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**宝德科技集团股份有限公司**

**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 2014  
AND RESUMPTION OF TRADING**

**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 higher 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 of Powerleader Science & Technology Group Limited (the “Company”) (the “Directors”) 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.*

\* For identification purpose only

## AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of Directors (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014, together with the comparative figures for the year ended 31 December 2013.

### CONSOLIDATED INCOME STATEMENT

2014

Prepared by: Powerleader Science & Technology Group Limited

Expressed in: RMB

Item	Note	Amount for this year	Amount for last year
<b>I. Total revenue</b>	4	<b>1,852,839,420.50</b>	1,560,677,930.33
Including: revenue	4	<b>1,852,839,420.50</b>	1,560,677,930.33
<b>II. Total operating cost</b>		<b>1,800,563,649.03</b>	1,526,366,606.32
Including: Operating cost	4	<b>1,625,683,987.49</b>	1,376,359,016.30
Business taxes and surcharges		<b>1,924,483.09</b>	2,251,636.52
Sales expenses		<b>45,674,560.79</b>	42,666,930.00
Administrative expenses		<b>63,769,919.26</b>	54,415,288.51
Finance costs	7	<b>60,769,922.35</b>	45,344,781.41
Impairment loss of assets		<b>2,740,776.05</b>	5,328,953.58
Add: Gain on changes in fair value (loss is denoted as “0”)		<b>(362,198.90)</b>	183,505.65
Gain on investment (loss is denoted as “0”)		<b>(7,017,232.86)</b>	11,065,648.37
Including: Gain on investment to associates and joint ventures		<b>(10,172,065.04)</b>	8,702,275.77
<b>III. Operating profit (loss is denoted as “0”)</b>		<b>44,896,339.71</b>	45,560,478.03
Add: Non-operating income		<b>7,206,490.31</b>	11,387,188.83
Including: Gain on disposal of non-current assets		<b>1,074,754.56</b>	5,214.53
Less: Non-operating expenses		<b>258,666.88</b>	279,156.38
Including: Loss on disposal of non-current assets		<b>94,318.12</b>	103,662.27
<b>IV. Total Profit (total loss is denoted as “0”)</b>		<b>51,844,163.14</b>	56,668,510.48
Less: Income tax expenses	8	<b>(2,187,521.84)</b>	6,338,140.68
<b>V. Net profit (net loss is denoted as “0”)</b>		<b>54,031,684.98</b>	50,330,369.80
Net profit attributable to shareholders of the Company		<b>53,997,051.88</b>	50,223,721.86
Profit or loss attributable to minority interests		<b>34,633.10</b>	106,647.94

Item	<i>Note</i>	Amount for this year	Amount for last year
<b>VI. Other comprehensive income net of tax</b>		<b>21,423.64</b>	(9,527.61)
Other comprehensive income net of tax attributable to owners of the Company		<b>21,423.64</b>	(9,527.61)
(I) Other comprehensive income which will not be reclassified to profit or loss		—	—
1. Remeasurement of changes in net liabilities or net assets of defined benefit schemes			
2. Share of other comprehensive income of investee that will not be reclassified to profit or loss under equity method			
(II) Other comprehensive income which will be reclassified to profit or loss		<b>21,423.64</b>	(9,527.61)
1. Share of other comprehensive income of investee that will be reclassified to profit or loss under equity method		<b>21,423.64</b>	(9,527.61)
2. Gain or loss on changes in fair value of available-for-sale financial assets			
3. Gain or loss on reclassification of held-to-maturity investment to available-for-sale financial assets			
4. Effective portion in gain or loss on cash flow hedging			
5. Exchange difference arising from translation of foreign currency denominated financial statements			
6. Others			
Other comprehensive income attributable to minority interest net of tax		—	—
<b>VII. Total comprehensive income</b>		<b>54,053,108.62</b>	50,320,842.19
Total comprehensive income attributable to shareholders of the Company		<b>54,018,475.52</b>	50,214,194.25
Total comprehensive income attributable to minority interests		<b>34,633.10</b>	106,647.94
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share	9	<b>0.2222</b>	0.2067
(II) Diluted earnings per share	9	<b>0.2222</b>	0.2067

# CONSOLIDATED BALANCE SHEET

As at 31 December 2014

Prepared by: Powerleader Science & Technology Group Limited

Expressed in: RMB

Item	Note	Closing balance	Opening balance
<b>Current Assets:</b>			
Cash and cash equivalents		465,885,673.02	370,444,415.57
Financial assets at fair value through profit or loss for the current period		—	362,198.90
Notes receivable	11	27,772,871.40	19,850,837.81
Accounts receivable	11	496,542,626.13	395,920,420.06
Prepayments	11	32,922,620.33	32,346,250.20
Interest receivables		—	—
Dividend receivables		—	—
Other receivables	11	233,467,980.03	173,759,856.44
Inventories		321,873,815.99	190,991,433.57
Assets classified as held for sale		—	—
Non-current assets due within 1 year		—	—
Other current assets		20,742,261.23	93,815.82
<b>Total current assets</b>		<b>1,599,207,848.13</b>	<b>1,183,769,228.37</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets		4,000,000.00	—
Held-to-maturity investment		—	—
Long-term accounts receivable		—	—
Long-term equity investment		195,544,136.28	204,433,275.76
Investment Properties		13,883,577.12	16,838,422.38
Fixed assets		267,943,201.85	201,220,888.57
Construction in progress		116,741,077.26	24,249,172.78
Construction material		—	—
Fixed assets disposal		—	—
Intangible assets		69,635,911.97	96,832,657.57
Development expenditure		21,124,616.31	37,043,811.51
Goodwill		—	—
Long-term prepayments		1,244,188.13	52,652.89
Deferred income tax assets		1,958,721.16	988,469.02
Other non-current assets		—	—
<b>Total non-current assets</b>		<b>692,075,430.08</b>	<b>581,659,350.48</b>
<b>Total assets</b>		<b>2,291,283,278.21</b>	<b>1,765,428,578.85</b>

Item	Note	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term loans		976,112,408.03	552,801,859.89
Financial liabilities at fair value through profit or loss for the current period		—	—
Notes payable		—	—
Accounts payable	12	259,973,782.34	165,464,646.87
Receipts in advance	12	14,699,090.26	18,681,340.48
Employee remuneration payables		6,892,898.10	5,400,368.45
Tax and levy payables		19,129,411.79	14,818,814.62
Interest payables		363,125.00	394,625.00
Dividend payables		—	—
Other payables	12	59,152,722.63	47,496,439.82
Liabilities classified as held for sale		—	—
Non-current liabilities repayable within one year		140,000,000.00	60,000,000.00
Other current liabilities		7,076,252.28	2,532,190.51
<b>Total current liabilities</b>		<b>1,483,399,690.43</b>	<b>867,590,285.64</b>
<b>Non-current liabilities:</b>			
Long-term loans		—	140,000,000.00
Bond payables		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Long-term payables		—	—
Long-term employee remuneration payables		—	—
Special payables		—	—
Provisions		—	—
Deferred income		4,587,000.00	8,637,000.00
Deferred income tax liabilities		—	1,513,303.41
Other non-current liabilities		—	—
<b>Total non-current liabilities</b>		<b>4,587,000.00</b>	<b>150,150,303.41</b>
<b>Total Liabilities</b>		<b>1,487,986,690.43</b>	<b>1,017,740,589.05</b>

Item	Note	Closing balance	Opening balance
<b>Owners' equity:</b>			
Capital		243,000,000.00	243,000,000.00
Other equity instrument		—	—
Including: Preference share		—	—
Perpetual bonds		—	—
Capital reserves		34,042,006.02	31,984,904.09
Less: Treasury shares		—	—
Other comprehensive income		23,771.40	2,347.76
Special reserves		—	—
Surplus reserves		34,601,238.65	34,601,238.65
General Risk Reserves		—	—
Undistributed profits		491,631,832.64	437,634,780.76
		<u>803,298,848.71</u>	<u>747,223,271.26</u>
<b>Total equity attributable to shareholders of the Company</b>		<u>803,298,848.71</u>	<u>747,223,271.26</u>
Minority interests		(2,260.93)	464,718.54
		<u>(2,260.93)</u>	<u>464,718.54</u>
<b>Total shareholders' equity</b>		<u>803,296,587.78</u>	<u>747,687,989.80</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,291,283,278.21</u>	<u>1,765,428,578.85</u>
Net current assets	13	<u>115,808,157.70</u>	<u>316,178,942.73</u>
<b>Total assets less current liabilities</b>	14	<u>807,883,587.78</u>	<u>897,838,293.21</u>

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

## 2014

Prepared by: Powerleader Science & Technology Group Limited

Expressed in: RMB

Item	Share capital	Other equity instrument			Attributable to shareholders of the Company					Undistributed profits	Minority interest	Total Shareholders' equity	
		Preference share	Perpetual bonds	Others	Capital reserves	This year		Special reserves	Surplus reserves				General risk reserves
						Treasury shares	Other comprehensive income						
<b>I. Balance at the end of last year</b>	243,000,000.00	—	—	—	31,984,904.09	—	2,347.76	—	34,601,238.65	—	437,634,780.76	464,718.54	747,687,989.80
Add: Changes in accounting policies													—
Correction of errors in previous periods													—
Business combination under common control													—
Others													—
<b>II. Balance at beginning of year</b>	243,000,000.00	—	—	—	31,984,904.09	—	2,347.76	—	34,601,238.65	—	437,634,780.76	464,718.54	747,687,989.80
<b>III. Changes (increase/decrease) for the year (decrease is denoted in “()”)</b>	—	—	—	—	2,057,101.93	—	21,423.64	—	—	—	53,997,051.88	(466,979.47)	55,608,597.98
(I) Total comprehensive income							21,423.64				53,997,051.88	34,633.10	54,053,108.62
(II) Contribution from shareholders and reduction of capital	—	—	—	—	—	—	—	—	—	—	—	(501,612.57)	(501,612.57)
1. Ordinary share contributed by shareholders												(501,612.57)	(501,612.57)
2. Capital contribution by holders of other equity instrument													—
3. Amount of share-based payment included under shareholders' equity													—
4. Others													—
(III) Profit appropriation	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Transfer to surplus reserves													—
2. Transfer to general risk reserves													—
3. Distribution to shareholders													—
4. Others													—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Capitalization of capital reserves													—
2. Capitalization of surplus reserves													—
3. Surplus reserves for making up losses													—
4. Others													—
(V) Special reserves	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Transfer during the year													—
2. Utilised during the year													—
(VI) Others					2,057,101.93								2,057,101.93
<b>IV. Balance at the end of the year</b>	<b>243,000,000.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>34,042,006.02</b>	<b>—</b>	<b>23,771.40</b>	<b>—</b>	<b>34,601,238.65</b>	<b>—</b>	<b>491,631,832.64</b>	<b>(2,260.93)</b>	<b>803,296,587.78</b>

Item	Share capital	Other equity instrument			Attributable to shareholders of the Company						Minority interest	Total Shareholders' equity	
					Capital reserves	Last year		Special reserves	Surplus reserves	General risk reserves			Undistributed profits
						Treasury shares	Less: comprehensive income						
	Preference share	Perpetual bonds	Others										
<b>I. Balance at the end of last year</b>	243,000,000.00				28,717,987.51		11,875.37		34,601,238.65		399,561,058.90	158,070.60	706,050,231.03
Add: Changes in accounting policies													—
Correction of errors in previous periods													—
Business combination under common control													—
Others													—
<b>II. Balance at beginning of year</b>	243,000,000.00	—	—	—	28,717,987.51	—	11,875.37	—	34,601,238.65	—	399,561,058.90	158,070.60	706,050,231.03
<b>III. Changes (increase/decrease) for the year (decrease is denoted in “(”)</b>	—	—	—	—	3,266,916.58	—	(9,527.61)	—	—	—	38,073,721.86	306,647.94	41,637,758.77
(I) Total comprehensive income							(9,527.61)				50,223,721.86	106,647.94	50,320,842.19
(II) Contribution from shareholders and reduction of capital	—	—	—	—	—	—	—	—	—	—	—	200,000.00	200,000.00
1. Ordinary share contributed by shareholders												200,000.00	200,000.00
2. Capital contribution by holders of other equity instrument													—
3. Amount of share-based payment included under shareholders' equity													—
4. Others													—
(III) Profit appropriation	—	—	—	—	—	—	—	—	—	—	(12,150,000.00)	—	(12,150,000.00)
1. Transfer to surplus reserves													—
2. Transfer to general risk reserves													—
3. Distribution to shareholders											(12,150,000.00)		(12,150,000.00)
4. Others													—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Capitalization of capital reserves													—
2. Capitalization of surplus reserves													—
3. Surplus reserves for making up losses													—
4. Others													—
(V) Special reserves	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Transfer for the year													—
2. Utilised during the year													—
(VI) Others					3,266,916.58								3,266,916.58
<b>IV. Balance at the end of the year</b>	<u>243,000,000.00</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>31,984,904.09</u>	<u>—</u>	<u>2,347.76</u>	<u>—</u>	<u>34,601,238.65</u>	<u>—</u>	<u>437,634,780.76</u>	<u>464,718.54</u>	<u>747,687,989.80</u>



## NOTES TO THE FINANCIAL STATEMENTS

1 January 2014 to 31 December 2014

(these notes to financial statements are presented in RMB unless otherwise specified)

### 1. BASIC INFORMATION OF THE COMPANY

Powerleader Science & Technology Group Limited (hereinafter referred to as the “Company”, referred to as the “Group” together with its subsidiaries, formerly known as Shenzhen Powerleader Science & Technology Limited). It was established in 1997 in Shenzhen as a limited liability company and was reformed to a joint stock company as a whole in 2001. It has obtained the business licence for enterprise legal person of registration number 440301501122438. The registered capital was RMB243 millions. The legal person representative is Zhang Yunxia. The registered address 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.

Upon approval Jianguohezi [2002] No.10 “Reply and Approval on the agreement to overseas listed foreign shares issuance by Shenzhen Powerleader Science & Technology Co., Limited” dated 13 May 2002 from China Securities Regulatory Commission, the Company made an overseas initial public offering of 220,000,000 ordinary shares (H shares) of RMB0.1 each at the offer price of HK\$0.28 per share. The shares were listed on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (Stock name: “POWERLEADER”; stock code: 08236) on 12 December 2002. After the initial public offering, the original 66,000,000 ordinary shares of the Company of RMB1 each were split into 660,000,000 shares of RMB0.1 each, comprising 532,290,000 domestic non-tradable natural person shares; and 127,710,000 domestic non-tradable legal person shares. The Company’s total share capital was 880,000,000 shares upon issuance.

The proceeds received by the Company by the issuance of overseas listed foreign H shares was RMB50,774,000, PricewaterhouseCoopers Zhong Tian CPAs Limited Company issued a capital verification report Puhuayongdaoyanzi [2003] No.28 in January 2003.

Upon approval Zhengjianguohezi [2004] No.23 “Reply and approval on the agreement to additional overseas listed foreign shares issuance by Shenzhen Powerleader Science & Technology Co., Limited” dated 28 June 2004 from China Securities Regulatory Commission, the Company issued 23 million H shares to the public by way of capital increase issuance on 14 April 2005. The share capital changed to RMB90,300,000 upon the capital increase issuance. The above-mentioned capital change was verified by Shenzhen Pengcheng Certified Public Accountants Co. Ltd. with a capital verification report Shenpengsuoyanzi [2005] No.073 dated 30 May 2005.

Upon consideration and approval at the Extraordinary General Meeting of the Company on 8 October 2007, the registered capital of the Company was increased by RMB135.45 million by capitalizing capital reserves and undistributed profits. The registered capital after such change was RMB225.75 million. The above-mentioned capital injection was verified by ShineWing Certified Public Accountants Shenzhen Branch with a capital verification report (XYZH/2007SZATS050-2).

Pursuant to the general mandate granted to the Board to issue shares pursuant to a special resolution passed at the Annual General Meeting held on 20 May 2010, the Board resolved to issue 451.5 million shares to the public, representing 20% of the shares issued as at 20 May 2010. On 28 January 2011, the Company entered into agreements with Shenzhen Jinbo Litong Investment Partnership (Limited Partnership), Shenzhen Jiachong Joint Investment Partnership (Limited Partnership) and Shenzhen Shizhi Zhengli Investment Partnership (Limited Partnership) to issue 72.5 million shares, 50 million shares and 50 million shares respectively to these three companies, which was 172.5 million shares in aggregate at the variable issuance price of RMB0.25 per share. The above-mentioned capital increase had been verified by Shenzhen Sijie Certified Public Accountants (General partnership) with a capital verification report Sijieyanzi [2011] No. A21612. The procedures for industrial and commercial registration change were completed on 25 November 2011.

Upon approval (document Shenjingmaoxinxizizi [2012] No.1448) from Economy, Trade and Information Commission of Shenzhen Municipality, Beijing Alice Anderson Technology Development Limited and Shenzhen Luheng Technology Limited transferred their 5.17% and 1% of shareholdings in the Company respectively to Tianjin Chengbai Equity Investment Partnership (Limited Partnership) on 18 September 2012. The procedures of industrial and commercial registration change were completed on 29 October 2012.

Upon approvals at the extraordinary general meeting, H share class meeting and domestic share class meeting on 11 November 2013, every 10 shares of the Company of RMB0.10 each were consolidated into 1 share of RMB1.00 each.

As of 31 December 2014, the total share capital of the Company was 243 million shares of RMB1.00 each, comprising 182.25 million restricted shares, accounted for 75% of the total capital, and 60.75 million non-restricted shares, accounted for 25% of the total capital. The capital structure was as follows:

Expressed in: RMB'000

Company Name	Amount	Shareholding Percentage (%)
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	15,963.750	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 Zhizheng Lida Investment Partnership (Limited Partnership)	5,000.00	2.06
Overseas listed foreign shares	60,750.00	25.00
<b>Total</b>	<b><u>243,000.00</u></b>	<b><u>100.00</u></b>

The Company is a player in the computer industry, its principal business scope covers: computer software, hardware and interface devices; research and development of computer peripherals, production and sale of self-produced products; import and export business.

The controlling shareholder of the Company is Shenzhen Powerleader Investment Holdings Limited (hereinafter referred to as “Powerleader Holdings”). The ultimate controllers of the Group are Li Ruijie and Zhang Yunxia. The General Meeting is the sovereign body of the Company. It exercises its rights of resolution in respect of significant events such as operating directions, fund raising, investment and profit appropriations of the company in accordance with the laws. The Board is responsible to the General Meeting. It exercises its rights of making operation decisions in accordance with the laws. Managers are responsible for organizing and implementing the resolutions passed by the General Meeting and Board meeting and are in charge of the management of production and operations.

The Group has set up 14 functional departments, namely, the President Office, the General Management Center, the Procurement Center, the Production Center, the R&D Center, the Marketing Center, the Products Center, the Branding Center, the Cloud Computing Software Application Center, the Finance Center, the Quality Management Department, the Enterprise Development Department, the Securities Investment Department and the Internal Audit Department.

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

### (1). Basis for preparation

The financial statements have been prepared on a going concern basis based on transactions and events effectively incurred and in accordance with the “Accounting Standards for Business Enterprises” and relevant requirements (hereinafter collectively referred to as “ASBE“ ) issued by the Ministry of Finance of the PRC and the “Regulation of the Preparation and Reporting of Information Disclosure by Companies Offering Securities to the Public No.15 — General Requirements for Financial Reporting (revised 2014)” of the China Securities Regulatory Commission, the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance, and on the basis of accounting policies and accounting estimates formulated by the Company.

### (2). On-going concern

The Group has near-term profit-making history and is supported by financial resources. It is of the opinion that it is reasonable to prepare the financial statements on on-going concern basis.

### 3. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### (1) Changes in critical accounting policies

*Implementation of the revised and new standards promulgated by the Ministry of Finance in 2014*

In preparing the financial statements for 2013, the Group early adopted ASBE No. 9 — Employee Remuneration (revised), ASBE No. 30 — Presentation of Financial Statements (revised), ASBE No. 33 — Consolidated Financial Statements (revised), ASBE No. 39 — Fair Value Measurement and ASBE No. 40 — Joint Arrangement. In preparing the financial statements for 2014, the Group implemented the ASBE — Basic standard (revised), ASBE No. 2 — Long-term Equity Investments (revised), ASBE No. 37 — Presentation of Financial Instrument (revised) and ASBE No. 41 — Disclosure of Interests in Other Entities, comparative figures had also been restated according to the new accounting standards and their related interpretations and application guidelines. In particular, the material effect of changes in accounting policies to the financial statements in the reporting period are set out as below:

- ① According to ASBE No. 2 — Long-term Equity Investments (revised), for equity investment where a company does not exercise common control or significant influence on an investee, which is not quoted in an active market and its fair value cannot be reliably measured, the Group presents it under available for sale financial assets by the application of ASBE No. 22 — Recognition and measurement of financial assets.
- ② According to ASBE No. 30 — Presentation of Financial Statements (revised), the Group reclassified translation difference of financial statements denominated in foreign currencies previously presented in capital reserves to other comprehensive income, and reclassified deferred income previously presented in “other non-current liabilities” to “deferred income”, and made corresponding disclosures.
- ③ According to ASBE No. 41 — Disclosure of Interests in Other Entities, the Group made disclosures on equity interest in other entities.

Except for the above mentioned changes in accounting policies, other critical accounting policies remain unchanged during the reporting period. The total owners' equity was not affected by the influence of the above changes.

#### (2) Changes in critical accounting estimates

The critical accounting estimates of the Group have not been changed during the year.

### 4. REVENUE AND OPERATING COSTS

Item	Amount of this year		Amount of last year	
	Revenue	Costs	Revenue	Costs
Principle businesses	<b>1,843,059,452.57</b>	<b>1,620,860,594.94</b>	1,553,056,430.51	1,372,159,761.05
Other businesses	<b>9,779,967.93</b>	<b>4,823,392.55</b>	7,621,499.82	4,199,255.25
<b>Total</b>	<b><u>1,852,839,420.50</u></b>	<b><u>1,625,683,987.49</u></b>	<u>1,560,677,930.33</u>	<u>1,376,359,016.30</u>

Revenue from principal businesses, which is the Group's turnover, represents the net amount received and receivable from sale of goods and provision of services by the Group to external customers, less trade discounts during the year.

**Gross profit**

<b>Item</b>	<b>Amount for this year</b>	Amount for last year
Revenue from principal businesses	<b>1,843,059,452.57</b>	1,553,056,430.51
Costs of principal businesses	<b>1,620,860,594.94</b>	1,372,159,761.05
<b>Gross profits</b>	<b><u>222,198,857.63</u></b>	<b><u>180,896,669.46</u></b>

*(1) Principal businesses — classified by sectors*

<b>Name of sector</b>	<b>Amount for this year</b>	
	<b>Revenue from principal businesses</b>	<b>Cost of principal businesses</b>
Cloud infrastructure as a service	536,722,121.32	388,819,995.33
Cloud module as a service	1,297,465,299.41	1,226,479,564.16
Software and platform as a service	8,872,031.84	5,561,035.45
<b>Total</b>	<b><u>1,843,059,452.57</u></b>	<b><u>1,620,860,594.94</u></b>
	Amount for last year	
<b>Name of sector</b>	Revenue from principal businesses	Cost of principal businesses
Cloud infrastructure as a service	421,329,861.50	316,016,300.93
Cloud module as a service	1,117,986,407.29	1,049,874,801.75
Software and platform as a service	13,740,161.72	6,268,658.37
<b>Total</b>	<b><u>1,553,056,430.51</u></b>	<b><u>1,372,159,761.05</u></b>

*(2) Principal businesses — classified by geographical regions*

<b>Name of geographical region</b>	<b>Amount for this year</b>	
	<b>Revenue from principal businesses</b>	<b>Cost of principal businesses</b>
Mainland China	1,315,614,347.18	1,116,386,480.46
Hong Kong	519,451,733.69	498,697,120.29
Others	7,993,371.70	5,776,994.19
<b>Total</b>	<b><u>1,843,059,452.57</u></b>	<b><u>1,620,860,594.94</u></b>
	Amount for last year	
<b>Name of geographical region</b>	Revenue from principal businesses	Cost of principal businesses
Mainland China	1,080,816,193.18	938,300,593.90
Hong Kong	289,790,689.03	258,442,415.42
Others	182,449,548.30	175,416,751.73
<b>Total</b>	<b><u>1,553,056,430.51</u></b>	<b><u>1,372,159,761.05</u></b>

(3) Revenue from other businesses and costs of other businesses

Name of business	Amount for this year		Amount for last year	
	Revenue from other businesses	Costs of other businesses	Revenue from other businesses	Costs of other businesses
Service fee revenue	7,838,266.93	4,516,598.97	6,220,016.47	3,835,872.84
Lease revenue	1,770,701.00	306,223.70	1,374,881.00	363,382.41
Others	171,000.00	569.88	26,602.35	—
<b>Total</b>	<b>9,779,967.93</b>	<b>4,823,392.55</b>	<b>7,621,499.82</b>	<b>4,199,255.25</b>

(4) The sales to the largest customer during the year amounted to RMB143,180,155.40, accounted for 7.73% of the total sales value (2013: RMB133,965,706.70, 8.58%), the sales to the 5 largest customers amounted to RMB410,035,202.97 in aggregate, accounted for 22.13% of the total sales value (2013: RMB424,437,364.15, 27.20%).

(5) The purchases from the largest supplier during the year amounted to RMB880,356,004.80, accounted for 39.33% of the total purchase value (2013: RMB970,901,301.99, 54.25%), the purchases from the 5 largest suppliers amounted to RMB1,259,543,187.33, accounted for 56.28% of the total purchase value (2013: RMB1,208,157,647.38, 67.50%).

## 5. TOTAL PROFITS

Total profits had been arrived at after charging (crediting):

Item	Amount for this year	Amount for last year
Staff costs (including directors' remuneration)		
— Wages, salaries and other benefits	40,209,758.09	32,699,871.41
— Retirement scheme contribution	4,437,070.86	3,593,332.25
Total staff costs	44,646,828.95	36,293,203.66
Cost of inventories recognized as expenses	1,613,201,943.18	1,376,359,016.30
Auditors remuneration	718,330.50	796,557.50
Depreciation	12,621,028.94	9,943,625.02
Amortisation	17,209,031.57	16,047,464.46
Research and development expenses	3,471,845.79	2,492,538.07
Marketing expenses	3,489,710.64	5,848,683.81
Provision for (reversal of) bad debts of receivables	(3,107,824.77)	4,832,233.28
Impairment loss of inventories	5,848,600.82	496,720.30
Taxation	4,379,438.61	2,659,416.03
Entertainment expenditures	2,952,048.97	2,021,711.93
Government grants	(5,975,146.97)	(7,988,319.22)
Gain on investment on disposal of long-term equity investments	(2,664,347.47)	(2,000,000.00)
Gain on investment to associates and joint ventures	10,172,065.04	(8,702,275.77)

## 6. SEGMENT INFORMATION

The operations of the Group are divided into 3 reportable segments based on the structure of its internal organization, management requirements and internal reporting system. The management of the Group regularly assess the operating results of these reportable segments to make decisions about their resources allocation and to assess their performance. The main products and services rendered by each reportable segment are servers, parts, software and others respectively.

The reportable segments of the Group are as follows:

<b>Business segment</b>	<b>Principal operations</b>
Cloud infrastructure as a service (IaaS)	Provision of relevant equipment such as cloud servers and cloud storage and their related solutions
Cloud module as a service (MaaS)	Provision of development, design, manufacturing and sale of cloud computing equipment related components, agency distribution of key components of cloud computing equipment and related value added services
Software and platform as a service (SaaS and PaaS)	Provision of development and servicing of cloud computing related software and platforms

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

Transfer price between each segment is measured at the price in third party sales, and indirect expenses attributable to each segment are allocated to each segment in proportion to revenue.

### Profit or loss and assets and liabilities of reporting segment

Except for the Company's cash and cash equivalents, buildings and structures, transportation equipment, and office appliances under fixed assets, investment properties, dividends receivable, long-term equity investments, investment income, loans and interest, owners' equity of the Company and administrative expenses, all assets, liabilities and profit or loss are allocated to each operating segment.

Operating results of each segment represent total revenue generated by each segment (including revenue from transactions with external parties and intra-segment transactions) less 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 after deduction of non-operating income and expenses.

#### (1) Reportable segment 2014

<b>Item</b>	<b>Cloud infrastructure as a service</b>	<b>Cloud module as a service</b>	<b>Software and platform as a service</b>	<b>Unallocated</b>	<b>Elimination</b>	<b>Total</b>
Revenue	650,206,888.98	1,363,277,907.23	39,578,316.05	—	(200,223,691.76)	1,852,839,420.50
Including: Revenue from transactions with external parties	539,360,958.12	1,304,606,430.54	8,872,031.84	—	—	1,852,839,420.50
Revenue from intra-segment transactions	110,845,930.86	58,671,476.69	30,706,284.21	—	(200,223,691.76)	—
Operating costs	537,926,409.17	1,272,964,673.85	13,336,596.23	—	(198,543,691.76)	1,625,683,987.49
Expenses for the period	32,651,743.35	42,553,321.58	8,761,962.83	89,851,857.73	(1,680,000.00)	172,138,885.49
Total segment profit (loss)	80,873,902.67	47,476,669.51	20,853,166.26	(99,623,922.77)	2,264,347.47	51,844,163.14
Total assets	829,128,017.87	1,247,332,066.28	138,247,685.09	996,751,187.70	(920,175,678.73)	2,291,283,278.21
Including: Significant impairment loss of individual assets	—	—	—	—	—	—
Total liabilities	539,598,723.82	760,560,082.87	36,834,925.09	820,091,849.38	(669,098,890.73)	1,487,986,690.43
Supplementary information						
Capital expenditure	20,541,274.65	27,203.94	31,724,784.88	190,757,685.44	—	243,050,948.91
Impairment loss recognised for the period	1,750,070.13	410,598.46	580,107.46	—	—	2,740,776.05
Including: Share of impairment of goodwill	—	—	—	—	—	—
Depreciation and amortisation	7,407,564.54	4,358,685.37	6,332,420.84	13,432,447.66	—	31,531,118.41
Non-cash expenses other than impairment loss, depreciation and amortisation	4,587,008.52	3,020,903.35	1,957,638.83	—	—	9,565,550.70



(2) Reportable segment for 2013

Item	Cloud infrastructure as a service	Cloud module as a service	Software and platform as a service	Unallocated	Elimination	Total
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 transactions with external parties	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 period	35,543,964.76	38,402,798.94	4,956,290.83	66,501,031.21	(725,449.29)	144,678,636.45
Total segment 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 for the period	(429,271.13)	5,577,087.67	181,137.04	—	—	5,328,953.58
Including: Share of impairment 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 and amortisation	3,724,673.02	5,463,961.50	1,718,021.82	—	—	10,906,656.34

The Group's total revenue from transactions with external parties domestically and in other overseas countries and regions, and the total non-current assets other than financial assets and deferred income tax assets located domestically and in other overseas countries and regions are as follows:

Revenue from transactions with external parties	Amount for this year	Amount for last year
PRC (excluding Hong Kong)	<b>1,325,394,315.11</b>	1,088,437,693.00
Hong Kong	<b>519,451,733.69</b>	289,790,689.03
Other overseas regions	<b>7,993,371.70</b>	182,449,548.30
<b>Total</b>	<b><u>1,852,839,420.50</u></b>	<b><u>1,560,677,930.33</u></b>
<b>Total non-current assets</b>	<b>Closing balance</b>	<b>Opening balance</b>
PRC (excluding Hong Kong)	<b>686,045,819.67</b>	580,586,097.78
Hong Kong	<b>70,889.25</b>	1,073,252.70
Other overseas regions	—	—
<b>Total</b>	<b><u>686,116,708.92</u></b>	<b><u>581,659,350.48</u></b>

## 7. FINANCE COSTS

### (1) Breakdown of finance cost

Item	Amount for this year	Amount for last year
Interest expenses	54,690,543.50	46,234,428.94
Less: Interest income	311,517.50	777,683.45
Add: Gain or loss on exchange	1,010,118.54	(3,926,286.44)
Add: Other expenses	5,380,777.81	3,814,322.36
<b>Total</b>	<b>60,769,922.35</b>	<b>45,344,781.41</b>

### (2) Breakdown of interest expenses

Item	Amount for this year	Amount for last year
Interest on bank loans	54,690,543.50	46,234,428.94
Sub-total	54,690,543.50	46,234,428.94
Less: Interest capitalised	—	—
<b>Total</b>	<b>54,690,543.50</b>	<b>46,234,428.94</b>

### (3) Breakdown of interest income

Item	Amount for this year	Amount for last year
Interest income on bank deposits	311,517.50	777,683.45
<b>Total</b>	<b>311,517.50</b>	<b>777,683.45</b>

## 8. INCOME TAX EXPENSES

### (1) Income tax expenses

Item	Amount for this year	Amount for last year
Current income tax — PRC EIT	5,679,393.69	7,463,623.29
PRC	4,714,236.44	5,367,491.40
Hong Kong	965,157.25	2,096,131.89
Over provision for prior years (under provision is denoted as “+”)	(5,383,359.98)	1,884,086.06
Deferred income tax	(2,483,555.55)	(3,009,568.67)
<b>Total</b>	<b>(2,187,521.84)</b>	<b>6,338,140.68</b>

The amount of Hong Kong Profits Tax included in the income statement for the year was RMB399,208.30 (last year: RMB1,509,410.07).



## (2) Reconciliation table of income tax expenses and total profit

Adjusting total profits based on the consolidated income statement to income tax expenses by adopting income tax calculated at applicable tax rates:

Item	Amount for this year	Amount for last year
Total consolidated profits for the year	<b>51,844,163.14</b>	56,668,510.48
Income tax charges calculated at applicable tax rates of 15% (2013: 15%)	<b>7,776,624.46</b>	8,500,276.57
Effect of different applicable tax rate among subsidiaries	<b>(81,625.74)</b>	(141,963.46)
Effect of adjustment to the income tax for the prior period	<b>(5,383,359.98)</b>	1,884,086.06
Effect of non-taxable income	<b>(7,933,103.58)</b>	(4,630,812.64)
Tax effect of special tax exemption	—	(521,496.15)
Effect of non-deductible costs, expenses and losses	<b>(1,843,969.09)</b>	(2,895,802.81)
Effect of utilisation of deductible losses for which no deferred income tax assets is recognised in prior periods	<b>(72,844.82)</b>	(303,582.66)
Effect of deductible temporary differences or deductible losses for which no deferred income tax assets is recognised for the year	<b>5,350,756.91</b>	4,447,435.77
Income tax expenses	<b><u>(2,187,521.84)</u></b>	<b><u>6,338,140.68</u></b>

## 9. EARNINGS PER SHARE

### (1) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the outstanding weighted average number of ordinary shares of the Company.

Item	Amount for this year	Amount for last year
Consolidated net profit attributable to ordinary shareholders of the Company	<b>53,997,051.88</b>	50,223,721.86
Consolidated net profit (after non-recurring profit or loss) attributable to the ordinary shareholders of the Company	<b>48,962,822.43</b>	42,069,615.26
Weighted average number of outstanding ordinary shares of the Company	<b>243,000,000.00</b>	243,000,000.00
Basic earnings per share (RMB/share)	<b>0.2222</b>	0.2067
Basic earnings per share(RMB/share) (after non-recurring profit or loss)	<b><u>0.2015</u></b>	<b><u>0.1731</u></b>

The calculation of the weighted average number of ordinary shares:

<b>Item</b>	<b>Amount for this year</b>	Amount for last year
Number of outstanding ordinary shares at the beginning of year	<b>243,000,000.00</b>	2,430,000,000.00
Number of shares increased by capitalization of capital reserves or distribution of dividends (I)	—	—
Number of shares increased by issuance of new shares or conversion of debts to capital (II)	—	—
Number of months accumulated from the month following the month of share increase (II) to year end	—	—
Decrease in number of shares pursuant to re-purchase	—	—
Number of months accumulated from the month following the month of share decrease to year end	—	—
Reduction in number of shares due to consolidation	—	2,187,000,000.00
Number of months in the reporting period	<b>12.00</b>	12.00
Weighted average number of outstanding ordinary shares	<b><u>243,000,000.00</u></b>	<b><u>243,000,000.00</u></b>

**(2) Diluted earnings per share**

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

**10. DIVIDENDS**

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement. The Directors do not recommend the payment of final dividend for the year ended 31 December 2014 (no final dividend had been paid for the year ended 31 December 2013).

**11. TRADE AND OTHER RECEIVABLES**

<b>Item</b>	<b>Closing balance</b>	Opening balance
Accounts receivable	<b>507,262,160.35</b>	413,158,786.33
Less: Provision for doubtful debts of accounts receivable	<b><u>10,719,534.22</u></b>	<u>17,238,366.27</u>
	<b><u>496,542,626.13</u></b>	<u>395,920,420.06</u>
Notes receivable	<b>27,772,871.40</b>	19,850,837.81
Prepayments	<b>32,922,620.33</b>	32,346,250.20
Other receivables	<b>234,457,407.37</b>	174,452,012.72
Less: Provision for bad and doubtful debts of other receivables	<b><u>989,427.34</u></b>	<u>692,156.28</u>
	<b><u>233,467,980.03</u></b>	<u>173,759,856.44</u>
<b>Total</b>	<b><u>790,706,097.89</u></b>	<b><u>621,877,364.51</u></b>

## 12. TRADE AND OTHER PAYABLES

The age analysis of accounts payable by invoice date as at 31 December 2014 is as follows:

<b>Age</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	<b>247,654,250.86</b>	157,592,726.41
1 to 2 years	<b>6,299,085.60</b>	4,031,557.36
2 to 3 years	<b>3,426,474.73</b>	1,599,369.72
3 to 4 years	<b>1,239,249.14</b>	914,567.50
4 to 5 years	<b>914,567.50</b>	20,837.71
Over 5 years	<b>440,154.51</b>	1,305,588.17
Accounts payable	<b>259,973,782.34</b>	165,464,646.87
Receipts in advance	<b>14,699,090.26</b>	18,681,340.48
Other payables	<b>59,152,722.63</b>	47,496,439.82
<b>Total</b>	<b><u>333,825,595.23</u></b>	<b><u>231,642,427.17</u></b>

## 13. NET CURRENT ASSETS

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Current assets	<b>1,599,207,848.13</b>	1,183,769,228.37
Less: Current liabilities	<b>1,483,399,690.43</b>	867,590,285.64
<b>Net current assets</b>	<b><u>115,808,157.70</u></b>	<b><u>316,178,942.73</u></b>

## 14. TOTAL ASSETS LESS CURRENT LIABILITIES

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Total assets	<b>2,291,283,278.21</b>	1,765,428,578.85
Less: Current liabilities	<b>1,483,399,690.43</b>	867,590,285.64
<b>Total assets less current liabilities</b>	<b><u>807,883,587.78</u></b>	<b><u>897,838,293.21</u></b>

## 15. COMMITMENTS

### (1) Significant commitments

#### 1) The capital expenditure commitments of the Group as at the end of the year

The capital expenditure commitments that have been contracted for but not recognised in the financial statements

Item	Closing balance	Opening balance
Construction in progress	31,209,412.47	38,801,869.25
External Investment	6,119,000.00	—
<b>Total</b>	<b>37,328,412.47</b>	<b>38,801,869.25</b>

As of 31 December 2014, the Group still has a total of RMB37,328,412.47 of agreed material external investment expenses contracted for but has not been paid, particulars are as set out below:

Name of investment item	Contractual investment amount	Investment amount paid	Investment amount payable	Expected investment period	Note
Guangzhou (IDC) Center for Cloud Computing and Data	154,507,657.88	123,298,245.41	31,209,412.47	2015	
Equity investment in SurDoc Corp.	6,119,000.00	—	6,119,000.00	2015	Note
<b>Total</b>	<b>160,626,657.88</b>	<b>123,298,245.41</b>	<b>37,328,412.47</b>		

*Note:* Hong Kong Powerleader, a wholly-owned subsidiary of the Company, entered into relevant investment agreement on 26 December 2014 to invest US\$1 million to SurDoc Corp. Upon completion of the transaction, the Company would hold 2.86% of its equity interest.

#### 2) Lease contracts contracted for and which is or going to be effective

As at 31 December 2014 (T), the Group, as the lessee, had the following total future minimum lease payables commitments during the following periods under the requirements of non-cancellable operating leases in respect of (among others) plants:

Period	Amount for this year	Amount for last year
Within one year (T+1 year)	12,555,065.32	1,691,600.49
One to two years (T+2 year)	10,778,367.88	286,136.12
Two to three years (T+3 year)	10,457,559.82	139,200.00
Over three years (T+3 year)	180,527,021.17	—
<b>Total</b>	<b>214,318,014.19</b>	<b>2,116,936.61</b>

As at 31 December 2014 (T), the Group, as a lessor, had the following total future minimum lease receivables during the following periods under non-cancellable operating leases in respect of buildings and structures:

<b>Period</b>	<b>Amount for this year</b>	Amount for last year
Within one year (T+1 year)	<b>846,680.00</b>	1,678,260.00
One to two years (T+2 year)	<b>302,544.00</b>	1,096,388.00
Two to three years (T+3 year)	—	288,134.00
<b>Total</b>	<b><u>1,149,224.00</u></b>	<b><u>3,062,782.00</u></b>

3) *Acquisition and merger agreements contracted for and which is or going to be effective*

No acquisition and merger agreement contracted for and which is or going to be effective during the year.

**(2) Fulfilment of commitments of prior periods**

There were no irregularity found in fulfilment of commitments of prior periods.

**(3) Other than the above mentioned commitments, the Group had no other significant commitments as of 31 December 2014.**

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the financial year ended 31 December 2014, the Group recorded an revenue of RMB1,852,839,421 and profit attributable to equity owners of the Company of RMB53,997,052 as compared to revenue and profit attributable to equity owners of RMB1,560,677,930 and RMB50,223,722 for the year ended 31 December 2013, representing an increase of 18.72% and 7.51% respectively. Earnings per share was RMB0.2222 (2013: RMB0.2067) and net assets per share of the Company was RMB3.31 (2013: RMB3.07).

#### Revenue

The revenue of the Group for the year ended 31 December 2014 and the comparative figures of 2013 as classified by businesses were as follows:

	2014		2013		Change
	<i>RMB</i>	%	<i>RMB</i>	%	%
<b>Income from the principal business</b>					
Cloud Infrastructure as a Service (IaaS)	<b>536,722,121</b>	<b>28.97</b>	421,329,862	27.00	27.39
Cloud Module as a Service (Maas)	<b>1,297,465,299</b>	<b>70.03</b>	1,117,986,407	71.63	16.05
Software and Platform as a Service (SaaS & PaaS)	<b>8,872,032</b>	<b>0.48</b>	13,740,162	0.88	(35.43)
Income from other business	<b>9,779,969</b>	<b>0.52</b>	7,621,499	0.49	28.32
<b>Total</b>	<b><u>1,852,839,421</u></b>	<b><u>100</u></b>	<b><u>1,560,677,930</u></b>	<b><u>100</u></b>	<b><u>18.72</u></b>

The Group's revenue was mainly derived from Cloud Infrastructure as a Service (IaaS) and Cloud Module as a Service (Maas). With reference to the table above, for the year ended 31 December 2014, revenue from Cloud Infrastructure as a Service (IaaS) and Cloud Module as a Service (Maas) amounted to RMB536,722,121 and RMB1,297,465,299 respectively (2013: RMB421,329,862 and RMB1,117,986,407), accounted for 28.97% and 70.03% (2013: 27% and 71.63%) of total revenue respectively. Revenue from Cloud Infrastructure as a Service (IaaS) increased by 27.39%, which was mainly attributable to the Group's optimization of our product mix during the year. Revenue from Cloud Module as a Service (Maas) increased by 16.05%, mainly due to gradual economic recovery during the year. Further details of business analysis are set out in the paragraph "Business Review" below.

#### Gross Profit

	Revenue		Gross profit		Gross profit margin	
	2014 <i>RMB</i>	2013 <i>RMB</i>	2014 <i>RMB</i>	2013 <i>RMB</i>	2014 %	2013 %
<b>Income from the principal business</b>						
Cloud Infrastructure as a Service (IaaS)	<b>536,722,121</b>	421,329,862	<b>147,902,126</b>	105,313,561	<b>27.56</b>	25.00
Cloud Module as a Service (Maas)	<b>1,297,465,299</b>	1,117,986,407	<b>70,985,735</b>	68,111,605	<b>5.47</b>	6.09
Software and platform as a Service (SaaS & PaaS)	<b>8,872,032</b>	13,740,162	<b>3,310,996</b>	7,471,503	<b>37.32</b>	54.38
Income from other business	<b>9,779,969</b>	7,621,499	<b>4,956,576</b>	3,422,245	<b>50.68</b>	44.90
<b>Total</b>	<b><u>1,852,839,421</u></b>	<b><u>1,560,677,930</u></b>	<b><u>227,155,433</u></b>	<b><u>184,318,914</u></b>	<b><u>12.26</u></b>	<b><u>11.81</u></b>

The Group's gross profit increased from RMB184,318,914 for the year ended 31 December 2013 to RMB227,155,433 for the year ended 31 December 2014, representing an increase of 23.24%.

The Group's overall gross profit margin increased from 11.81% for the year ended 31 December 2013 to 12.26% for the year ended 31 December 2014. Gross profit margin of Cloud Infrastructure as a Service (IaaS) increased from that of 2013. These were mainly attributable to the decrease in procurement cost of raw materials for cloud server and cloud storage related equipment. Further details of business analysis are set out in the paragraph "Business Review" below.

### **Sales expenses**

Sales expenses mainly comprised of, amongst others, salaries of sales personnel, marketing expenses, rents and transportation cost. For the year ended 31 December 2014, total sales expenses amounted to RMB45,674,561, compared to the total sales expenses of RMB42,666,930 for the year ended 31 December 2013, representing an increase of 7.05% from last year.

### **Administrative expenses**

Administrative expenses mainly comprised of, amongst others, amortization of intangible assets, salaries of management personnel, depreciation and R&D cost. For the year ended 31 December 2014, total administrative expenses were RMB63,769,919, compared to the total administrative expenses of RMB54,415,289 for the year ended 31 December 2013, representing an increase of 17.19% from last year.

### **Finance costs**

Finance costs mainly comprised of, amongst others, interest expenses, exchange gain or loss and handling fees. For the year ended 31 December 2014, total finance costs were RMB60,769,922, compared to the total finance costs of RMB45,344,781 for the year ended 31 December 2013, representing an increase of 34.02% from last year.

### **Assets, liabilities and shareholders' equity**

As at 31 December 2014, current assets of the Group amounted to RMB1,599,207,848 (2013: RMB1,183,769,228), which mainly comprised of cash and cash equivalent of RMB465,885,673 (2013: RMB370,444,416), trade and bills receivables of RMB524,315,498 (2013: RMB415,771,258), inventories of RMB321,873,816 (2013: RMB190,991,434). Non-current assets amounted to RMB692,075,430 (2013: RMB581,659,350), which mainly comprised of long-term equity investment of RMB195,544,136 (2013: RMB204,433,276), fixed assets of RMB267,943,202 (2013: RMB 201,220,889), intangible assets and development costs of RMB90,760,528 (2013: RMB133,876,469). Total assets were RMB2,291,283,278 (2013: RMB1,765,428,579).

As at 31 December 2014, the Group's current liabilities mainly comprised of short-term borrowings of RMB976,112,408 (2013: RMB552,801,860) and accounts payable of RMB259,973,782 (2013: RMB165,464,647). Non-current liabilities mainly included long-term borrowings of RMB0 (2013: RMB140,000,000). Total liabilities were RMB1,487,986,690 (2013: RMB1,017,740,589).

As at 31 December 2014, the Group's equity attributable to the shareholders of the Company was RMB803,298,849 (2013: RMB747,223,271).

## **Significant investment, acquisition and disposal of subsidiaries and associates**

The Company entered into the relevant equity interest transfer agreement on 12 February 2014 to sell 99% of equity interest in Nanjing Powerleader Cloud Computing Technology Limited to Shenzhen Powerleader Investment Holdings Limited (“Powerleader Holdings”) at the consideration of RMB49.50 million. Upon completion of the transaction, the Company ceased to hold its equity interest. The transaction had been reviewed and approved by the Yuhuatai sub-branch of the Administration for Industry & Commerce in Nanjing on 19 February 2014, the transaction does not constitute a discloseable transaction of the Company.

The Company entered into a partnership agreement on 11 June 2014 to invest RMB10 million in Shenzhen Qianhai Pengde Mobile Internet Venture Capital Fund (Limited Partnership) (深圳市前海鵬德移動互聯網創業投資基金(有限合夥)). Upon completion of the transaction, the Company would hold 4% of its equity interest, the transaction had been reviewed and approved by the Market and Quality Supervision Commission of Shenzhen Municipality on 4 September 2014, the transaction does not constitute a discloseable transaction of the Company.

The Company entered into a share transfer agreement on 25 August 2014 to sell 90% of equity interests in Shenzhen Powerleader Communication Technology Limited\* (深圳市寶德通訊技術有限公司) to Powerleader Investment Holdings Company Limited\* (深圳市寶德投資控股有限公司, “Powerleader Holdings”) for a consideration of RMB1.30 million. Upon completion of the transaction, the Company ceased to hold its equity interest. The transaction had been reviewed and approved by the Market and Quality Supervision Commission of Shenzhen Municipality on 2 September 2014, the transaction does not constitute a discloseable transaction of the Company.

Powerleader Science & Technology (HK) Limited, a wholly-owned subsidiary of the Company, entered into the relevant investment agreement on 26 December 2014 to invest US\$1 million in SurDoc Corp. Upon completion of the transaction, the Company would hold 2.86% of its equity interest, the transaction does not constitute a discloseable transaction of the Company.

## **Currency Risk**

The Company and some of its subsidiaries conduct sales and procurement settlement in foreign currencies, which exposed the Group to foreign currency risks. In 2014, approximately 62% (2013: 62%) of the Group’s sales were denominated in currencies other than the functional currency of the Group’s entities conducting the sales, and approximately 21% (2013: 21%) of the costs were denominated in the Group entities’ functional currencies.

## **Gearing Ratio**

As at 31 December 2014, the gearing ratio of the Group was approximately 64.94% (2013: 57.65%), which is determined by the Group as the percentage of total liabilities to total assets. The gearing ratio increased by 7.29 percentage points compared to last year.



## BUSINESS REVIEW

### **Cloud Infrastructure as a Service (IaaS) — provision of cloud server and cloud storage related equipment as well as related solutions**

In 2014, China's cloud computing industry demonstrated its importance in the IT market and became a "new normal", which presented robust demands for cloud infrastructures and became a driver of the relatively rapid growth of cloud server and cloud storage related equipment as well as related solutions. Under this macro market environment, the Company, as one of the players in the cloud computing industry, sufficiently leveraged on our outstanding sales mechanism and our strong capacity in product R&D and innovation, focused on the creation of the finest and most advanced products. Meanwhile, leveraging on our position as a domestic manufacturer, we continued to work on our edges for further development. We continued to explore the emerging markets, and provided improved independent and controllable overall solutions for domestic user from different industries. During this year, the revenue from IaaS increased year on year by 27.39%.

In the R&D front, the Company launched new products developed by proprietary innovation in tandem with Intel's E7v2, the latest generation of the Xeon processor. At the same time, the Company also upgraded the entire series of new servers featured with independent, controllable, wireless design, modular design and high computation capability and scalability, providing users with a useful tool for critical operational tasks and resources intensive application. The Company built up our unique competitive advantages in the development of 4 quad, high-end and universal server products, differentiating ourselves from other domestic manufacturers to a considerable extent and brought new application experience and outstanding value for users with information security and independent controllable concerns.

In the sales front, the Company placed cloud server business as our strategic development focus for the Group's cloud computing infrastructure and services, improved our sales management system of "Solution-based regional sales and industrial sales interconnection network" (以解決方案為依託，區域銷售與行業銷售縱橫互聯) and accurately positioned while expanding our sales team so as to enhance its synergetic performance. Meanwhile, we proactively recruited channel members in second and third tier cities to expand into these market by leveraging on channel resources. We formed alliance with other industrial players to fully tap into the market while maintaining rapid development.

In the marketing front, the Company conducted brand promotion by way of public relations promotion, marketing events, advertisement placement and We media communications. In particular, in line with the reading habits in the era of mobile internet, the Company stepped up our efforts in our promotion in the We media, and built upon our official WeChat and Weibo accounts, we promoted our news and marketing events by leveraging on the social circle of our suppliers, customers and employees so as to attract broader attention and participation, and comprehensively improved Powerleader's professional image and leading position as well.

In 2014, thanks to the government's fostering of localization, the Company promoted the domestic manufactured secured and controllable cloud servers and cloud solutions with proprietary R&D in various sectors, such as energy, medical, defense and public security, thereby enhanced the brand's influence vertically along the industrial chain. Meanwhile, the Company hosted and participated in industrial conferences covering cloud computing, internet, SmartCity, military industry and education, which strengthened the Company's position within the industry and enhanced the brand's sphere of influence in the industry.

## **Honors:**

In January 2014, Powerleader Science & Technology Group received the “Outstanding Performance on Brand Marketing Award 2013”;

In February 2014, Powerleader PR4840R server won the “Product Innovation Award of the Year in China’s Server Product Market 2013–2014”;

In February 2014, Powerleader Science & Technology Group became the “Executive Board Member Entity of the China Smart City Industry Alliance”;

In March 2014, Powerleader Science & Technology Group became the “Executive Vice Chairman and Executive Vice President Entity of China Intelligent City Development and Investment Alliance and Shenzhen Institute of Intelligent City”;

In March 2014, Powerleader Science & Technology Group became the entity in charge of the formulation of “Standards of Smart City (Industrial Zone) Series”;

In April 2014, Powerleader Science & Technology Group’s secured and controllable 2 quad server products in 2013 had been recognized as high-tech products of Guangdong Province;

In April 2014, Powerleader Science & Technology Group’s high-performance 4 quad server products in 2013 had been recognized as high-tech products of Guangdong Province;

In June 2014, Powerleader Science & Technology Group’s Center for Cloud Computing and Data (Shenzhen-Guanlan) had been granted the 3A Green Data Center Accreditation in Design;

In June 2014, Powerleader Science & Technology Group became the “Executive Chancellor Entity of the Security and Defense Storage Technology Innovation Industrial Alliance”;

In June 2014, Shenzhen Baoteng Internet Technology Limited became the committee member entity of “Cloud Computing Development and Policies Forum”;

In July 2014, Powerleader Science & Technology Group became the “Vice President Entity of the First Session of the Council of the Shenzhen Smart City Industrial Promotion Association”;

In August 2014, Powerleader Science & Technology Group was granted the title of “Key Supplier for Domestic Products for Information Network Application and Security Solutions in Jilin Province 2014–2015”;

In September 2014, Powerleader Science & Technology Group received the mega data technology innovation and application award in the “First China Smart City Smart Cup Award 2014”;

In October 2014, Powerleader Science & Technology Group was recognized by Intel China Ltd. as an IntelCLusterReady accredited cooperation partner;

In October 2014, Powerleader’s Center for Cloud Computing and Data (Shenzhen-Guanlan) had been granted the “Data Center of the Year” 2013-2014;

In November 2014, Powerleader’s Center for Cloud Computing and Data (Shenzhen-Guanlan) had been granted the Local Internet Outstanding Contribution Award;

In December 2014, the Group became the “Executive Chancellor Entity of the Seventh Session of the Executive Board of Sichuan Information Security and Communications Security Magazine”.

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

As a result of gradual recovery in the agency distribution segment of cloud computing equipment related components in China, the total revenue from this business in 2014 increased year on year by 16.05%. Upholding the operation philosophy of “customer-oriented, press-forward with ambition” and the principle of “customer-first”, the Company increased R&D investment and provided customized services with the best quality to manufacturing, business and channel customers. We have established extensive and steady supply channels along with a comprehensive high technology industrial supply chain, which comprised of 26 branch institutions and over 300 channel suppliers. Our network has spanned across the country with a coverage of over 40 cities. Thorough top-down penetration has been extended from the business sectors down to value-added services delivered to individual enterprise and from provincial cities down to county-level cities, enabling compatibility with the operational strategies and business model of the manufacturers and business entities, while integrating our plentiful products and resources to provide one-stop solutions to customers.

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

In 2014, leveraged on our integrated software-hardware advantage and technology edges built up over the years, the Company continued our ambitious expansion, which accelerated our transformation to cloud business. Meanwhile, we optimized our operation management model and enhanced our marketing capabilities in line with the current cloud computing development trend, the progress in cloud computing business model and future potential market demands, we formulated our strategies well ahead of the future developments with innovations, which translated into further implementation of technology-sharing and software reuse, thereby providing multi-dimensional cloud services on the basis of capacity on demand, pay on demand and centralized management.

### *Powerleader’s cloud platform*

Powerleader’s cloud platform integrates resources such as cloud computing, cloud networking, cloud storage, cloud security and cloud delivery. It serves to minimize the hardware procurement, operation and maintenance costs, thereby providing customers with cloud services featured with simplicity and efficiency, with flexibility brought by scalability yet guaranteed with secured and stable performance and pay-per-use convenience. During the year, the Company increased R&D investments of Powerleader’s cloud platform related products and continued the in-depth development of our marketing service model, which further improved Powerleader’s cloud platform by launching cloud hosting with flexible scalability and high-performance cloud storage services. Meanwhile, we strengthened our marketing team and improved our professional services standard, so that we could guarantee our customers with the smooth delivery of the simplest and most convenient services.

### *Cloud hosting*

Powerleader’s cloud hosting products were derived from Powerleader’s cloud platform, which constitute an integral part of the infrastructure applications of Powerleader’s cloud computing. Powerleader’s cloud hosting represents a new generation of hosting service available for lease. With an integration of high-performance servers and quality network band width, it could effectively address the problems of traditional hosting, which is expensive yet quality non-guaranteed services, and can fully satisfy the requirements of small and medium size enterprises and individual host owners towards hosting services, that are cost-effectiveness, reliability and manageability.

### *CDN acceleration platform*

Powerleader's CDN acceleration services system fully addressed the fundamental problems of slow website response experienced by users due to narrow band width, high traffic and uneven POP distribution. Users could obtain the required content from the most convenient access so as to ease up the internet congestion and speed up the user response time of the websites. At the same time, we have integrated our quality resources comprised of our own independent computer room in Shenzhen and Guangzhou and backbone network nodes distributed over different region, so as to achieve cloud acceleration functions by national coverage of core backbone networks, speed-up content delivery and response from the nearest router.

### *Data centers*

Data centers are hardware infrastructure of IaaS. Powerleader's Center for Cloud Computing and Data is a leading third party data center in the industry which emphasis on neutrality, security and environmental protection, it is also the execution arm of Powerleader's cloud strategies in our future cloud services. Powerleader's data center had been set up in accordance with the international Tier 3+ standards with reference to international leading modular design philosophies, it adopted first class infrastructure equipment around the globe and followed green and energy conservation design philosophies. Apart from the provision of a series of infrastructure and value added services such as daily maintenance, event management, system optimization and commission maintenance services, we specifically provided customized modification services for computer room, electricity, non-standard computer cabinets and others according to special customer requirements, and specifically designed customized service processes as specifically requested by customers. We also provided separate spare parts room and assemble room for the storage and assembly of servers. In addition, the Center for Cloud Computing and Data integrated Powerleader's advantages in both hardware and software, and our unique network resources advantages, so as to provide standardized and customized data center services with highly secured, stable, reliable, flexible, available and wide band width network access, management, IT operation administration and maintenance services.

### **Bank financing and capital management**

In 2014, against the backdrop of a complicated and challenging economic and financial landscape and an ever-changing market environment, the Company proactively rode on the trends in interest rate marketization, financial integration and information networkization. In respect of bank financing, the Company actively expanded our access to financing, improved our financing structure and enhanced the level of financing. In respect of capital management, we evaded from the potential risks brought by emerging businesses, established a healthy internal capital management system and improved risk classification so as to enhance the efficiency of capital utilization and achieve highly effective capital operation.

## GOVERNMENT SUPPORT

In 2014, the Company continued to keep abreast of the cloud computing industrial policies unveiled by PRC governments at different levels proactively. Through flexible measures such as proprietary innovations, joint R&D efforts and learning from and sharing with other industrial players, we continued to foster our R&D efforts for the next generation cloud computing infrastructure with an emphasis on cloud server software and hardware and cloud management platform, which have been highly approved of and supported by the government. In respect of external cooperation among industrial players, academic institutions and research institutions, the Company improved the exchange and cooperation mechanism with major scientific research institutions and higher education institutions, such as East China University of Science and Technology and National University of Defense Technology, with a view to groom talents in the field of high technology through joint efforts, so as to strive for better development for the cloud computing industry.

In 2014, the Group received a number of highly influential government subsidies, which are detailed as follows:

In January 2014, Powerleader Computing had been granted the subsidies on loan interest from the District Development Funding Scheme in Futian District;

In February 2014, Powerleader Software was one of the companies to receive the first batch of Intellectual Property Rights subsidies of Shenzhen in 2014;

In March 2014, Powerleader Computing's "Research on the Key Technologies for Mega Data Processing Platform On the Basis of Cloud Computing" was admitted as an approved project under the Science and Technology Scheme(technology development classification) of Shenzhen 2014;

In April 2014, Powerleader Science & Technology Group's "Demonstration for Industrial Application of Powerleader's Desktop Cloud System" was admitted as an approved project under the Development Project Funding Scheme of Shenzhen 2014 on the Next Generation Information Technology Industry;

In April 2014, Powerleader Science & Technology Group's "Secured and Controllable 2 Quad Server" and "Powerleader's high-performance 4 Quad-route Server" were accredited as High-Tech Products of Guangdong Province;

In May 2014, Powerleader was recognized as a Demonstration Base of Innovative Industrialization for SME in Guangdong Province;

In July 2014, Powerleader Science & Technology Group's "R&D of cloud-based Powerleader security data storage services platform" project passed the completion acceptance test for the technological development projects with special funding for industrial development in Futian District;

In August 2014, Powerleader Software's "Internet Speed Accelerators" project passed the completion acceptance test for the Internet industrial development projects with special funding in Shenzhen;

In September 2014, Powerleader Software's "R&D of cloud server virtual management platform" project was admitted as an approved project in the 2014 technology innovation funding scheme for small and medium enterprises in Longhua New District;

In September 2014, Powerleader Computing renewed the 2014 accreditation as a national high-tech enterprise;

In September 2014, Powerleader Software passed the 2014 national high-tech enterprise review.



## **ASSOCIATED COMPANY**

Shenzhen Zqgame Co., Ltd (深圳中青宝互动网络股份有限公司) (hereinafter referred to as “Zqgame”) is a 15.30%-owned associated company of the Group which is principally engaged in the principal business of development and operation of online games. The turnover of Zqgame in 2014 is RMB489,527,552.74, representing an increase of 50.87% compared to RMB324,475,994.23 in the same period of 2013. It is mainly attributable to the fact that Zqgame strived to develop mobile game while streamlining the client end game and webpage products to maintain its advantages in the area of client end games and web games. The company accelerated its swift transformation to a light game content provider through the dual development by organic and external growth in the area of web game and mobile game. At the same time, Zqgame’s own distribution business and operation overseas delivered remarkable results and laid down the foundation for further development. The company’s business development in North America, South America, Middle East, South East Asia, Taiwan, Japan, Korea and Russia are stabilizing and laid down a solid foundation for the future development of the company. Zqgame’s net profit attributable to the shareholders of the listed company in 2014 was RMB(22,035,893.48), representing a decrease of 143.18% as compared to RMB51,027,332.23 in the corresponding period in 2013, mainly due to the impairment of intangible assets and development expenditures.

## **HUMAN RESOURCES**

### **Human resources planning, recruitment and performance appraisal**

During the year, the Group optimized our human resources management system and improved our talent recruitment and management system with reference to our targets of overall development strategies, while giving sufficient consideration to internal and external changes. We enhanced and improved the Group’s remuneration and performance appraisal system, clearly defined the duties of and attached importance to the appraisal of each position, while strengthening the loyalty and sense of responsibility of our staff, with a view to ensure the steady and orderly operation of the Group.

### **Building and Training of Talent Pool**

We arranged regular staff trainings in enterprise systems, business manners, safety and working skills, and set up knowledge and training data base for key posts. These measures aim at improving staff skills and quality substantially, so as to lay down solid human resources foundation for long term enterprise development. At the same time, we initiated outdoor training, so that our staff could apply the knowledge acquired in training on work, and kept improving both the Company and individuals to achieve growth as a whole.

### **Corporate culture and staff relationships**

The Company strengthened the building up and promotion of a “people oriented” culture. We have created a united and friendly, yet ambitious working environment by hosting events such as culture promotion season, external visits by management and staff trainings, so that we could bring the cultural philosophies into actions, and ultimately realize corporate cultural self-awareness and enhance staff loyalty.

## PROSPECT

**Set forth below is the summary of relevant policies formulated by the PRC government at different levels for supporting the development of cloud computing industry in 2014:**

### *Policies of the State Council:*

With a view to implement the “National Development Plan on strategic emerging industries under the Twelfth Five-Year Plan”, “Several Opinions on Promoting Information Consumption and Expanding Domestic Demands” and to improve the domestic cloud computing innovation development standard, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Industry and Information Technology and the Ministry of Science and Technology decided to conduct the coordinated implementation of the cloud computing projects in 2014. This project primarily provides support to three key sectors, namely, the development of public cloud computing service platform, cloud computing platform-based mega data services, R&D and promotional projects for cloud computing and mega data solutions.

In August 2014, with the consent of the State Council, the “Guiding Opinions on the Robust Development of Smart Cities” was issued by eight ministries and commissions, namely, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Science and Technology, the Ministry of Public Security, the Ministry of Public Security, the Ministry of Finance, the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development and the Ministry of Transport. It proposes to complete the development of a batch of distinctive smart cities by 2020, so as to amplify the clustering and radiation effects and significantly enhance the collective competitive advantages. It is expected that solid effects will be witnessed in (among others) protection of and improvement in livelihood and services, public administration innovation and maintenance of internet security.

According to the news from the Chinese government’s official website, Premier Li Keqiang, in chairing an executive meeting of the State Council on 15 November 2014, validated the measures to facilitate the innovative development of cloud computing so as to nurture for the growth of new businesses and industries. The meeting considered that the acceleration of cloud computing development and the formation of new business types in the information industry are important for the facilitation of the upgrading of traditional industries and the growth of emerging industries. The meeting determined to proactively support the integration and development of cloud computing and internet of things and mobile internet, catalyze the cloud computing based new business types, such as on-line R&D and design, education, medical and intelligent manufacturing. Cloud computing has been determined as a key project backed by the State, which will accelerate the domestic penetration of cloud computing. Internet service providers and mobile phone manufacturers are going to initiate their participation in the cloud computing industry and subsequent supportive policies will be rolled out successively, in addition to the capital influx in the industry, the whole sector will be developed in full gear.

### *Policies of the People’s Government of Guangdong Province:*

The General Office, People’s Government of Guangdong Province, formulated the Cloud Computing Development Plan of the Guangdong Province (2014-2020) in April 2014, with a view to capture the early strategic opportunities arising from the development of cloud computing and foster the development of cloud computing in Guangdong province as well as enhance the informatization level of the province. Which aims at the acceleration of cloud computing infrastructure development, fostering of the proprietary innovation and industrialization of cloud computing technologies as well as facilitating the popularity of cloud computing.

In October 2014, Dongguan issued the “Implementation Opinion on the Acceleration of Cloud Computing Development in Dongguan City”, which suggested that the coverage of cloud computing would include (among others) e-government affairs, transportation and logistics, medical and healthcare, culture and education, corporate services. It aims at growing the cloud computing application industry and related industries to a size of over RMB 100 billion by 2017.

**In 2015, against the backdrop of in-depth implementation of national cloud computing related policies and increasing demands in cloud computing, the Company will seize the promising development opportunities to realize the healthy and rapid development of various operations, the related prospects are set out as below:**

*Cloud Infrastructure as a Service (IaaS) — provision of cloud server and cloud storage related equipment as well as related solutions*

Looking into 2015, following the penetration of cloud computing and mega data and as the new generation information technologies, such as virtualization and cloud computing, gained popularity, more industrial users have adopted solutions including (among others) public cloud and private cloud to modify the constituents of their original solutions, this trend will become a long term driver fueling the growth of cloud server and cloud storage related equipment and their solutions. Powerleader will leverage on its strong proprietary R&D capacity to achieve innovative breakthrough, improve our operation and management capacity continuously to keep abreast of the market and focus on the industry to bring services to our customers with improved quality.

In respect of R&D, the Company will continue to increase our investment in R&D and work on cloud computing products and solutions. We will work closely with Intel and Seagate as well as various research institutions and associations of the industry to extend our contributions to an ever perfect and comprehensive information industry in China. In respect of sales management, the Company will leverage on our advantages in our healthy sales mechanism to optimize our human resources structure, improve our sales performance appraisal system and incentive system. So that we could leverage on our advantages on one hand, and on the other hand, continue to expand into emerging markets and seek for great leap-forward development. In respect of brand building and marketing, the Company will continue to plan, host, co-host and participate in marketing events of various industries by means of media promotions, marketing events and We media. We will focus our promotion efforts on the solutions and enhance the sphere of influence of the Powerleader brand.

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

Looking into 2015, the Company will continue to build upon our existing businesses and strengthen our sales team by continuous in-depth development of our marketing service model and to implement business transformation by improving our service system. At the same time, the Company will proactively improve the internal supply process, optimize our structural management and work closely with more leading enterprises in different sectors and industries, so as to achieve “win-win” cooperation for resources integration and contribute to the fostering and deepening of cloud computing in China.



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

Looking into 2015, in reaction to the pleas from the government, the Company will dedicate our efforts in cloud computing development to implement proprietary innovation and industrialization of cloud computing technologies. In respect of R&D of cloud computing related software and platforms, the Company will increase our investment in the integration of related products such as big data appliance along with the cloud server product resources, which form our integrated software-hardware product strategy. The Company will provide customers with more comprehensive value added services through the private cloud platform management technology, while enhancing the product value of the servers and increasing the sales of server products. In respect of marketing strategies, the Company will sufficiently leverage on the Group's advantages to capture market opportunities ahead of others. We will provide customers with simplified, efficient, flexible, expandable, secured and stable pay-per-use cloud services.

### *Bank financing and capital management*

Looking into 2015, the Company will further optimize our debt structure in light of the financing conditions, so as to integrate the advantages of the Company with available bank resources. We will formulate specific financing plans to maintain continuous meticulous capital management, to foster of various businesses of the Company and achieve breakthroughs to the extent practicable. At the same time, the internal capital management standard of the Company will be tightened to reduce finance costs in light of the authorization delegation and credit granting policies. The Company will strengthen the risk inspection, investigation and treatment on fund utilization of different business segments so as to guarantee a safe application of the capitals, and continue to strengthen the professional management standards for the capitals, thereby realizing efficient operation.

### *Human Resources*

Looking into 2015, the human resources policies of the Company shall be subject to changes arising from corporate management, structural conditions, operation conditions and operational targets, and shall support the enterprise strategies based on a detailed, objective and in-depth analysis, and facilitate for the integration and inter-penetration between the human resources management system and the corporate culture. We will strengthen our multi-channels and multi-dimensional human resources recruitment pipe-line as well as enhance and improve the Group's remuneration and performance appraisal system, clearly defined the duties of and attached importance to the appraisal of each position, so that performance management will be conducted in an equal and fair way to sufficiently secure the stable and orderly operation of the enterprise.

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

As at 31 December 2014, interests or short positions of the Directors, supervisors and chief executive of the Company and their associates in the shares, 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 required to be 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 taken or deemed to have under such provisions of the SFO), or the interests or short positions required to be entered into the register required to be kept pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the requirements in 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 were as follows:

### Shares of the Company

Name of Director	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 held 102,184,500 Domestic Shares in aggregate through Shenzhen Powerleader Investment Holdings Company Limited (“Powerleader Holdings”), 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 2014, none of the Directors, supervisors and chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required 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 taken or deemed to have under such provisions of the SFO), or any interest or short positions required to be entered into the register required to be kept pursuant to section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

### SHARE OPTION SCHEME

As of 31 December 2014, the Company has neither adopted any share option scheme nor granted any option.

### DIRECTORS’ AND SUPERVISORS’ RIGHTS TO PURCHASE SHARES

During the year, neither the Company nor any of its subsidiaries was a party to any arrangements to allow the Directors or the supervisors of the Company to acquire benefits by the acquisition of shares in, or debts securities, including debentures, of the Company or any other body corporate, and none of the Directors and 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 any 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 2014, so far as known to the Directors, no other interests or short positions of substantial shareholders of the Company and other persons in shares, underlying shares or debentures, which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required to be entered into the register referred to in section 336 of the SFO.

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

*Note:* Shenzhen Powerleader Investment Holdings 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, held 102,184,500 Domestic Shares in aggregate.

## 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:

<b>Sales</b>	
— the largest customer	7.73%
— five largest customers in aggregate	22.13%
<b>Purchase</b>	
— the largest supplier	39.33%
— five largest supplies in aggregate	56.28%

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

## COMPETING BUSINESS AND CONFLICT OF INTEREST

None of the Directors, initial management shareholders and their respective associates (as defined in GEM Listing Rules) held any interest in any business which competes or may compete with the Group or had any other conflict of interest with the Group as at 31 December 2014.

## **CODE OF CORPORATE GOVERNANCE PRACTICE**

The Board believes that the Company had complied with the Code of Corporate Governance Practice (the “Code”) as set out in Appendix 15 of the Rules Governing the Listing of Securities on the GEM during 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 act as an important link between the Board and the Group’s auditor for issues fall under the scope of audit of the Group and (ii) to review the effectiveness of the external audit and of the internal control and risk evaluation of the Company. 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 2013, the quarterly reports of the first and third quarters of 2014 as well as the interim report of 2014. The Committee has also reviewed the annual results for the year ended 31 December 2014 and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements of the Stock Exchange and other legal requirements.

### **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 is no restriction upon such rights under the laws of the PRC.

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

### **AUDITOR**

ShineWing Certified Public Accountants (信永中和會計師事務所(特殊普通合伙)) acted as the auditors of the Company for the year ended 31 December 2014, whose appointment was approved at the annual general meeting convened on 22 May 2014, such appointment was effective from 22 May 2014 and it will hold the office until the conclusion of the next annual general meeting of the Company.

### **RESUMPTION OF TRADING**

At the request of the Company, the trading in the H shares of the Company has been suspended on the Stock Exchange with effect from 9:00 a.m. on 1 April 2015, pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the H shares of the Company with effect from 9:00 a.m. on 29 April 2015.

On behalf of *the Board*  
**Zhang Yunxia**  
*Chairman*

Shenzhen, the PRC  
28 April 2015

*As at the date hereof, the Board comprises a total of nine 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 of Powerleader Science & Technology Group Limited (the “Company”) (the “Directors”) 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](http://www.hkgem.com) for at least 7 days from its date of publication and the Company’s website at [www.powerleader.com.cn](http://www.powerleader.com.cn).*