



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)

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

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 report, 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 report 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 report misleading.

* For Identification purpose only

INTERIM RESULTS

The board of Directors (the “Board”) is pleased to report the unaudited results of the Company for the three months and six months ended 30 June 2016 (“Six Months Period”) together with comparative unaudited figures for the same period in 2015 as follows:

CONSOLIDATED INCOME STATEMENT

Items	Note	Three months ended 30 June		Six months ended 30 June	
		2016 RMB (Unaudited)	2015 RMB (Unaudited)	2016 RMB (Unaudited)	2015 RMB (Unaudited)
I. Total operating revenue		766,967,895.32	639,729,407.69	1,370,014,333.04	1,027,309,083.82
Including: operating revenue		766,967,895.32	639,729,407.69	1,370,014,333.04	1,027,309,083.82
II. Total operating cost	3	770,392,539.39	630,737,601.13	1,364,894,219.81	1,001,923,392.48
Including: Cost of operation		705,184,773.48	576,891,045.56	1,246,659,287.70	904,432,595.05
Business taxes and surcharges		784,070.43	268,581.53	1,340,327.61	727,967.57
Selling expenses		20,373,035.65	13,977,002.41	37,482,091.42	25,159,240.70
Administrative expenses		28,185,179.96	17,004,601.23	45,264,076.26	33,279,021.10
Finance costs	5	13,190,796.51	22,596,370.40	34,148,436.82	38,324,568.06
Impairment loss of assets		2,674,683.36	—	—	—
Add: Gain on fair value changes (loss is denoted as “(”)		(1,175,706.41)	—	(1,175,706.41)	—
Investment income (loss is denoted as “(”)		(123,558.63)	(114,452.19)	52,549.40	75,109.42
Including: Gain on investment in associates and joint ventures		(123,558.63)	(205,831.89)	52,549.40	(89,129.95)
III. Operating profit (loss is denoted as “(”)		(4,723,909.11)	8,877,354.37	3,996,956.22	25,460,800.76
Add: Non-operating income	4	9,097,358.17	5,551,833.84	12,139,158.86	6,795,130.85
Including: Gain on disposal of non- current assets		—	—	—	—
Less: Non-operating expenses		29,645.24	484,143.27	47,132.10	892,880.03
Including: Loss on disposal of non- current assets		—	662,827.86	—	836,196.96
IV. Total Profit (total loss is denoted as “(”)		4,343,803.82	13,945,044.94	16,088,982.98	31,363,051.58
Less: Income tax expenses	6	329,096.84	676,664.12	1,284,327.58	2,094,748.19
V. Net profit (net loss is denoted as “(”)		4,014,706.98	13,268,380.82	14,804,655.40	29,268,303.39
Net profit attributable to shareholders of the parent company		4,014,840.05	13,268,210.74	14,804,907.05	29,268,467.84
Minority interests		(133.07)	170.08	(251.65)	(164.45)
VI. Earnings per share:					
(1) Basic earnings per share	8	0.017	0.055	0.061	0.120
(2) Diluted earnings per share	8	0.017	0.055	0.061	0.120
VII. Other comprehensive income		—	—	—	—
Other comprehensive income which cannot be reclassified to profit or loss in subsequent accounting periods		—	—	—	—
Other comprehensive income which will be reclassified to profit or loss in subsequent accounting periods subject to satisfaction of required conditions		—	—	—	—
VIII. Total comprehensive income (net loss is denoted as “(”)		4,014,706.98	13,268,380.82	14,804,655.40	29,268,303.39
Total comprehensive income attributable to shareholders of the parent company		4,014,840.05	13,268,210.74	14,804,907.05	29,268,407.84
Total comprehensive income attributable to minority interests		(133.07)	170.08	(251.65)	(164.45)

CONSOLIDATED BALANCE SHEET

Items	Note	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Current Assets:			
Monetary capital		283,152,843.90	486,466,976.00
Financial assets at fair value through the current profit or loss			
Notes receivable		10,857,251.00	6,314,185.02
Accounts receivable	12	832,309,129.79	785,651,717.22
Prepayments		45,984,940.53	37,937,239.65
Interest receivables		—	—
Dividend receivables		—	—
Other receivables	13	349,036,703.67	317,934,413.10
Inventories		447,599,846.71	396,209,412.70
Non-current assets classified as held for disposal and assets in an asset group classified as held for disposal		—	—
Non-current assets due within 1 year		—	—
Other current assets		16,187,205.48	17,057,035.51
Total current assets		<u>1,985,127,921.08</u>	<u>2,047,570,979.20</u>
Non-current assets:			
Available-for-sale financial assets		16,350,000.00	10,100,000.00
Held-to-maturity investment		—	—
Long-term accounts receivable		—	—
Long-term equity investment	11	203,899,096.96	203,846,547.56
Investment Properties		8,912,190.39	9,036,206.94
Fixed assets	9	405,876,742.94	421,305,659.74
Construction in progress	9	55,807,117.52	—
Construction material		—	—
Fixed assets pending for disposal		—	—
Intangible assets		71,673,448.10	64,285,020.01
Development expenditure	10	42,679,828.90	43,827,182.72
Goodwill		—	—
Long-term prepayments		1,167,674.13	1,182,454.81
Deferred income tax assets		1,762,550.44	1,762,550.44
Other non-current assets			
Total non-current assets		<u>808,128,649.38</u>	<u>755,345,622.22</u>
Total assets		<u>2,793,256,570.46</u>	<u>2,802,916,601.42</u>

Items	Note	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Current liabilities:			
Short-term loans	15	1,198,319,725.83	1,091,452,256.44
Financial liabilities at fair value through the current profit or loss		—	4,228,219.07
Notes payable		150,000,000.00	220,000,000.00
Accounts payable	14	350,218,241.65	286,158,968.96
Receipts in advance		38,537,278.53	40,935,292.29
Employee emolument payables		1,478,205.57	7,181,758.69
Tax payables		14,549,625.10	54,291,104.82
Interest payables		—	470,903.47
Dividend payables		—	—
Other payables		11,959,599.17	49,958,803.54
Liabilities classified as held for disposal		—	—
Non-current liabilities repayable within one year		54,174,596.81	54,174,596.81
Other current liabilities		—	1,526,246.93
		<hr/>	<hr/>
Total current liabilities		1,819,237,272.66	1,810,378,151.02
Non-current liabilities:			
Long-term loans		97,000,000.00	115,000,000.00
Long-term payables		20,618,874.49	31,142,682.49
Payables for special project		—	—
Estimated liabilities		—	20,660,000.00
Deferred income tax liabilities		—	—
Other non-current liabilities		15,860,000.00	—
		<hr/>	<hr/>
Total non-current liabilities		133,478,874.49	166,802,682.49
		<hr/>	<hr/>
Total Liabilities		1,952,716,147.15	1,977,180,833.51

Items	<i>Note</i>	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Shareholders' equity:			
Capital	16	243,000,000.00	243,000,000.00
Capital reserves		35,235,382.74	35,235,382.74
Less: Treasury shares			
Special reserves		—	—
Surplus reserves		37,626,042.30	37,626,042.30
General risk reserves		—	—
Undistributed profits		524,681,731.48	509,876,824.43
Exchange difference on translation of financial statements denominated in foreign currency			
Total equity attributable to shareholders of the parent company		<u>840,543,156.52</u>	<u>825,738,249.47</u>
Minority interests		<u>(2,733.21)</u>	<u>(2,481.56)</u>
Total shareholders' equity		<u>840,540,423.31</u>	<u>825,735,767.91</u>
Total liabilities and shareholders' equity		<u>2,793,256,570.46</u>	<u>2,802,916,601.42</u>

CONSOLIDATED CASH FLOW STATEMENT

Items	<i>Note</i>	As of 30 June 2016 RMB (Unaudited)	As of 30 June 2015 RMB (Unaudited)
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,448,078,354.73	1,016,265,077.99
Refund of taxes and levies		657,638.50	1,655,709.39
Other cash receipts relating to operating activities		66,254,374.37	9,644,634.56
Sub-total of cash inflows from operating activities		1,514,990,367.60	1,027,565,421.94
Cash paid for goods and services		1,391,841,752.54	1,090,501,657.94
Cash paid to and on behalf of employees		31,739,037.83	24,152,672.78
Payments of taxes and levies		15,506,259.20	9,036,345.41
Other cash payments relating to operating activities		86,265,646.29	18,756,564.64
Sub-total of cash outflows from operating activities		1,525,352,695.86	1,142,447,240.77
Net cash flows from operating activities		(10,362,328.26)	(114,881,818.83)
II. Cash flows from investing activities:			
Cash received from investments		—	—
Cash received from returns on investments		—	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		—	10,364.47
Net cash received from disposal of subsidiaries and other operating units		—	—
Other cash receipts relating to investing activities		—	—
Sub-total of cash inflows from investing activities		—	10,364.47
Cash paid to acquire fixed assets, intangible assets and other long-term assets		69,958,222.69	10,353,573.93
Cash paid on investments		6,250,000.00	—
Net cash paid on acquisition of subsidiaries and other operating units		—	—
Other cash payments relating to investing activities		—	—
Sub-total of cash outflows from investing activities		76,208,222.69	10,353,573.93
Net cash flows from investing activities		(76,208,222.69)	(10,343,209.46)

Items	<i>Note</i>	As of 30 June 2016 <i>RMB</i> (Unaudited)	As of 30 June 2015 <i>RMB</i> (Unaudited)
III. Cash flows from financing activities:			
Cash received from investment		—	—
Including: Cash received by subsidiaries from absorbing investment from minority shareholders		—	—
Cash received from loans		1,530,289,139.43	1,054,875,634.57
Cash received from insuring bonds		—	—
Cash received from other financing activities		—	—
Sub-total of cash inflows from financing activities		1,530,289,139.43	1,054,875,634.57
Cash payments for settlement of loans		1,503,421,670.03	1,047,618,367.39
Cash payments for distribution of dividend, profit or interest expenses		34,148,436.82	38,324,568.06
Including: Cash payments for distribution of dividends and profit to minority shareholders		—	—
Cash payment for other financing activities		—	—
Sub-total of cash outflows from financing activities		1,537,570,106.85	1,085,942,935.45
Net cash flows from financing activities		(7,280,967.42)	(31,067,300.88)
IV. Effect of foreign exchange rate changes to cash and cash equivalents			
		—	—
V. Net increase in cash and cash equivalents			
Add: Balance of cash and cash equivalents at the beginning of the period		(93,851,518.37)	(156,292,329.17)
		252,209,127.44	381,156,365.62
VI. Balance of cash and cash equivalents at the end of the period			
		158,357,609.07	224,864,036.45

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF SHAREHOLDER

Items (Unaudited)	Amount for the period									
	Attributable to shareholders of the parent company									
	Share Capital	Capital Reserves	Less: Treasury shares	Special reserves	Surplus reserves	General risk reserves	Undistributed Profits	Other	Minority Interests	Total Shareholders' Equity
	<i>RMB</i>	<i>RMB</i>			<i>RMB</i>		<i>RMB</i>		<i>RMB</i>	<i>RMB</i>
I. Balance at the end of last year	243,000,000.00	35,235,382.74	—	—	37,626,042.30	—	509,876,824.43	—	(2,481.56)	825,735,767.91
Add: Correction of errors in previous period due to changes in accounting policy	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	243,000,000.00	35,235,382.74	—	—	37,626,042.30	—	509,876,824.43	—	(2,481.56)	825,735,767.91
III. Changes (increase/decrease) for the period (decrease is denoted in “0”)	—	—	—	—	—	—	14,804,907.05	—	(251.65)	14,804,655.40
(1) Net profit	—	—	—	—	—	—	14,804,907.05	—	(251.65)	14,804,655.40
(2) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Sub-total of (1) and (2)	—	—	—	—	—	—	14,804,907.05	—	(251.65)	14,804,655.40
(3) Contribution from shareholders and reduction of capital	—	—	—	—	—	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—	—	—	—	—	—
2. Share-based payment included in the amount of Stockholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—
(4) Profit appropriation	—	—	—	—	—	—	—	—	—	—
1. Appropriation to surplus reserves	—	—	—	—	—	—	—	—	—	—
2. Appropriation to general risk reserves	—	—	—	—	—	—	—	—	—	—
3. Profit appropriation to shareholders	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(5) Internal structure of shareholder's interests	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserves to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserves to share capital	—	—	—	—	—	—	—	—	—	—
3. Recover losses by surplus reserves	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(6) Special reserves	—	—	—	—	—	—	—	—	—	—
1. Appropriation for the period	—	—	—	—	—	—	—	—	—	—
2. Utilisation of the period	—	—	—	—	—	—	—	—	—	—
(7) Others	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of period	243,000,000.00	35,235,382.74	—	—	37,626,042.30	—	524,681,731.48	—	(2,733.21)	840,540,423.31

Items (Unaudited)	Amount for last period									
	Attributable to shareholders of the parent company									Total Shareholders' Equity RMB
	Share	Capital	Less: Treasury	Special	Surplus	General	Undistributed	Other	Minority	
RMB	Reserves RMB	shares	reserves	reserves RMB	risk reserves	Profits RMB		Interests RMB		
I. Balance at the end of last year	243,000,000.00	31,987,251.85	—	—	34,601,238.65	—	437,634,780.76	—	464,718.54	747,687,989.80
Add: Correction of errors in previous period due to changes in accounting policy	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	243,000,000.00	31,987,251.85	—	—	34,601,238.65	—	437,634,780.76	—	464,718.54	747,687,989.80
III. Increase/decrease for the period (decrease is denoted as “0”)										
(1) Net profit	—	—	—	—	—	—	36,898,756.04	—	(329,259.15)	36,569,496.89
(2) Other comprehensive income	—	—	—	—	—	—	35,816,018.21	—	161,361.84	35,977,380.05
Sub-total of (1) and (2)	—	—	—	—	—	—	—	—	9,379.01	9,379.01
(3) Contribution from shareholders and reduction of capital	—	—	—	—	—	—	35,816,018.21	—	170,740.85	35,986,759.06
1. Capital injection from shareholders	—	—	—	—	—	—	—	—	(500,000.00)	(500,000.00)
2. Share-based payment included in the amount of Stockholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—
(4) Profit appropriation	—	—	—	—	—	—	—	—	(500,000.00)	(500,000.00)
1. Appropriation to surplus reserves	—	—	—	—	—	—	—	—	—	—
2. Appropriation to general risk reserves	—	—	—	—	—	—	—	—	—	—
3. Profit appropriation to shareholders	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(5) Internal structure of shareholder's interests	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserves to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserves to share capital	—	—	—	—	—	—	—	—	—	—
3. Recover losses by surplus reserves	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(6) Special reserves	—	—	—	—	—	—	—	—	—	—
1. Appropriation for the period	—	—	—	—	—	—	—	—	—	—
2. Utilisation of the period	—	—	—	—	—	—	—	—	—	—
(7) Others	—	—	—	—	—	—	1,082,737.83	—	—	1,082,737.83
IV. Balance at the end of the period	243,000,000.00	31,987,251.85	—	—	34,601,238.65	—	474,533,536.80	—	135,459.39	784,257,486.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 transformed to 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 placing.

The Group is a cloud computing solutions provider in the PRC with proprietary innovation capability, it operates in the PRC and Hong Kong, and is mainly engaged in (i) Cloud Infrastructure as a Service (IaaS) — provision of cloud server and cloud storage related equipment as well as related solutions; (ii) 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; (iii) Software and Platform as a Service (SaaS & PaaS) — provision of development and services of cloud computing related software and platform.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared based on a going concern basis and in accordance with the requirements of "Accounting Standards for Business Enterprises — Basic Standard" and 40 Specific Accounting Standards issued by the Ministry of Finance (MOF) of the PRC (including 5 new issued or revised standards issued in January and February 2014), and Application Guidance for Accounting Standards for Business Enterprises, Interpretations to Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (collectively referred to as "ASBE") and in compliance with the disclosure requirements of "Regulation of the Preparation and Reporting of Information Disclosure by Companies Offering Securities to the Public No.15 — General Requirements for Financial Reporting (revised 2010)" 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.

3. OPERATING INCOME

Operating income represents the received and accounts receivables for services provided and goods sold to customers, net of returns and discounts. Operating income recognized for the six months ended 30 June 2016 together with comparative unaudited figures for the corresponding period in 2015 are as follows:

An analysis of the Group's operating income and results by operating segments is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2016 <i>RMB</i> (Unaudited)	2015 <i>RMB</i> (Unaudited)	2016 <i>RMB</i> (Unaudited)	2015 <i>RMB</i> (Unaudited)
Revenue from the principal businesses				
Including: Cloud Infrastructure as a Service	272,600,446.78	198,205,911.74	439,039,728.46	367,681,304.87
Cloud Module as a Service	469,079,254.09	435,575,327.04	892,006,336.17	647,785,379.54
Software and Platform as a Service	23,426,651.85	4,779,695.12	36,345,716.40	7,617,033.46
Other operating revenue	1,861,542.60	1,168,473.79	2,622,552.01	4,225,365.95
Total	766,967,895.32	639,729,407.69	1,370,014,333.04	1,027,309,083.82
Revenue from principal businesses				
Including: Cloud Infrastructure as a Service	26,405,119.98	22,621,904.11	41,997,116.01	42,562,053.44
Cloud Module as a Service	4,550,007.14	15,569,154.97	23,072,118.96	30,694,275.90
Software and Platform as a Service	(6,298,772.72)	(2,554,001.46)	(13,766,396.74)	(6,037,179.53)
Revenue from other businesses	784,481.39	1,110,189.61	965,711.81	2,791,003.66
Total	25,440,835.79	36,747,247.23	52,268,550.04	70,010,153.47
Finance costs	20,957,640.31	22,596,370.40	34,148,436.82	38,324,568.06
Share of profit from associates	(123,558.63)	(205,831.89)	52,549.40	(89,129.95)
Profit before tax	4,343,803.82	13,945,044.94	16,088,982.98	31,363,051.58
Income tax expenses	329,096.84	676,664.12	1,284,327.58	2,094,748.19
Net profit for the period	4,014,706.98	13,268,380.82	14,804,655.40	29,268,303.39

4. NON-OPERATING INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2016 <i>RMB</i> (Unaudited)	2015 <i>RMB</i> (Unaudited)	2016 <i>RMB</i> (Unaudited)	2015 <i>RMB</i> (Unaudited)
Government Subsidies	9,079,225.37	5,544,658.12	11,947,027.07	6,744,709.40
Others	18,132.80	7,175.72	192,131.79	50,421.45
Total	9,097,358.17	5,551,833.84	12,139,158.86	6,795,130.85

5. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2016 RMB (Unaudited)	2015 RMB (Unaudited)	2016 RMB (Unaudited)	2015 RMB (Unaudited)
Interest expenses	16,524,831.42	18,171,606.70	30,120,323.88	32,688,361.07
Less: Interest income	1,103,275.04	323,864.64	2,432,177.62	425,475.86
Add: loss on exchange			1,870,203.93	
Less: Gain on exchange	5,242,836.23	1,069,065.43		583,562.02
Handling charges	3,012,076.36	5,817,693.77	4,590,086.63	6,645,244.87
Total	13,190,796.51	22,596,370.40	34,148,436.82	38,324,568.06

6. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2016 RMB (Unaudited)	2015 RMB (Unaudited)	2016 RMB (Unaudited)	2015 RMB (Unaudited)
Current income tax (written back)/charge				
PRC	326,293.48	252,736.78	1,200,310.53	674,463.47
Hong Kong	2,803.36	423,927.34	84,017.05	1,420,284.72
Total	329,096.84	676,664.12	1,284,327.58	2,094,748.19

The Company, being an enterprise established in Shenzhen Special Economic Zone in the PRC, was regarded as a national high-tech enterprise by Bureau of Science and Technology of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality, Shenzhen Municipal Office of SAT and Shenzhen Local Taxation Bureau in 2009, and was subject to an EIT rate of 15% from 2009 onwards; The Company passed the reassessment conducted by Shenzhen Science and Technology Bureau, Shenzhen Financial Bureau, Shenzhen State Tax Bureau and Shenzhen Local Tax Bureau on 12 September 2012, and continued to be regarded as a national high-tech enterprise, and was subject to EIT at a rate of 15%. According to the relevant rules and regulations of the PRC, except for Shenzhen Powerleader Computing System Co., Ltd. (深圳市宝德計算機系統有限公司) (“Powerleader Computing”) as well as Shenzhen Powerleader Software Development Limited (深圳市宝德軟件開發有限公司) (“Powerleader Software”), all other PRC subsidiaries of the Company were subject to EIT at a rate of 25% during the period ended 30 June 2016 (during the period ended 30 June 2015: 25%).

Powerleader Computing has been regarded as a national high-tech enterprise since 2008 by Shenzhen Science and Technology Bureau, Shenzhen Financial Bureau, Shenzhen State Tax Bureau and Shenzhen Local Tax Bureau; On 31 October 2011, Powerleader Computing passed the reassessment conducted by Shenzhen Science and Technology Bureau, Shenzhen Financial Bureau, Shenzhen State Tax Bureau and Shenzhen Local Tax Bureau, and continued to be regarded as a national high-tech enterprise. Powerleader Computing was subject to EIT at a rate of 15% during the period ended 30 June 2016 (during the period ended 30 June 2015: 15%).

Pursuant to an approval document (Shen Guo Shui 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 Baoan District Office of SAT, Shenzhen, Powerleader Software is qualified as a software enterprise and entitled to an exemption from EIT for the years 2009 and 2010 and a 50% reduction in EIT from 2011 to 2013. Powerleader Software was subject to EIT at a rate of 15% during the period ended 30 June 2016 (during the period ended 30 June 2015: 15%).

Hong Kong Profits tax is calculated at 16.5% (for the six months ended 30 June 2015: 16.5%) of the estimated assessable profit for the Six Months Period.

7. INTERIM DIVIDENDS

At a meeting held on 12 August 2016, the Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2016.

8. EARNINGS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2016 <i>RMB</i> (Unaudited)	2015 <i>RMB</i> (Unaudited)	2016 <i>RMB</i> (Unaudited)	2015 <i>RMB</i> (Unaudited)
Revenue				
Net profit attributable to shareholders of the parent company	4,014,840.05	13,268,210.74	14,804,907.05	29,268,303.39
Number of shares				
Weighted average number of issued shares for the purpose of basic earnings per share	<u>243,000,000</u>	<u>243,000,000</u>	<u>243,000,000</u>	<u>243,000,000</u>

The calculation of the basic and diluted earnings per share is based on the net profit attributable to the shareholders of the parent company of RMB14,804,907.05 (for the six months ended 30 June 2015: RMB29,268,303.39) and the weighted average number of 243,000,000 shares in issue (2015: 243,000,000 shares).

Diluted earnings per share is the same as basic earnings per share because the Company had no dilutive potential shares for the Six Months Period (for the six months ended 30 June 2015: nil).

9. FIXED ASSETS AND CONSTRUCTION IN PROGRESS

During the period, the Group spent RMB69,958,222.69 (the same period of 2015: RMB10,353,573.93) on acquisition of property, plant and equipment.

10. DEVELOPMENT EXPENDITURE

During the period, the Group spent RMB5,632,648.29 (the same period of 2015: RMB5,135,028.46) on development costs.

11. LONG-TERM EQUITY INVESTMENTS

Long-term equity investments accounted for using equity method

Name of investee	Proportion of shareholdings (%)	Proportion of voting rights (%)	Investment cost	Beginning balance (Audited)	Increase for the period (Unaudited)	Decrease for the period (Unaudited)	Ending balance for the period (Unaudited)	Cash dividend received for the period
Accounted for using equity method								
Shenzhen Zqgame Interactive Network Co., Limited ^{Note 1}	15.24	15.24	3,000,000.00	152,704,560.34	631,632.39		153,336,192.73	—
Beijing Haiyun Jiexun Technology Limited ^{Note 2}	21.55	33.33	15,000,000.00	20,994,173.41	675,942.83		21,670,116.24	—
Sichuan Baoteng Internet Technology Limited ^{Note 3}	49	66.67	42,000,000.00	30,147,813.81		1,255,025.82	28,892,787.99	—
Total			<u>60,000,000.00</u>	<u>203,846,547.56</u>	<u>1,307,575.22</u>	<u>1,255,025.82</u>	<u>203,899,096.96</u>	

Note 1: Shenzhen Zqgame Co., Ltd. (referred to as “Zqgame”) was formerly known as “Shenzhen Powerleader Network Technology Limited”. It mainly engaged in the development and operation of network games. It was established jointly by the Company and its controlling shareholder, Powerleader Holdings in 2000. In which, the Company held 99% of its equity interest and Powerleader Holdings held 1% of its equity interest. After a number of shareholding changes from 2007 to 2010 and the listing of Zqgame in A shares GEM Board in 2010, the shareholding of the Company in Zqgame was diluted from 20.40% to 15.30%. In 2015, a total of 1,038,600 stock options were exercised by the equity incentive objectives of Zqgame, and the shareholdings of the Company was diluted from 15.30% to 15.24%. As the Company takes up 2 seats out of the 8 directors in the board of Zqgame, the Company exercises significant influence over Zqgame, accordingly, Zqgame is accounted for using equity method.

Note 2: Beijing Haiyun Jiexun Technology Limited (referred to as “Beijing Haiyun Jiexun”) was established on 25 May 2010 in Beijing by Lin Zhiguo through RMB5 million of capital contribution. According to the capital increment agreement entered into on 18 October 2013, the Company contributed a total of RMB15 million in 3 tranches. As of 30 June 2016, the capital contribution by the Company amounted to RMB15 million. On 11 August 2015, Intel Semiconductor (Da Lian) Co., Ltd (英特爾半導體 (大連) 有限公司) subscribed the newly registered capital of RMB1.6 million in Beijing Haiyun Jiexun with a consideration of RMB24.83 million. After such capital increase, the shareholding of Zhang Zhengyu, Li Hua, employees’ shareholding, the Company and Intel were 34.06%, 21.98%, 8.62%, 21.55% and 13.79% respectively. Its legal representative is Li Hua. The Company takes up 1 seat out of 3 directors in the Board and it is accounted for using equity method.

Note 3: Sichuan Baoteng Internet Technology Limited (referred to as “Sichuan Baoteng”) is a limited liability company established by the capital contribution of Sichuan Mingguan Network Technology Limited (referred to as “Sichuan Mingguan”). It obtained its business licence on 30 September 2013. The registered capital (paid-in-capital) at the time of establishment was RMB1 million. On 30 October 2013, the Company entered into a capital increment agreement with Sichuan Mingguan, it was agreed that the Company would subscribe for RMB0.9608 million of the new additional registered capital in Sichuan Baoteng at a consideration of RMB42 million. After the capital increase, the registered capital of Sichuan Baoteng was RMB1.9608 million. On 20 March 2015, Shenzhen Speed Top Network Technology Limited (referred to as “Speed Top”), as a transferee, obtained 51% shareholdings in Sichuan Baoteng from Sichuan Mingguan. As of 31 December 2015, Speed Top and the Company held 51% and 49% shareholdings in Sichuan Baoteng, respectively. Of the 3 seats in the board of directors of Sichuan Baoteng, 2 directors were appointed by the Company. The Company has 66.67% of voting rights in the board of directors. However, significant decisions are subject to the unanimous consent of all directors and shareholders, therefore, it is accounted for using equity method. As of 30 June 2016, the Company has actually paid RMB39.85 million for the investment.

Long-term equity investments accounted by using equity method

Name of investee	Proportion of shareholdings (%)	Proportion of voting rights (%)	Investment cost	Beginning balance (Audited)	Increase for the period (Unaudited)	Decrease for the period (Unaudited)	Ending balance for the period (Unaudited)	Cash dividend received for the period
Sur Doc Corp. <i>note 4</i>	2.86	2.86	6,100,000.00	6,100,000.00	—	0	6,100,000.00	—
Shenzhen Qianhai Pengde Mobile Internet Venture Capital Fund <i>note 5</i>	4.00	4.00	4,000,000.00	4,000,000.00			4,000,000.00	—
Angruo Capital — Angruo No. One Investment Fund <i>note 6</i>	—	—	5,250,000.00		5,250,000.00		5,250,000.00	—
Extreme Vision <i>note 7</i>	2.00	2.00	1,000,000.00		1,000,000.00		1,000,000.00	—
Total	—	—	16,350,000.00	10,100,000.00	6,250,000.00		16,350,000.00	—

Note 4: SurDoc Corp. (referred to as “SurDoc”) was established in the United States by Mr. Wang Donglin, and is primarily engaged in providing safe and reliable cloud storage service to customers. As at 26 December 2014, the wholly-owned subsidiary of the Company, Powerleader Science & Technology (HK) Limited entered into an investment agreement with Sur Doc, with a total contribution of US\$1 million holding 2.86% of the equity interest in SurDoc. As of 30 June 2016, the actual investment payment by the Company was US\$1,000,000.00 (equivalent to RMB6,100,000.00).

Note 5: 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)) was jointly established by the Company and 11 companies and individuals including Yingfu Taike Venture Co., Ltd. (盈富泰克創業投資有限公司), Office of Shenzhen VC Fund of Funds Management Committee and Powerleader Holdings. The Company’s total contribution was RMB10 million, representing 4.00%, by three tranches. As of 30 June 2016, the Company actually contributed RMB4 million.

Note 6: The Fund Manager of Angruo Capital- Angruo No. One Investment Fund (昂若資本 — 昂若壹號投資基金) is Angruo (Shenzhen) Capital Management Co., Ltd. (昂若(深圳)資本管理有限公司), as of 30 June 2016, the Company subscribed funds units of Angruo Capital- Angruo No. One Investment Fund (昂若資本 — 昂若壹號投資基金) by RMB5 million.

Note 7: Extreme Vision (referred as “Vision”) was established by Liang Lizhen (梁麗珍) and registered in Shenzhen. On 21 April 2016, the Company entered into an agreement with Vision, whereby to purchase 2% equity interest in Version with a contribution of RMB1 million. As of 30 June 2016, the actual investment amount paid by the Company was RMB1 million.

12. ACCOUNTS RECEIVABLE

The Group allows sales credit period ranging from three to six months to its trade customers. The aging of accounts receivable is analysed as follows:

	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Within 1 month	505,901,304.89	497,986,459.77
1–3 months	157,482,482.20	126,117,451.13
4–6 months	68,274,195.27	71,862,765.45
Over 6 months	117,384,843.38	106,418,736.82
Less: allowance for bad debts	16,733,695.95	16,733,695.95
Accounts receivable, net	832,309,129.79	785,651,717.22

13. OTHER RECEIVABLES

	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Other receivables	349,823,257.41	318,720,966.84
Less: allowance for bad debts	786,553.74	786,553.74
Other receivables, net	<u>349,036,703.67</u>	<u>317,934,413.10</u>

14. ACCOUNTS PAYABLE

The age analysis of accounts payable is as follows:

	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Within 1 month	252,477,108.48	187,749,787.39
1–3 months	46,352,902.61	50,762,839.77
4–6 months	21,912,846.32	20,017,864.26
Over 6 months	29,475,384.24	27,628,477.54
Total	<u>350,218,241.65</u>	<u>286,158,968.96</u>

15. SHORT-TERM LOANS

Category	Currency	As of 30 June 2016 (Unaudited)		
		Amount in original	Exchange rate	Amount in RMB
Guaranteed loans	RMB	600,000,000.00	1	600,000,000.00
Guaranteed loans	US\$	90,654,503.91	6.60	598,319,725.83
Total				<u>1,198,319,725.83</u>
Category	Currency	As of 31 December 2015 (Audited)		
		Amount in original	Exchange rate	Amount in RMB
Guaranteed loans	RMB	634,000,000.00	1	634,000,000.00
Guaranteed loans	US\$	70,446,633.06	6.49	457,452,256.44
Total				<u>1,091,452,256.44</u>

Details of guarantee:

Lender	Currency	Loan principal (in original currency)	Guarantor
Ping An Bank (Shenzhen Changcheng sub-branch)	RMB	70,000,000.00	Powerleader Investment, Zhang Yunxia, Li Ruijie
China Construction Bank (Shenzhen Housing and Urban Construction branch)	RMB	20,000,000.00	Shenzhen HTI Finance Security Co., Ltd., Zhang Yunxia, Li Ruijie
China Construction Bank (Shenzhen Housing and Urban Construction branch)	RMB	160,000,000.00	Powerleader Investment, Zhang Yunxia, Li Ruijie, Ex-channel
China Merchants Bank (Shenzhen Zhongdian sub-branch)	RMB	30,000,000.00	Zhang Yunxia, Li Ruijie, Powerleader Investment
China Resources Bank of Zhuhai (Shenzhen Futian branch)	RMB	40,000,000.00	Powerleader Investment, Li Ruijie
China Citic Bank (Xiangmihu branch)	RMB	100,000,000.00	Powerleader Investment, Zhang Yunxia, Li Ruijie, Nanjing Baode Cloud Computing Technology Co., Ltd.
Agricultural Bank of China (University Town of Shenzhen branch)	RMB	100,000,000.00	Zhang Yunxia, Li Ruijie, Powerleader Investment
Industrial Bank Co. Ltd. (Shenzhen Huang Gang sub-branch)	RMB	80,000,000.00	Powerleader Investment, Li Ruijie
China Construction Bank (Shenzhen Housing and Urban Construction branch)	US\$	46,928,987.00	Powerleader Investment, Zhang Yunxia, Li Ruijie, Ex-channel
Shanghai Commercial Bank (Hong Kong Sham Shui Po branch)	US\$	6,620,365.40	Li Ruijie, Zhang Yunxia, Dong Weiping, Hong Kong Powerleader
Chong Hing Bank	US\$	4,000,000.00	Li Ruijie, Zhang Yunxia, Dong Weiping, Hong Kong Powerleader
ANZ	US\$	10,790,000.00	Li Ruijie, Zhang Yunxia, Dong Weiping, Hong Kong Powerleader
Bank of China (Hong Kong) Limited (Telford House, Kowloon Bay branch)	US\$	3,200,000.00	Li Ruijie, Zhang Yunxia, Dong Weiping, Hong Kong Powerleader
Hongkong and Shanghai Banking Corporation Limited (Telford Garden branch)	US\$	9,600,000.00	Li Ruijie, Zhang Yunxia, Dong Weiping, Hong Kong Powerleader
Citibank	US\$	8,000,000.00	Li Ruijie, Zhang Yunxia, Dong Weiping, Hong Kong Powerleader
China Merchants Bank (Shenzhen Zhongdian sub-branch)	RMB	10,000,000.00	Zhang Yunxia, Li Ruijie, Powerleader Investment

Details of interest rates:

The annual interest rates for the short-term loans was 4.3506% to 6.0900%, the weighted average annual interest rate was 3.8105% (2015: annual interest rate for the short-term loans was 1.8610% to 7.8000%, weighted average interest rate was 4.7806%).

16. SHARE CAPITAL

Name of shareholder/category	As of 31 December 2015 (Audited)		Movements during the period					As of 30 June 2016 (Unaudited)	
	Amount	Proportion (%)	Issue of new shares	Bonus issue	Transfer from capital reserves	Others	Sub-total	Amount	Proportion (%)
Shares with restrictions on trading									
State shares	—	—	—	—	—	—	—	—	—
National legal persons shares	—	—	—	—	—	—	—	—	—
Other domestic shares	182,250,000.00	75	—	—	—	—	—	182,250,000.00	75
Including: Domestic legal person shares	150,000,000.00	61.73	—	—	—	—	—	150,000,000.00	61.73
Domestic limited partnership shares	32,250,000.00	13.27	—	—	—	—	—	32,250,000.00	13.27
Foreign investors shares	—	—	—	—	—	—	—	—	—
Including: Overseas legal person shares	—	—	—	—	—	—	—	—	—
Overseas natural person shares	—	—	—	—	—	—	—	—	—
Total of shares with restrictions on trading	182,250,000.00	75	—	—	—	—	—	182,250,000.00	75
Shares without restrictions on trading									
RMB ordinary shares	—	—	—	—	—	—	—	—	—
Domestic listed foreign investors shares	—	—	—	—	—	—	—	—	—
Overseas listed foreign investors shares	60,750,000.00	25	—	—	—	—	—	60,750,000.00	25
Others	—	—	—	—	—	—	—	—	—
Total of shares without restrictions on trading	60,750,000.00	25	—	—	—	—	—	60,750,000.00	25
Total Shares	243,000,000.00	100	—	—	—	—	—	243,000,000.00	100

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

17. CAPITAL COMMITMENTS

(a) Commitments under operating leases

At 30 June 2016, the Company as lessee had future aggregate minimum lease payments in respect of office premises and warehouse under non-cancellable operating leases as follows:

	30 June 2016 RMB (Unaudited)	31 December 2015 RMB (Audited)
Within one year	14,472,924.27	13,932,482.92
In the second to fifth year (both years inclusive)	185,701,470.55	189,064,512.07
Total	200,174,394.82	202,996,994.99

(b) Capital commitments contracted but not provided for in respect of:

	30 June	31 December
	2016	2015
	RMB	RMB
	(Unaudited)	(Audited)
Construction-in-progress	—	—

18. SEGMENT INFORMATION

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

The segment information of the Group is as follows:

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

Profit or loss, assets and liabilities of reportable segments

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

For the six months ended 30 June 2016 (Unaudited)

Items	Cloud Infrastructure as a Service (IaaS)	Cloud Module as a Service (MaaS)	Software and Platform as a Service (SaaS and PaaS)	Unallocated	Elimination	Total
Operating revenue	543,099,952.89	1,042,024,561.30	46,722,931.72	—	(261,833,112.87)	1,370,014,333.04
Including: Revenue from external transactions	439,039,728.46	894,628,888.18	36,345,716.40	—	—	1,370,014,333.04
Revenue from intra-segment transactions	104,060,224.43	147,395,673.12	10,377,215.32	—	(261,833,112.87)	—
Operating costs	473,916,612.39	1,000,933,186.99	33,642,601.19	—	(261,833,112.87)	1,246,659,287.70
Expenses for the period	34,475,659.27	25,474,483.34	26,473,593.91	30,470,867.98	—	116,894,604.50
Total segment operating profit (total loss)	34,707,681.23	15,616,890.97	(13,393,263.38)	(20,842,325.84)	—	16,088,982.98
Total assets	1,626,472,281.05	1,627,382,284.23	362,462,036.52	604,235,173.87	(1,427,295,205.21)	2,793,256,570.46
Including: Significant impairment loss of individual assets	—	—	—	—	—	—
Total liabilities	1,053,185,801.50	926,280,219.04	283,317,038.29	863,217,625.58	(1,173,284,537.26)	1,952,716,147.15
Supplementary information	—	—	—	—	—	—
Capital expenditure	3,472,382.29	—	67,473,498.22	—	—	70,945,880.51
Impairment loss recognized in the period	—	—	—	—	—	—
Including: Impairment loss of goodwill	—	—	—	—	—	—
Depreciation and amortization expenses	6,147,932.28	2,047,253.92	14,072,084.28	1,836,874.26	—	24,104,144.74
Non-cash expenses other than impairment loss, depreciation and amortization	—	—	—	—	—	—

For the six months ended 30 June 2015 (Unaudited)

Items	Cloud Infrastructure as a Service (IaaS)	Cloud Module as a Service (MaaS)	Software and Platform as a Service (SaaS and PaaS)	Unallocated	Elimination	Total
Operating revenue	485,928,693.02	783,464,423.22	20,210,464.48	—	(262,294,496.90)	1,027,309,083.82
Including: Revenue from external transactions	370,436,730.26	649,255,320.10	7,617,033.46	—	—	1,027,309,083.82
Revenue from intra-segment transactions	115,491,962.76	134,209,103.12	12,593,431.02	—	(262,294,496.90)	—
Operating costs	419,908,506.46	738,376,485.02	8,442,100.47	—	(262,294,496.90)	904,432,595.05
Expenses for the period	31,474,837.38	21,243,672.19	5,212,112.52	39,560,175.34	—	97,490,797.43
Total segment operating profit (total loss)	36,848,947.37	29,687,474.07	(6,037,179.53)	(29,136,190.33)	—	31,363,051.58
Total assets	1,098,475,732.02	1,367,574,957.49	174,457,245.95	1,126,478,556.78	(1,140,382,507.71)	2,626,603,984.53
Including: Significant impairment loss of individual assets	—	—	—	—	—	—
Total liabilities	745,365,946.35	936,561,045.91	42,875,096.73	1,037,240,762.08	(968,003,757.71)	1,794,039,093.36
Supplementary information	—	—	—	—	—	—
Capital expenditure	2,477,935.84	—	874,643.37	7,000,994.72	—	10,353,573.93
Impairment loss recognized in the period	—	—	—	—	—	—
Including: Impairment loss of goodwill	—	—	—	—	—	—
Depreciation and amortization expenses	3,763,895.75	2,184,473.03	7,846,263.97	4,014,926.56	—	17,809,559.31
Non-cash expenses other than impairment loss, depreciation and amortization	1,863,657.48	1,146,374.48	354,893.81	—	—	3,364,925.77

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2016, Powerleader Science & Technology Group continued its operation with a clear strategic positioning as a “leading cloud computing solutions provider with the capability of autonomous innovation in China.” Based on the leading technology developed over the years, a competent research and development (“R&D”) team, a strict management system, extensive sales channels and quality customer services, the Group provided comprehensive cloud computing solutions and related services by focusing on the five key business sectors underpinned by cloud computing solutions and services providers, namely, Cloud Infrastructure as a Service (IaaS), Cloud Module as a Service (MaaS), Software as a Service (SaaS), Platform as a Service (PaaS), Client as a Service (CaaS).

Firstly, we vigorously developed our IaaS segment through enhancing our autonomous innovation capacity, continuing the optimization of products and solutions for mid-to-high-end cloud servers, cloud storage, HPC and all-in-one PC for big data, and strengthening our overall capacity for solutions related to enterprises’ private clouds and public clouds, with a view to providing customers with pay-per-use cloud services that are simple, effective, flexible in expansion, and safe and stable. We also proactively participated in construction projects of cloud computing infrastructure, such as Intelligent City, E-Government Affairs, Secure City, Intelligent Transportation, Broadband China and 4G.

Secondly, we continued to expand our MaaS segment through consolidating our core competitiveness with self-owned brands, reinforcing the development of our sales system, raising the standard for sales management, expanding the room of cooperation with suppliers, diversifying the portfolio of products distributed by agents, actively seeking cooperative channel partners and providing them and industry customers with timely and sufficient supply of components and professional technical support, so as to solidify our position as a leading supplier components related to cloud computing in the PRC.

Thirdly, we accelerated our SaaS and PaaS segments through focusing on demands for the application associated with cloud computing and big data by providing quality, diversified and tailor-made software and services to our customers.

Driven by rapid development of the internet, the overall market of IDC and cloud computing service experienced continuous prosperity. Industrial upgrades and scale investment led by reforms of internet technologies and business modes will bring new opportunities for companies in the industrial chain. Recently, the cloud computing industry has entered into a take-off stage as ecosystem of the industry in China has matured progressively with more application and practice of cloud computing. Scale of the public cloud service has been growing, covering cloud servers, IDC, cloud storages and cloud platforms, etc. which promotes increasing internet services such as mobile payment, e-commerce, searching, social public management and location service to adopt cloud computing. Meanwhile, industrial chain has been developing gradually, which consists of provider of cloud computing, service provider of internet infrastructures, service provider of hardware and software and manufacturers of terminal equipment, and the innovations of technologies and services is further strengthened.

Under the rapid development trend of the global cloud computing, in order to follow the rapid development of cloud computing market, and to capitalize the development opportunities arising from cloud computing and big data as well as to implement the strategic layout, on one hand, the Company continuously increased investment to improve service capability, and on the other hand, the Company will adopt various methods to expand the data center and cloud computing scale, thus to continuously optimize the regional distribution of cloud server market and data center, to improve the service quality of each value-added services and to satisfy the customized requirements of users. Meanwhile, the Company will keep on consolidating and enhancing our core competitive strengths

in the fields of IaaS, MaaS, SaaS and PaaS, software and platforms. Looking forward, the Company will fully utilize its advantages in technology, resources and markets attributed to its facilities of cloud infrastructure through autonomous innovation, cooperation with external parties and strategic investments. Also, the Company will continually exploit the market potential of cloud module and speed up the development of software and platform, aiming at driving the integration of leading resources in both the up-stream and down-stream of the industry chain. As such, the Company will develop an all-round capacity for solutions that covers the industry chain of cloud computing with features in comprehensiveness and professionalism, and with which the Company may maintain our leading position in the cloud computing industry in the PRC.

FINANCIAL REVIEW

Turnover of the Group for the Six Months Period amounted to RMB1,370,014,333.04, representing an increase of 33.36% compared to RMB1,027,309,083.82 in the same period of 2015, which was attributable to an increase in turnover from the Group's principal activities, being Cloud Infrastructure as a Service (IaaS) — providing cloud server and cloud storage related equipment and their related solutions, and Cloud Module as a Service (MaaS) — providing R&D, design, manufacturing and sales of cloud computing equipment related components, as well as agency distribution for key components of cloud computing equipment and related value-added services.

Consolidated gross profit margin of the Group for the Six Months Period was 9.00%, representing a decrease of 2.96% compared to that of 11.96% in the same period of 2015, mainly as a result of the intense competition in the market and the price discounted in some projects given by the Company in order to promote the application of cloud computing solutions.

The Group's distribution costs and administrative and other expenses rose by approximately 41.60% to RMB82,746,167.68 from RMB58,438,261.80 for the same period of last year, mainly due to the increase in depreciation amount and personnel cost from the construction of two IDC plants in Shenzhen and Guangzhou and the increase in personnel costs and marketing expenses during the process of further implementation of the cloud strategy by the Company. In addition, greater R&D efforts in products and technology of cloud computing also drove up the R&D cost and other related expenses of the Company.

BUSINESS REVIEW AND PROSPECT

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

The first half of 2016, with the gradual mature of cloud computing industry ecosystem in China, the application of cloud computing continues to expand, the cloud computing industry entered into a rapid development stage. Under the background of rapid growth in the overall scale of the market, the Company continued to optimize the layout of cloud server market, and deployed a vertical and a horizontal development strategy. In terms of products, the vertical strategy refers to the server, with massive products, which will create a comprehensive cloud computing infrastructure system from hardware to software, a horizontal strategy refers to superimposed expansion; in terms of sales system, the vertical strategy refers to taking Guangzhou, Changsha, Shijiazhuang and other places as the center, and the horizontal development strategy refers to taking Shanghai, Nanjing, Wuhan and Chengdu as the center, which would form the effective combination of products, and the sales regional market, it can form a complete cloud computing infrastructure complete system, and also could increase efforts to expand key areas. In the first half of the year, the cloud infrastructure as a service (IaaS) market recorded increase of 19.41% at the same pace.

In the second half of 2016, with the mature and further application of cloud computing technology, the Company will continue to improve the customer's satisfaction relied on its own strong technical strength and cooperation with powerful partners, and manage to provide services with excellent quality and high efficiency for customers. On the one hand, the Company provide more diversified choices for customers by strengthening of independent R&D and self-innovation capabilities and creating more new products, so as to provide customers with more convenient service by taking the advantages of local manufacturers; on the other hand, the Company integrate the industry chain resources of cloud computing with the strong partners within the industry and provide customers with the improved and independent and controllable solutions by strengthening the comprehensive capabilities of software and hardware.

Market Promotion

In the first half of 2016, the Company substantially raised the popularity and influence of its brand by focusing on marketing initiatives with regard to its new products fields, cloud computing fields, education fields and various application in various industries through media promotion, marketing activities, Wechat and Weibo.

Based on cloud servers and targeting cloud computing and cloud smart cities, products, technologies, proposals and solutions in vertical industries of cloud computing are spreading widely through traditional internet media and the emerging self-media such as Weibo and Wechat. The Company has enhanced its marketing with the selling points of its independent research and development capacity and the safety, controllability, innovations and customerisation of its products with the purpose of improving its professional and dedicating image as a server manufacturer. As for industrial application, we published timely the news of winning bids and successful cases in serving the Party, government, military and the financial, energy and education industries, etc., which matter to the livelihood of the people. Also, we updated our news regularly to maintain the reputation of the Company and reliability of our products.

With regard to new products, we developed by ourselves the Powerleader PR4090GS cloud storage server with 2 quad and 40 cores, which is an indispensable product in the industrial reform featuring reasonable balance between data processing, storage space, application performance and investment cost. Recognised for its multi-cores, high capacity and expandability, it is widely used in government and areas such as power industry, military, scientific research, internet, education and data center, helping those key industries to lead the market in the times of cloud computing and big data. We will continue to take advantage of our own developing capacity and make innovation proactively, so as to provide our customer with user-oriented products of optimised performance.

As for the educational industry, we developed an integrated educational desktop cloud solution supported by the Powerleader servers PR2710G2 and PR2750G2, storage GS5342, cloud terminals, cloud software and multi-media education software, which features high efficiency in installation with low cost for terminal purchasing and post maintenance of software and hardware as well as lower overall TCO as compared to traditional modes. In comparison to conventional PC, its front-end users terminal has lower power consumption, noise and radiation, which is in line with energy saving, omission reduction and environmental protection, thus, creating a green environment for teachers and students to teach, work and learn. It can safeguard data effectively as the virtual desktop was saved in servers of the data center, and it allows system administrators to easily and efficiently manage the operation of thousands of desktop cloud terminals and quickly install and upgrade new software in a centralised manner.

In the second half of 2016, under the backdrop of national information security, cloud computing and big data, the Company will continue to conduct major promotional activities for the launch of new products, big data server products, high-end storage products and industry solutions through various channels, including marketing activities, advertisements, Wechat and Weibo, such that the Company can promote its brand name to a wide variety of customers.

In the aspect of important development strategies, the Company will cooperate with Taiji Computer Corporation Limited (stock code: 002368) in 2016. As a supplier for IT large-scale comprehensive information system products, solutions and services, based on customer demands, with operation philosophy of creation of values by services, and the basis of service integration, Taiji Computer Corporation Limited optimizes existing business combinations, forming the four business systems of information system solutions targeting key industries, intelligent building projects, information product production and sales and IT consultation service that cooperate with one another. Meanwhile, Taiji Computer is the first brand of Chinese E-Government with leading solutions and strong competitiveness in government E-government, military, smart city, energy, traffic, cloud computing and other industries. During the period from 24 December 2015 to 5 January 2016, the Company announced substantial selling and acquisition transaction with Taiji Computer Corporation Limited that is selling all options of Power Leader Computer held by the Group, transferring server business and software business operated by Power Leader Computer and Power Leader Software. After the satisfaction of conditions precedent for the transaction, Taiji Computer will purchase Power Leader Computer options by issued shares and cash. Upon the closing, the Company will become a shareholder of Taiji Computer, and its cloud server business will conduct a series of cooperation with Taiji Computer, building dual-brand operation mode of “Taiji-Power Leader”, gradually transforming to a professional server manufacturer with keen market capacity and customization capacity and industry market competitiveness.

Honors:

In January 2016: Powerleader Science & Technology Group was awarded the “Innovative Company Prize 2015”;

In January 2016: the 4 quad secured and controllable server PR4840R of Powerleader Science & Technology Group was recognised as “Good Product in Shenzhen”;

In January 2016: Powerleader Science & Technology Group was named as “Best Server Provider in 2015”;

In February 2016: the Powerleader PR8800R Server was awarded the “Innovative Product Award 2015”;

In February 2016: Powerleader Science & Technology Group was granted the “Intel-PCDS Prize”;

In April 2016: Powerleader Science & Technology Group were praised as the “Most popular Server among Users” in 2015;

In June 2016: Powerleader Science & Technology Group was awarded the Golden Lion Prize in the 2016 Shenzhen International Intelligent Transportation System and Location Based Services Expo;

In June 2016: Powerleader Science & Technology Group was granted the “Golden Lion Award of the 5th ITS Expo 2016”.

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

In the first half of 2016, the Company recorded an increase of 37.70% YoY in its revenue of cloud computing equipment key components agency distribution and related value-added services as IT markets picked up rapidly. Leveraging on its excellent agency distribution capacity, professional management team, effective information management, strong capital management and reliable technical support, the Company has obtained extensive and stable supply channels in China, strengthened cooperation with major brands in the market and made adjustments based on business strategies and modes of manufacturers as well as consolidating its various products and resources, aiming to meet the one-stop purchasing demands of customers and provide more integrated and efficient solutions for the customers in a better and more proficient manner.

Looking forward into the second half of 2016, the company will continue to spare no effort in its sales channel expansion, enhance its sales management and control its operating cost to further develop the existing business. Adhering to our operation philosophy of “Customer First, Forge Ahead.” and the “user-oriented” principle, we will improve our post-sales service system to increase customer satisfaction and turn itself into the most professional cloud module solution provider in China.

Software and Platform as a Service (SaaS & PaaS) — provision of development and services of cloud computing related software and platform

In the first half of 2016, depending on years of software development technology and experience, the Company continued our ambitious expansion, researched and developed as well as improved the cloud computing technology related software and platforms, and provided the safe, stable and highly available public cloud, private cloud and mixed cloud products; meanwhile, the Company optimized the operation management model and enhanced the marketing capabilities in line with the current cloud computing development trend, the progress in cloud computing business model and future potential market demands, provided the more personalized and diversified cloud application demands for customers and maintained China’s leading position of comprehensive cloud service provider.

In the second half of 2016, the Company will closely keep pace with the development of cloud computing industry to continuously strengthen the R&D investment of Software and Platform as Service (SaaS & PaaS), make layout in advance, be bold in innovation and offer customers with safe and reliable cloud service featured with convenient deployment, outstanding properties and complete system.

Data Centres

In the first half of 2016, targeted at the “leading Internet infrastructure and cloud computing service provider”, the Company focused on preparing to build the high-standard and low-energy cloud computing green data center and promoting the operation and management capacities to give full play to the resource advantages, platform scale advantages and operation and management advantages. As the internet economy and cloud computing scaled up, back-end data center industry embraced rapid development again, leading to skyrocketing growth in the market demand of data center. Based on the profound experience in cloud server and cloud software customerisation, the Company continuously provides customerised data center and cloud computing services which are suitable to various types of companies in their development by long-term cooperation with operators in good faith. In the meantime, we pay attention to the demands in market segments to facilitate the

adjustment for product portfolios and improve the utility rate of our resources. And we also reinforce the internal management of the Company to increase its overall operation efficiency, so that all business in the Company can develop steadily.

In the second half of 2016, the Company will be a leading provider of internet infrastructure and cloud computing by taking fully advantages of data centres, platform scale advantages and operation management strength, while focusing on market segment needs and promoting product structure adjustment, with an aim to enhance level of resources utilization and further intensify enterprise internal management, improve the efficiency of overall operation and keep a stable development of various business segments.

In terms of major development strategy, a non-binding agreement of intent was signed by the Company and Shenzhen ZQGAME Co. Ltd. on 23 June 2016, pursuant to which the Company intends to sell its internet data center business to Shenzhen ZQGAME Co. Ltd.. Related audits and assessments to such matters are in progress to date and for such development, please refer to the relevant announcements of the Company. Thanks!

Capital Management

Given that the overall national economy was stable in the first half of 2016, the Company controlled its risk exposure based on its actual situation to adapt to strategies of the Group and strengthened its cooperation with banks and institutions to reduce its financial cost and increase its capital flow, which in turn satisfies the capital requirement of each department and improves operational performance.

In the second half of 2016, financial risks are inevitable as post-Brexit risks are still lingering due to influence from the global economy, and a more open and healthy financial system which G20 is committed to build may not come into effect immediately. In light of the above, the Company shall open more funding channels and allow centralised capital management and allocation, so as to guarantee more effective and reasonable capital distribution, thus, providing healthy financial environment and steady funding for normal business development.

Principal Associated Company of the Group

In the first half of 2016, Shenzhen Zqgame Co., Ltd (“Zqgame”), a principal associated company of the Group, recorded a turnover of RMB118,793,101.44, representing a decrease of 23.10% as compared to the same period of last year, which was mainly due to the newly launched online game has replaced the existing ones and the Company’s new game business is at the initial stage of development and promotion, while the Company has not conducted large-scale promotion activities, thus no benefit has been generated. Net profit attributable to ordinary shareholders of the Company amounted to RMB4,144,569.48, representing a decrease of 68.72% as compared to that of the same period of last year. In the first half of the year, the Company continued to make innovation breakthrough in its own business, and made initiative adjustment to its business structure. In terms of specific projects, the Company continuously focused on investment in boutique projects, with an aim to achieve marvelous achievements. In the second half of the year, the Company will continue to select and develop high-quality games, adhere to the fine quality of operations, thus to avoid the impact from the impetuous atmosphere of the capital market. During the reporting period, the Company continued to break through in the game business, and made depth research in the new business direction, both have reached the expected goal. In the future, the Company will further optimize the main business, strengthen the core competitiveness. On the other hand, the Company will also put efforts on realizing new business development through multi-point layout.

Government Affairs

In the first half of 2016, the Company stepped up its effort in applying for government project funding and awards in respect of government affair. With cloud computing as its core content, the Company applied for a number of qualification accreditations and project funding, and certain number of its research projects have passed the inspection and acceptance procedures. In connection with the cooperation with external parties, the Company has been conducting R&D cooperation with institutes and R&D institutions with a view to absorbing skilled professionals and advanced technologies.

In January 2016, Powerleader Science & Technology Group received industry development special funds and discount loans subsidies from Fu Tian district;

In March 2016, “key technology research and development, based on high performance hyper-convergence structure” project of the Powerleader Science & Technology Group passed the Shenzhen municipal science and technology project — technology research project;

In April 2016, “key technology research based on cloud computing for big data processing platform” project of the Powerleader Science & Technology Group passed the inspection and acceptance procedures by Shenzhen Science and Technology Innovation panel;

In June 2016, “research and development of cloud application service platform based on vessel technology” project of the Powerleader Science & Technology Group passed the Shenzhen municipal science and technology project — technology research project;

In June 2016, “key technology research and development, based on high performance hyper-convergence structure” project of the Powerleader Science & Technology Group passed the Shenzhen municipal science and technology project — technology research project;

In the second half of 2016, we will keep applying for new funding and awards to increase the passing rate of the project declaration. We will identify our merits and weaknesses; collect information from governments; complete the project declaration in time and with high quality; improve the brand image of Powerleader; and enhance our cooperation with the higher education institutions and science research institutions, with a view to create a good cooperation environment for the technology innovation of Powerleader.

Assets, Liabilities and Shareholders' Equity

As at 30 June 2016, current assets of the Group amounted to RMB1,985,127,921.08 (31 December 2015: RMB2,047,570,979.20), which mainly comprised of monetary capital of RMB283,152,843.90 (31 December 2015: RMB486,466,976.00), trade and bills receivables of RMB843,166,380.79 (31 December 2015: RMB791,965,902.24), inventories of RMB447,599,846.71 (31 December 2015: RMB396,209,412.70). Non-current assets amounted to RMB808,128,649.38 (31 December 2015: RMB755,345,622.22), which mainly comprised of long-term equity investment of RMB203,899,096.96 (31 December 2015: RMB203,846,547.56), fixed assets of RMB405,876,742.94 (31 December 2015: RMB421,305,659.74), intangible assets and development costs of RMB114,353,277.00 (31 December 2015: RMB108,112,202.73). Total assets were RMB2,793,256,570.46 (31 December 2015: RMB2,802,916,601.42).

As at 30 June 2016, the Group's current liabilities mainly comprised of short-term borrowings of RMB1,198,319,725.83 (31 December 2015: RMB1,091,452,256.44) and accounts payable of RMB350,218,241.65 (31 December 2015: RMB286,158,968.96). Non-current liabilities mainly included long-term borrowings of RMB97,000,000.00 (31 December 2015: RMB115,000,000.00). Total liabilities were RMB1,952,716,147.15 (31 December 2015: RMB1,977,180,833.51).

As at 30 June 2016, the Group's equity attributable to the shareholders of the parent company was RMB840,543,156.52 (31 December 2015: RMB825,738,249.47).

Employee Information

As at 30 June 2016, employees of the Company were 937 (30 June 2015: 886). The total staff costs amounted to RMB30,639,165.81 for the Six Months Period compared to RMB24,152,672.78 for that of the same period in 2015.

Foreign Exchange Risk

The purchase and sales of Cloud Infrastructure as a Service (IaaS) were mainly denominated in RMB, of which part of the purchase of cloud servers and cloud storage and other related equipments was denominated in USD, while the purchase and sales of Cloud Module as a Service (MaaS) were mainly denominated in USD. The Company did not make any arrangement to hedge against its exchange risk during the Six Months Period as it considered that the exchange risk faced by it was limited.

Contingent Liabilities

As at 30 June 2016, the Directors were not aware of any significant contingent liabilities.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the Six Months Period.

DIRECTORS', SUPERVISORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SHARES AND DEBT SECURITIES

At as 30 June 2016, the interests or short positions of the directors, supervisors and the chief executive of the Company and their associates 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under provisions of the SFO), or as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions, underlying shares and debt securities were as follows:

Shares of the Company

Name of director	Number of the Company's Domestic Shares held	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 (including held indirectly) by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively.

Save as disclosed above, as at 30 June 2016, none of the directors, supervisors and chief executive of the Company and their associates had any interests or short positions in any shares or underlying shares of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 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 the transactions of the securities and debt securities which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND SUPERVISORS RIGHTS TO PURCHASE SHARES OR DEBENTURES

As at 30 June 2016, the Company or any of its 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 corporate, and 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

Up to 30 June 2016, the Company has not adopted any share option scheme nor granted any option.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 June 2016, the Directors are not aware of any other interests and short positions in shares and debentures or underlying shares of substantial shareholders of the Company and other persons, which will have to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which will be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

LONG POSITIONS IN DOMESTIC SHARES

	Number of Shares	Capacity	Approximate percentage of the Company's issued share capital	Approximate percentage of the Company's issued Domestic Share
Powerleader Investment (<i>Note</i>)	102,184,500	Beneficial owner	42.05%	56.07%
深圳市恆通達遠電子有限公司	23,958,000	Beneficial owner	9.86%	13.15%
哈爾濱世紀龍翔科技開發有限公司	15,963,750	Beneficial owner	6.57%	8.76%
天津誠柏股權投資合夥企業 (Limited Partnership)	15,000,000	Beneficial owner	6.17%	8.23%

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

The Company has been informed on 31 March 2016 by 天津誠柏股權投資合夥企業(limited partnership) and Urumqi Yali Anda, two of the Shareholders, that天津誠柏股權投資合夥企業(limited partnership) has agreed to transfer its entire holding of 15,000,000 Domestic Shares to Urumqi Yali

Anda Investment Co., Ltd, which has been approved in the general meeting. The completion of the Proposed Shares Transfer is subject to, amongst others, the approval and consent by the relevant regulatory authority in the PRC.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the Directors, initial 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 Group or any other conflicts of interest which any such person may have with the Group as at 30 June 2016.

THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company had complied, throughout the six months ended 30 June 2016, with the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

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 Six 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 Six 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 Group’s auditors in matters coming within the scope of the Group’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 Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun. The Group’s financial statements for the Six Months Period have been reviewed by the 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 OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased or redeemed any of the Company’s shares during the Six Months Period.

By order of the Board
Zhang Yunxia
Chairman

Shenzhen, the PRC, 12 August 2016

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

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will be published on the website of the Company at www.powerleader.com.cn.