improved. During the year, the Group provided lease of hosting services for customers based on the cloud computing model, with the features of use-per-demand and pay-per-use. It greatly reduced the costs of computing acquired by customers and simplified the management process of cloud hosting.

Accelerated cloud platform

Accelerated cloud platform gradually engages the process of “cloud computerization” for node acceleration, which uses a large number of cloud servers for node acceleration and establishes several groups. These groups are operated under load equalization so that there are sufficient allocation and utilization of resources, which greatly improves users’ online experience with high level of applicability, stability, safety, physical strength and speed.

Data centres

With rising application of information technology in society, data centres play an increasingly important role in the cloud computing industry. In order to cater for the trends of market development, the Company initially planned to set up data centres in three cities namely, Shenzhen, Guangzhou and Chengdu, to build a solid foundation for the thriving business in future. With the prolonged favorable industry development and state policies, Powerleader Data Centre will keep closer ties with its cooperation partners and operators. It placed great emphasis on building service system in a way that would generate a data centre environment of high quality, compact and energy-saving with tailor made, modulized and highly scalable service mode.

Bank financing and capital management

In 2013, facing a stringent financial environment, with respect to bank financing, the Group stepped up efforts to broaden financing channels, improved financing structure and enhanced financing levels. While in respect of capital management, it optimized debt structure, reduced financing costs and realized efficient capital utilization. The above measures during the year had helped in aversion of potential risks and gave protection for normal development of respective businesses.

ASSOCIATED COMPANY

深圳中青宝互动网络股份有限公司(Shenzhen ZQ Game Co., Ltd) (“ZQ Game”), a 15.30%-owned associate of the Group which is principally engaged in development and operation of online games, registered turnover of RMB324,475,994.23 in 2013, representing an increase of 75.40% from RMB184,988,422.16 in 2012. The growth was mainly attributable to the ongoing effort of ZQ Game in executing the “four horizontal and one vertical” development strategy. This was realized on the basis that the product line on each front of “user-end games”, “web page games”, “mobile games” and “mobile social platform” had been operated with enhanced stability. With its highly integrated channels and product offerings, further progress was made in the arena of mobile Internet. Furthermore, it wasted no time in putting down a strategic planning and working on its execution taken advantage of its own strength and used mobile game as the focal point of its exploration in the mobile Internet branch. Through both internal growth and external expansion it succeeded in speeding up the process of its transformation from a conventional online and web page games company into a mobile Internet interactive entertainment contents provider. ZQ Game reported net profit attributable to holders of the listed company’s ordinary shares of approximately RMB51,027,332.23 for 2013, leaped 205.7% from RMB16,691,959.64 in 2012. As the second largest shareholder of ZQ Game, the Group will share the enormous benefits brought by the growth of ZQ Game.

PROSPECT

In 2014, with relevant government policies implemented into full swing and the need of cloud computing continues to grow, the Company will capture good development opportunities to realize a rapid and healthy development in its business. Relevant prospects are as follows:

Cloud Infrastructure as a Service (IaaS) — providing cloud server and cloud storage related equipment, as well as their related solutions

Looking forward to 2014, IT operation further will accelerate its developmental pace toward cloud computing. The needs of applications such as Cloud, bulk data, Internet of Things, mobile Internet show trends of growth. While the need of Cloud Infrastructure as a Service continues to grow, Cloud Infrastructure Project such as intelligent cities, safety cities, intelligent traffic, broadband China across

the country will become more popular. With favorable State's policy on industry and the growing concern over information safety by society, nationalization substitution process will accelerate. Leveraging on our new self-developed capability, the Company is looking forward to see more opportunities on development.

On front of the sales management, the Company will expand its sales team, optimize its talent structure, bring in the assessment mechanism and incentive mechanism to perfection and inspire the potential of the sales team. Meanwhile, the Company will adhere to its notion of a consolidated industry sales management and a well-established talent building system for its industry development, and will explore opportunities in key industries such as military machineries, energy, telecommunication, finance, government, Internet and education, and take heed of the industry hotspot with good initiative. On front of R&D, the Company relies on the technical research and development advantage of Powerleader research centre. It will devote more resources on the R&D of quad-route, HPC and high-end cloud server. Aiming to provide an integrated solution of the R&D software and hardware of bulk data application, the Company will strengthen the features of the general solution of corporate private cloud and public cloud, so as to further enhance its competitiveness of the Company's cloud server products. On front of brand building and marketing, the Company will carry out a nationwide promotion emphasizing the successful cases of its cloud core products, new products and solutions through media promotion, marketing, We-Media. It will also commence industry-wide promotion pertinent with scheduled progress of industry development, in an all-out effort to expand and enhance the popularity and impact of Powerleader' brand. The Company will as usual make tremendous contribution to the development of cloud computing business in the PRC.

Cloud Module as a Service (MaaS) — providing R&D, design, manufacturing and sales of cloud computing equipment related components, as well as agency distribution and related value-added services of cloud computing equipment key components

Looking forward to 2014, the Company will be committed to consolidating its sales system, enhancing sales management capability, strengthening its cooperation with suppliers and exploring collaboration possibilities. It will sharpen its competitive edge by leveraging on its self-developed brand advantage, so as to maintain its position as leading cloud computing equipment related components provider. On front of agency distribution and related value-added services of cloud computing equipment key components, the Company will further perfect and expand the agency distribution and related value-added services product group of cloud computing equipment key components centered around Intel Server element model production line, enlarging the production system of agency distribution, actively exploring channel cooperation partners, enhancing its value-added service capability, while providing its channel cooperation partners and industry customers with timely, adequate component support and professional technical support.

Software and Platform as a Service (SaaS & PaaS) — Development and Services of Cloud Computing Related Software and Platform

Looking forward to 2014, the Company will launch its self-developed cloud computing related software, while relentlessly improving and refining the system functions. It will leverage on the advantage of the Group and promptly capture market opportunities arisen, and provide its customers with simple and efficient cloud services with strong scalability, stability and safety on the basis of pay-per-use. Catering for the need of cloud computing and bulk data related application, the Group will capture market opportunities and provide its customers with quality, diversified, and tailor-made software services, and optimized cloud computing solutions, with a view to strengthening its position in PRC as a leading cloud computing solution provider.

Bank financing and capital management

Looking forward to 2014, in order to accommodate the changes in the financing environment, the Group will set up project financing plan with respect to its business requirement to further integrate its superior resources. Meanwhile, the Group will continue to strengthen its internal capital management, optimize its internal control system, implement stricter cost auditing toward the capital use of each business segment, and instill stronger finance cost sense and raise the efficiency of capital use, so as to realize effective utilization of capital.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY AND DEBT SECURITIES

As at 31 December 2013, the interests or short positions of the directors of the Company, supervisors and chief executive of the Company and their associates in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under relevant provisions of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") relating to securities transactions by the directors of the Company were as follows:

Shares of the Company

Name of directors	Number of Domestic Shares held by a controlled corporation	Approximate percentage of the Company's issued share capital	Approximate percentage of the Company's issued Domestic Shares
Mr. Li (<i>Note</i>)	102,184,500	42.05%	56.07%
Ms. Zhang (<i>Note</i>)	102,184,500	42.05%	56.07%

Note: Mr. Li is the husband of Ms. Zhang. They hold in aggregate 102,184,500 Domestic Shares through Powerleader Investment Holding Company Limited ("Powerleader Investment"), which is held by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively.

Save as disclosed above, as at 31 December 2013, none of the directors of the Company, supervisors and chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under relevant provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

Up to 31 December 2013, the Company has not adopted any share option scheme and not granted any option.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

During the year, the Company or any of its subsidiaries was not a party to any arrangements to enable the directors of the Company or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities, including debentures, of the Company or any other body corporate, and none of the directors of the Company or the supervisors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance, to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2013, the directors of the Company are not aware of any other interests and short positions in shares and underlying shares or debentures of substantial shareholders of the Company and other persons, which will have to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which will be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Long Positions in Domestic Shares	Number of Domestic Shares	Capacity	Approximate percentage of the Company's issued share capital	Approximate percentage of the Company's issued Domestic Shares
Powerleader Investment Holding Company Limited (<i>Note</i>)	102,184,500	Beneficial owner	42.05%	56.07%

Note: Powerleader Investment Holding Company Limited, a limited liability company established in the PRC, which is held by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively, holds in aggregate 102,184,500 Domestic Shares.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
— the largest customer	8.58%
— five largest customers combined	27.20%
Purchase	
— the largest supplier	67.74%
— five largest supplies combined	85.16%

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

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the directors of the Company, initial management shareholders or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest which any such person may have with the Group as at 31 December 2013.

CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the Board, the Company had complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the GEM for the year.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 19 October 2002 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Committee are (i) to provide an important link between the Board and the Group's auditors in matters coming within the scope of the Group audit and (ii) to review the effectiveness of the external audit and of internal controls and risk evaluation. At present, the Committee comprises three independent non-executive Directors, namely Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun. During the year, the Committee held four meetings for the purpose of reviewing the annual report of 2012, the quarterly reports of the first and third quarters of 2013 as well as the interim report of 2013. In addition, the Committee has also reviewed the annual results for the year ended 31 December 2013 and was of the opinion that the preparation of such results complied with the applicable standards and requirements of the Stock Exchange and other regulations.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their shareholdings and there was no restriction against such rights under the laws of the PRC.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

REVIEW OF FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2013 have been reviewed by the audit committee of the Company. There were no different opinions towards this financial results held by the Committee. Moreover, the figures in respect of the preliminary results announcement of the Group for the year ended 31 December 2013 have been agreed by the Company's auditor to the amounts set out in the Group's financial statements for the year.

On behalf of the Board
ZHANG YUNXIA
CHAIRMAN

Shenzhen, the PRC
28 March 2014

As at the date hereof, the Board comprises a total of 9 Directors, including Ms. Zhang Yunxia, Mr. Dong Weiping and Mr. Ma Zhumao as executive Directors, Mr. Li Ruijie, Mr. Sun Wei and Mr. Li Donglei as non-executive Directors and Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun as independent non-executive Directors.

This announcement, for which the directors (the "Directors") of Powerleader Science & Technology Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and the Company's website at www.powerleader.com.cn.