



宝德科技集團股份有限公司

**POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED\***

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

**(Stock code: 8236)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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*This announcement, for which the directors (the “Directors”) of Powerleader Science & Technology Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange for the purpose of giving information with regard to 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

### THIRD QUARTERLY RESULTS

The board of Directors is pleased to announce the unaudited results of the Company for the three months and nine months ended 30 September 2013 (“Nine Months Period”) together with comparative unaudited figures for the corresponding periods in 2012 are as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended		Nine months ended	
		30 September 2013	2012	30 September 2013	2012
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Turnover	3	<b>410,148</b>	436,997	<b>1,168,763</b>	1,261,086
Cost of sales		<b>(362,565)</b>	(388,268)	<b>(1,024,629)</b>	(1,116,279)
Gross profit		<b>47,583</b>	48,729	<b>144,134</b>	144,807
Other revenue	4	<b>5,652</b>	9,612	<b>20,914</b>	19,628
Distribution costs		<b>(10,415)</b>	(10,057)	<b>(29,804)</b>	(28,008)
Administrative and other expenses		<b>(13,924)</b>	(21,293)	<b>(43,478)</b>	(43,720)
Finance costs		<b>(12,863)</b>	(7,969)	<b>(34,156)</b>	(31,668)
Change in fair value of derivative financial instrument		<b>86</b>	—	<b>57</b>	—
Gain on disposal of investment classified as held for sale		—	—	<b>2,000</b>	—
Share of profit from an associate		<b>1,495</b>	1,736	<b>4,174</b>	2,015
Profit before taxation		<b>17,614</b>	20,758	<b>63,841</b>	63,054
Income tax (expense)/credit	5	<b>626</b>	6,222	<b>(6,002)</b>	1,419
Profit for the period and total comprehensive income for the year		<b>18,240</b>	26,980	<b>57,839</b>	64,473
Profit and total comprehensive income attributable to:					
Owners of the Company	7	<b>18,239</b>	26,928	<b>57,871</b>	64,508
Non-controlling interests		<b>1</b>	52	<b>(32)</b>	(35)
		<b>18,240</b>	26,980	<b>57,839</b>	64,473
Dividend	6	—	—	—	—
Earnings per share Basic and diluted (RMB Cents)		<b>0.75</b>	1.11	<b>2.38</b>	2.65

## NOTES

### 1. GENERAL

The Company was established in the People's Republic of China (the "PRC") on 20 August 1997, as a limited liability company and became a joint stock limited company on 31 July 2001. The Company was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 12 December 2002 by way of placement.

The Group is a cloud computing solutions supplier in the PRC with self-innovation capability; it operates in the PRC and Hong Kong, and is mainly engaged in (i) Cloud Infrastructure as a Service (IaaS) — Provision of equipment such as cloud servers and cloud storage and their related solutions; (ii) Cloud Module as a Service (MaaS) — Research and development, design and manufacturing of cloud computing equipment related components, agency distribution of key components of cloud computing equipment and provision of related value added services; and (iii) Software and Platform as a Service (SaaS & PaaS) — Development of cloud computing software and platforms and provision of related services.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The unaudited third quarterly condensed financial statements has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements in Chapter 18 of the Rules Governing the Listing of Securities on the GEM. The condensed consolidated financial statements have been prepared under the historical cost method, except for certain financial assets and financial liabilities that are measured at fair value.

During the period, the Group has adopted the new or revised standards, amendments and interpretations issued by HKICPA that have come into effect or are in effect ("New HKFRSs"). The accounting policies, presentation and calculations used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's financial statements for the year ended 31 December 2012.

### 3. TURNOVER

Turnover represents the amounts received and receivable for services provided and goods sold to customers, net of returns and allowances. Turnover recognised for the three and nine months ended 30 September 2013 together with comparative unaudited figures recognised for the corresponding period in 2012 are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cloud Infrastructure as a Service	91,529	84,242	299,543	338,669
Cloud Module as a Service	318,466	352,687	868,538	921,601
Software and Platform as a Service	153	68	682	816
	<u>410,148</u>	<u>436,997</u>	<u>1,168,763</u>	<u>1,261,086</u>

#### 4. OTHER REVENUE

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from bank deposits	480	267	716	1,383
Government subsidies	4,432	3,338	12,668	10,285
Net exchange gain (loss)	(175)	179	3,348	(651)
Supply chain service income	407	5,590	1,856	6,775
Sundry income	508	238	2,326	1,836
	<u>5,652</u>	<u>9,612</u>	<u>20,914</u>	<u>19,628</u>

#### 5. INCOME TAX EXPENSES (CREDIT)

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The charge (credit) comprise:				
PRC Enterprise Income Tax (“EIT”)	(626)	993	3,993	2,839
Hong Kong Profits Tax	—	(7,215)	2,009	(4,258)
	<u>(626)</u>	<u>(6,222)</u>	<u>6,002</u>	<u>(1,419)</u>
Deferred tax	—	—	—	—
	<u>(626)</u>	<u>(6,222)</u>	<u>6,002</u>	<u>(1,419)</u>

The Company, being an enterprise established in Shenzhen Special Economic Zone in the PRC, was regarded as a national high-tech enterprise by the Shenzhen Science and Technology Bureau, the Shenzhen Financial Bureau, the Shenzhen State Tax Bureau and the Shenzhen Local Tax Bureau in 2009, and was subject to EIT at a rate of 15% from the year 2009. The Company passed the reassessment conducted by the Shenzhen Science and Technology Bureau, the Shenzhen Financial Bureau, the Shenzhen State Tax Bureau and the Shenzhen Local Tax Bureau on 12 September 2012. As a result, it is regarded as a national high-tech enterprise, and continues to pay EIT at a rate of 15%. According to the relevant rules and regulations of the PRC, except for Shenzhen Powerleader Computer System Co., Ltd. (深圳市宝德计算机系统有限公司) (“Powerleader Computer”) and Powerleader Software Development Limited (深圳市宝德软件开发有限公司) (“Powerleader Software”), all other PRC subsidiaries of the Company were subject to EIT at a rate of 25% for the period ended 30 September 2013 (for the period ended 30 September 2012: 25%).

On 16 March 2007, the Fifth Plenary Session of the Tenth National People’s Congress passed the Enterprise Income Tax Law of the PRC for unified tax rate arrangements among different types of the PRC entities which results in a reduction of income tax rate from 33% to 25% with effect from 1 January 2008. The State Council of the PRC passed an implementation guidance (“Implementation Guidance”) on 26 December 2007, which sets out details of how existing preferential income tax rates will be adjusted to the standard rate of 25%. According to the Implementation Guidance, there will be a transitional period of five years for the Company and its PRC subsidiaries, whereby the applicable income tax rate will be progressively increased to 18%, 20%, 22%, 24% and 25% for year 2008, 2009, 2010, 2011 and 2012 respectively.

Powerleader Computer has been regarded as a national high-tech enterprise since 2008 by the Shenzhen Science and Technology Bureau, the Shenzhen Financial Bureau, the Shenzhen State Tax Bureau and the Shenzhen Local Tax Bureau. On 31 October 2011, Powerleader Computer passed the reassessment conducted by the Shenzhen

Science and Technology Bureau, the Shenzhen Financial Bureau, the Shenzhen State Tax Bureau and the Shenzhen Local Tax Bureau. As a result, it is regarded as a national high-tech enterprise. Powerleader Computer was subject to EIT at a rate of 15% for the period ended 30 September 2013 (for the period ended 30 September 2012: 15%).

Pursuant to an approval document (Shen Guo Shu Bao Guan Jian Mian Bei An 2009 no. 4) (《深國稅寶觀減免備案2009第4號》) dated 11 May 2009 issued by the State Tax Bureau of Baoan District, Shenzhen, Powerleader Software qualifies as a software enterprise and therefore was entitled to enjoy an exemption of and a 50% relief for income tax for year 2009 and 2010 and from year 2011 to 2013 respectively.

Hong Kong Profits tax is calculated at 16.5% (for the nine months ended 30 September 2012: 16.5%) of the estimated assessable profit for the Nine Months Period.

## 6. DIVIDEND

At the meeting held on 30 October 2013, the Directors resolved not to recommend the payment of any dividend for the nine months ended 30 September 2013 (for the nine months ended 30 September 2012: nil).

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Earnings				
Profit for the period attributable to the owners of the Company	<u>18,239</u>	<u>26,928</u>	<u>57,871</u>	<u>64,508</u>
Number of share				
Weighted average number of issued shares for the purpose of basic earnings per share	<u>2,430,000,000</u>	<u>2,430,000,000</u>	<u>2,430,000,000</u>	<u>2,430,000,000</u>

As the Company did not have any potential dilutive shares during the Nine Months Period (for the nine months ended 30 September 2012: nil), the diluted earnings per share were the same as the basic earnings per share.

## 8. SHARE CAPITAL

	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>Number of shares</i> (Unaudited)	<i>Number of shares</i> (Audited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Authorised, issued and fully paid				
Domestic shares of RMB0.1 each	<u>1,822,500,000</u>	1,822,500,000	<u>182,250</u>	182,250
H Shares of RMB0.1 each	<u>607,500,000</u>	607,500,000	<u>60,750</u>	60,750
	<u>2,430,000,000</u>	<u>2,430,000,000</u>	<u>243,000</u>	<u>243,000</u>

Pursuant to the articles of association of the Company, except for the currency in which dividends are paid, all shares issued by the Company shall rank pari passu with each other in all respects.

## 9. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Equity attributable to the owners of the Company

	Share capital	Share premium	Statutory surplus reserve	Translation reserve	Other reserves	Retained profits	Proposed final dividend	Sub-total	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited										
As at 1 January 2012	243,000	25,875	53,786	8	(1,957)	306,434	12,150	639,296	211	639,507
Profit for the period	—	—	—	—	—	64,508	—	64,508	(35)	64,473
Dividend distributed to shareholders	—	—	—	—	—	—	(12,150)	(12,150)	—	(12,150)
As at 30 September 2012	<u>243,000</u>	<u>25,875</u>	<u>53,786</u>	<u>8</u>	<u>(1,957)</u>	<u>370,942</u>	<u>—</u>	<u>691,654</u>	<u>176</u>	<u>691,830</u>
Unaudited										
As at 1 January 2013	243,000	25,875	57,268	12	(1,957)	369,546	12,150	705,894	157	706,051
Profit for the period	—	—	—	—	—	57,871	—	57,871	(32)	57,839
Dividend distributed to shareholders	—	—	—	—	—	—	(12,150)	(12,150)	—	(12,150)
Capital contributed by non- controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	200	200
As at 30 September 2013	<u>243,000</u>	<u>25,875</u>	<u>57,268</u>	<u>12</u>	<u>(1,957)</u>	<u>427,417</u>	<u>—</u>	<u>751,615</u>	<u>325</u>	<u>751,940</u>

## 10. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the third quarter of 2013, Powerleader Technology Group continued its strategic positioning as a top-notch cloud computing solution supplier with self-innovation capabilities in the PRC. As a cloud computing solution supplier, the Group carries out business operations in three major scopes stretching from cloud computing solutions, namely Cloud Infrastructure as a Service (IaaS), Cloud Module as a Service (MaaS) to Software and Platform as a Service (SaaS & PaaS), leveraging on its solid R&D technology bases, extensive in-house research and development (“R&D”) experience, experienced R&D team, rigorous R&D management system and wide customer reach built up over the years.

In respect of IaaS, its major offerings include cloud servers and cloud storage related equipment as well as their related solutions. The Company strived to promote industry-wide applications in IPDC, security, surveillance, education, government, healthcare, Internet, transportation and energy sectors. In relation to MaaS, the Group is stepping up its investment in R&D, design, manufacturing and sales for cloud computing equipment related components, and agency distribution and related value-added services for the same. On the front of SaaS & PaaS, the Company established a cloud computing platform to significantly enhance the online value-added business. The Company made a good start for the strategy of vertically integrating cloud computing upstream and downstream industry chains, including the Internet, video storage and regional healthcare. Going forward, the Company will consolidate cloud computing technology, marketing, channels and customer resources through strategic investment, with a view to distinguishing itself as a leader in various sub-sectors of cloud computing. With increasing presence in such areas, the Company may secure a dominant position in the sub-sectors of the market, and thereby substantially raise the profitability of the principal business activities of the Company.

## FINANCIAL REVIEW

Turnover of the Group for the Nine Months Period amounted to approximately RMB 1,168,763,000, representing a decrease of 7.32% compared to RMB 1,261,086,000 for the same period of 2012, which was attributable to a fall in turnover from the Group’s principal activities, being Cloud Infrastructure as a Service (IaaS) — provision of cloud server and cloud storage related equipment and their related solutions, and Cloud Module as a Service (MaaS) — research and development, design and manufacturing of cloud computing equipment related components, agency distribution of key components of cloud computing equipment and provision of related value added services. In particular, turnover from IaaS and MaaS decreased by 11.55% and 5.76%.

Consolidated gross profit margin of the Group for the Nine Months Period was approximately 12.33%, representing a solid increase compared to approximately 11.48% for the same period in 2012, mainly as a result of the launch of new products with higher gross profit margin by the Company.

The Group’s distribution costs and administrative and other expenses rose by approximately 2.17% from RMB 71,728,000 for the same period last year to RMB 73,282,000, mainly due to the increase in staff costs and marketing expenses during the process of further implementation of the cloud strategy by the Company. Greater R&D efforts in cloud computing products and technologies had also substantially driven up the R&D costs and other related expenses of the Company.

## **BUSINESS REVIEW AND PROSPECT**

### **Cloud Infrastructure as a Service (IaaS) — Provision of equipment such as cloud servers and cloud storage and their related solutions**

In the third quarter of 2013, the slowdown in macro-economic growth put pressure on the IaaS market. However, the Company continued to enhance its R&D efforts, with focuses on cloud server and cloud storage-related equipment and their relevant solutions. As a result, the Company successfully launched an array of new products, including “eight modules” cloud server PR4780R, Internet-dedicated server PR2410R and PR1410R with excellent price-performance ratio, vast-capacity cloud storage server PR1912R, single circuit cloud server for Intel 4th Gen Core Processor PR2280H, by which the Company further strengthened its product lines and catching up with leading technology in the industry. Moreover, the Company continued to optimise product management and increase marketing efforts, which stimulated an increase of 8.65% in the turnover in the Company’s IaaS business compared to the corresponding period of last year. It underlined the Company’s comprehensive capacity to pioneer the development in the field in the long run.

In the fourth quarter of 2013, the Company will, on the one hand, increase its R&D efforts, concentrating on cloud server and cloud storage-related equipment and their relevant solutions. On the other hand, the Company will boost its promotion and marketing endeavours by organizing activities with greater influence in the industry, such as forums. With such measures, the Company looks to actively meet the demand for domestically developed and manufactured, controllable equipment and solutions in the cloud computing market in the PRC.

## **MARKETING AND PROMOTION**

In the third quarter of 2013, the Company maintained its focus on cloud computing/desktop cloud, autonomous and controllable product solutions, supplemented with other new products and solutions. The Company adopted advertisement placement, public relation campaigns and marketing activities as the major media relation initiative, with the aid of up-and-coming media such as Weibo and WeChat in promoting the presence of the Powerleader brand.

In respect of cloud computing, the Company regularly publicized its resolutions for and cases of successful implementation of Powerleader desktop cloud/education cloud, healthcare cloud, cloud storage in industrial seminars and exhibitions and media, in order to increase the exposure of Powerleader cloud computing and consolidating the Company’s position as a leading provider for cloud storage solutions with independent R&D capacity.

In respect of promotion of new products, the Company emphasized the promotion on new products, such as vast-capacity cloud storage server and single circuit cloud server for Intel 4th Gen Core Processor, so as to substantially boost the presence of the new products in relevant industrial application.

### **Set out below are the honours received by the Company in the third quarter of 2013:**

In August 2013, Powerleader Technology Group’s project, “The Development of Intelligent Logistics Technology based on Ultra-high Frequency RFID and its Application System,” was included in the Science and Technology Programme of Shenzhen Municipality as an approved project under the “National and Provincial Auxiliaries”;

In September 2013, Powerleader Technology Group was examined and approved for subsidies for loan interests by the Special Funds for Industrial Development in Futian of Shenzhen;

In September 2013, Powerleader Technology Group was named as a “Key Private Enterprise with Enhanced Government Credit Qualified for Corporate Mutual Insurance in Shenzhen”.

In the fourth quarter of 2013, the Company will concentrate its marketing efforts in areas such as cloud computing and mass data to enhance its presence in the five core industries, namely HPC, the Internet, IPDC, security and protection and the government.

**Cloud Module as a Service (MaaS) — Research and development, design, manufacturing and sales of cloud computing equipment related components, agency distribution of key components of cloud computing equipment and provision of related value added services**

In the third quarter of 2013, regarding the agency distribution for key components of cloud computing equipment and related value-added services, the Company refined and adjusted its product variety and improved its inventory management, as well as stepping up the R&D and industrialization of components related to cloud computing equipment. Under the macro-environment with weakening economic growth in the PRC, the sales income of Company recorded a decrease of 9.7% compared to the same period last year.

In the fourth quarter of 2013, following the principle of “survival of the fittest,” the Company will modify its original products in light of market conditions and further expand its new product lines to better suit the demand for one-stop purchase by industry partners. As such, the Company will provide more comprehensive, sophisticated and flexible MaaS to its customers.

**Software and Platform as a Service (SaaS & PaaS) — Development of cloud computing software and platforms and provision of related services**

In the third quarter of 2013, the Company’s focus was a distributed storage system underpinned by cloud computing and based on mass data-related applications. It provides public cloud, personal cloud and hybrid cloud services to the clients of the Company. The Company achieved a significant reduction in operating cost through optimization of accelerating nodes for cloud computing. In addition, since the successful launch of Powerleader’s cloud backup system, the Company is able to provide its clients with safe and reliable cloud backup services.

In the fourth quarter of 2013, the Company will launch personal cloud platform to the market, speed up the progress of open system test for public cloud computing platform, and strive to provide users with flexible cloud platform services with enhanced stability. On the R&D front, the Company will expedite development in the direction of network virtualized and distributed massive data storage to achieve the goal of Powerleader’s cloud computing services in serving high-end customers.

**CAPITAL MANAGEMENT**

In the third quarter of 2013, with manifested tightening of financial environment, the Company actively consolidated its premium resources, optimized its debt structure by replacing certain short-term loans featuring higher cost, smaller scale and less stability with long-term loans, thereby safely avoided the potential external adverse effect, and provided a firm financial support for positive development of the Company’s various businesses.

In the fourth quarter of 2014, the Company will carefully meet with the changes in the finance market and advance the works for the issuance of corporate bonds in order to further optimize its debt structure. At the same time, the Company will keep strengthening its internal capital management by raising awareness in financial cost control through vigorous cost auditing for capital utilized in business modules for the purposes of achieving higher efficiency in capital utilization.

## ASSOCIATE OF THE GROUP

深圳中青寶互動網絡股份有限公司 (Shenzhen ZQ Game Co., Ltd) (“ZQ Game”), an associate of the Group, registered a turnover of approximately RMB180,224,000 and net profit attributable to holders of ordinary shares of approximately RMB27,279,000 for the third quarter of 2013. Its net profit jumped by 107.16% over the same period last year. Such results were mainly attributable to the fact that since ZQ Game finalized its development strategy of “four horizontal and one vertical”, it strictly implemented “product refined mode of operation” in each of the business segments, which resulted in effective control of marketing costs and successfully raised the rate of return for product investment. Evidently, this set of business philosophy practiced by ZQ Game is in line with the present stage of development of ZQ Game with proven effectiveness. Going forward, ZQ Game will further implement the mode and pace of “refined operation” in each of the business lines, aiming at achieving distinctive value for its products by high degree of optimum resources allocation.

## GOVERNMENT AFFAIRS

In the first three quarters of 2013, the Company increased its efforts in application for government’s project funding and awards. With cloud computing as the core content, the Company secured a number of qualification accreditations and project funding, and successfully passed the inspection and acceptance procedures of various research project. For external cooperation, the Company has been working with institutes and R&D institutions in science and technology to recruit skilled professionals and introducing advanced technology.

In January 2013, Powerleader Technology Group’s “R&D Project for Powerleader Desktop Computer Based on Safe and Reliable CPU” was included as an approved project under the Science and Technology Programme of Shenzhen Municipality;

In February 2013, “Research and Creation of Certain Key Technologies and a Warning System for Risks in Safety of Financial Information”, a project jointly researched and developed by Powerleader Technology Group and East China University of Science, received the First Class Award of Scientific & Technological Achievement in Shanghai;

In March 2013, Powerleader Technology Group was awarded subsidies for the intellectual property by Shenzhen Municipality;

In March 2013, Powerleader Technology Group was recognized as a “Distinguish Enterprise with Intellectual Property in Shenzhen”;

In April 2013, Powerleader Software’s “R&D of Powerleader Cloud Control System based on Open Stack” was included as an approved project under the Science and Technology Programme of Shenzhen Municipality;

In May 2013, Powerleader Technology Group’s “Powerleader Cloud Computing Data Centres” was included as an approved project under the Development of New Generation of Information Technology Industry in Shenzhen Municipality;

In June 2013, Powerleader Software was listed in the Top 50 Enterprises of six categories in Longhua New Zone;

In June 2013, Powerleader Technology Group was recognized as a “Key Enterprise in Strategic and Emerging Industry in Guangdong Province”;

- In August 2013, The “CDN” project conducted by Baoteng Internet was included in the Science and Technology Programme of Shenzhen Municipality as an approved project under the “National and Provincial Auxiliaries”;
- In August 2013, Powerleader Technology Group’s project “The Development of Intelligent Logistics Technology based on Ultra-high Frequency RFID and its Application System” was included in the Science and Technology Programme of Shenzhen Municipality as an approved project under the “National and Provincial Auxiliaries”;
- In September 2013 Powerleader Technology Group passed the examination for subsidies for loan interests by the Special Funds for Industrial Development in Shenzhen Futian;
- In September 2013 Powerleader Technology Group was recognized as a “Key Private Enterprise with Enhanced Government Credit Qualified for Corporate Mutual Insurance in Shenzhen”.

In the fourth quarter of 2013, the Company will continue to apply for new funding and honours and make every effort to raise the success rate of application. It is the target of the Company to elevate the Powerleader brand by evaluating the strengths and weakness of its previous works, collecting government information, conduct project application in a timely manner with quality up to par. Moreover, the Company will add new impetus to its technological innovations by fortifying technology cooperation with universities and research institutes.

#### **DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL AND DEBT SECURITIES**

As at 30 September 2013, the interests or short positions of the directors, supervisors and chief executive in the shares and debentures or underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or as otherwise notified the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules notified the Company and the Stock Exchange relating to securities transactions and underlying shares were as follows:

##### **Shares of the Company**

<b>Name of Director</b>	<b>Number of the Company’s Domestic Shares held</b>	<b>Approximate percentage of the Company’s issued share capital</b>	<b>Approximate percentage of the Company’s issued Domestic Shares</b>
Li Ruijie ( <i>Note</i> )	1,021,845,000	42.05%	56.07%
Zhang Yunxia ( <i>Note</i> )	1,021,845,000	42.05%	56.07%

Note: Li Ruijie (“Mr. Li”) is the husband of Zhang Yunxia (“Ms. Zhang”). They hold in aggregate 1,021,845,000 Domestic Shares through Powerleader Investment Holding Company Limited which is held by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively.

Save as disclosed above, as at 30 September 2013, none of the directors or supervisors had any interests or short positions in any shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or as otherwise notified the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions.

## **DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES**

As at 30 September 2013, the Company or any of the subsidiaries was not a party to any arrangements to enable the directors or supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities, including debentures, of the Company or any other body corporates. Also, none of the directors or the supervisors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

## **SHARE OPTION SCHEME**

As at 30 September 2013, the Company has not adopted any share option schemes and did not grant any options.

## **SUBSTANTIAL SHAREHOLDERS**

Save as disclosed below, as at 30 September 2013, the Directors are not aware of any other interests or short positions in any shares and debentures or underlying shares of substantial shareholders of the Company and other persons, which were required to be notified the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

### **Long positions in Domestic Shares**

	<b>Number of 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>
Powerleader Investment Holding Company ( <i>Note</i> )	1,021,845,000	Beneficial Owner	42.05%	56.07%
深圳市恆通達遠電子有限公司	239,580,000	Beneficial Owner	9.86%	13.15%
哈爾濱世紀龍翔科技開發有限公司	159,637,500	Beneficial Owner	6.57%	8.76%
天津誠柏股權投資合夥企業 (有限合夥)	150,000,000	Beneficial Owner	6.17%	8.23%

*Note:* Powerleader Investment Holding Company Limited, a limited liability company established in the PRC, is held by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively and holds in aggregate 1,021,845,000 Domestic Shares.

## **COMPETING BUSINESS AND CONFLICTS OF INTERESTS**

As at 30 September 2013, none of the Directors, management shareholders or any of their respective associates (as defined in GEM Listing Rules) of the Company had any interests in any businesses which compete or may compete with the businesses of the Company or any other conflicts of interest which any such person may have with the Company.

## **RULES 17.15 TO 17.21 OF THE GEM LISTING RULES**

The Directors confirm that the Group is not aware of any situation that requires disclosure in accordance with Rules 17.15 to 17.21 of the GEM Listing Rules.

## **THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board consider that the Company has complied with the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 to the GEM Listing Rules throughout the Nine Months Period.

## **COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES**

The Company adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the Nine Months Period. Having made specific enquiries of all directors, the Company’s directors have complied with such code of conduct and required standard of dealings throughout the Nine Months Period.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Committee”) on 19 October 2002 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Committee are (i) to provide an important link between the Board and the Company’s auditors in matters coming within the scope of the Company’s audit and (ii) to review the effectiveness of the external audit, internal controls and risk evaluation. At present, the Committee comprises three independent non-executive directors, namely Dr. Guo Wanda, Mr. Jiang Baijun and Mr. Chan Shiu Yuen Sammy. The Company’s financial statements for the Nine Months Period have been reviewed by the audit committee, which was of the opinion that such statements complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures were made.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Nine Months Period.

By order of the Board  
**Zhang Yunxia**  
Chairman

Shenzhen, the PRC  
30 October 2013

*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. Jiang Baijun, Dr. Guo Wanda and Mr. Chan Shiu Yuen Sammy as independent non-executive directors.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) and published at the Company's website at [www.powerleader.com.cn](http://www.powerleader.com.cn) for at least 7 days from its date of publication.*