

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



宝德科技集團股份有限公司

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

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

**(Stock Code: 8236)**

**INSIDE INFORMATION  
ANNOUNCEMENT ON CHANGE IN ACCOUNTING POLICY**

This announcement is made by Powerleader Science & Technology Group Limited\* (宝德科技集團股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rule 17.50(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Important Notice:

1. On 20 October 2017, the Company convened an extraordinary meeting of the board of directors, at which the Resolution in Relation to Changes in Accounting Policy was considered and approved, consenting to the Company, based on Accounting Standards for Enterprises No. 28 — Changes in Accounting Policies and Estimates and Corrections of Errors, changing the accounting policy (this “**Change in Accounting Policy**”) for the method of measurement of investment real estate (“**Investment Real Estate**”) from historical cost measurement to fair value measurement.
2. Upon the Company’s preliminary calculations based on present data, on the date of this Change in Accounting Policy, there will be a one-off increase in the Company’s consolidated net asset value of approximately RMB260 million; this Change in Accounting Policy will not affect the figures for the Group’s consolidated net profit for the year 2017. The Company will at the end of the year 2017 hire a professionally qualified valuation agency to conduct a valuation on the fair value of the Company’s Investment Real Estate on the relevant balance sheet date, and determine based on the audit results of the Company’s auditors the final impact of this Change in Accounting Policy. The Company will, based on the progress of the valuation and audit processes, fulfil its information disclosure obligations in a timely manner.

3. Based on the relevant provisions in the Articles of Association of Powerleader Science & Technology Group Limited\* (the “**Articles of Association**”), this Change in Accounting Policy is not required to be submitted to a meeting of the Company’s shareholders for consideration.
4. Risk warning: After this Change in Accounting Policy, should significant changes appear in the property market of the locations where the Investment Real Estate items that the Company hold are located, it would cause changes in the fair value of such Investment Real Estate items, which would lead to the possibility of increased risk in the fluctuations of the Company’s future results. The Company’s shareholders and potential investors are advised to take note of investment risks.

Based on relevant provisions in Accounting Standards for Enterprises No. 3 — Investment Real Estates, Accounting Standards for Enterprises No. 28 — Changes in Accounting Policies and Estimates and Corrections of Errors and the Articles of Association, in order to objectively and fairly reflect the value of Investment Real Estate held by the Company, and for ease of the Company’s management and investors in understanding the Company’s financial position, upon consideration and approval at the Company’s extraordinary meeting of the board of directors on 20 October 2017, the Company has decided to change the method of measurement of Investment Real Estate from the present historical cost measurement to fair value measurement. Details are as follows:

#### **DATE OF CHANGE**

20 October 2017

#### **DETAILS OF THE CHANGE**

The accounting policy adopted prior to this Change in Accounting Policy is: The Company adopts the historical cost model to measure Investment Real Estate, which is cost less accumulated impairment, amortisation and provisions for depreciation, shown on the balance sheet. With regard to the service life, net residual value and impairment/amortisation methods of Investment Real Estate, a review is conducted at the end of each year and appropriate adjustments are made.

The accounting policy adopted after this Change in Accounting Policy is: The Company adopts the fair value model for conducting follow-up measurement of Investment Real Estate, no longer recognising depreciation or conducting amortisation, and taking the fair value of Investment Real Estate on the balance sheet date as the basis for adjusting book value, while the difference between fair value and the original book value is recognised as profit and loss for the period. To ensure the comparability of accounting information, the measurement model for Investment Real Estate adopted by the Company may not be freely changed once determined; Investment Real Estate that is already measured using the fair value model may not be changed from the fair value model to the cost model.

## **REASONS FOR THE CHANGE**

### **(1) To meet the requirements of China Accounting Standards for Business Enterprises**

According to the provisions of the Accounting Standards for Enterprises No. 3 — Investment Real Estates, enterprises may with regard to the follow-up measurement of investment real estate choose to adopt the cost model, and may also choose to adopt the fair value model. For adopting the fair value model for measurement, the following conditions shall be met simultaneously: (1) There is an active trading market of real estate in the location of the investment real estate; and (2) The enterprise is able to obtain the market prices of the identical or similar real estates and other relevant information from the trading market of real estate, so as to be able to estimate the fair value of the investment real estate.

The Investment Real Estate held by the Company, by external valuation or quotation, can satisfy the two foregoing conditions, thus the Company will conduct a change in accounting policy for follow-up measurement of the Investment Real Estate it holds, which is to change from the cost measurement model to the fair value measurement model, meeting the requirements of China Accounting Standards for Business Enterprises.

### **(2) Beneficial for more objective and fair reflection of the Company's financial position**

In recent years, the localities where the Company holds Investment Real Estate has experienced a rather large rise in real estate value. Under the cost measurement model, net book value is continuously decreasing with impairment and amortisation, and there is no way to express the value-added segment of Investment Real Estate, so that the Company's value is underestimated. As the economies of such localities develop, the Company believes that applying the fair value model and conducting follow-up measurement on the Investment Real Estate held by the Company can more objectively and fairly reflect the value of Investment Real Estate, and for ease of the Company's management and investors in understanding the Company's financial position, providing more useful information for their decisions, which serves the overall interests of the Company and all shareholders. Thus, the Company has decided to use the fair value model to conduct follow-up measurement on Investment Real Estate.

## **IMPACT OF THIS CHANGE IN ACCOUNTING POLICY ON THE COMPANY**

Upon the Company's preliminary calculations based on present data, on the date of this Change in Accounting Policy, there will be a one-off increase in the Company's consolidated net asset value of approximately RMB260 million; this Change in Accounting Policy will not affect the figures for the Group's consolidated net profit for the year 2017. The Company will at the end of the year 2017 hire a professionally qualified valuation agency to conduct a valuation on the fair value of the Company's investment real estate on the relevant balance sheet date, and determine based on the audit results of the Company's auditors the final impact of this Change in Accounting Policy. The Company will, based on the progress of the valuation and audit processes, fulfil its information disclosure obligations in a timely manner.

The Company's board of directors believe that: The change in follow-up measurement of the investment real estate it holds from the cost measurement model to the fair value measurement model meets the relevant provisions of the Enterprise Accounting Standards, and is beneficial for a more objective and fair reflection of the value of the investment real estate that the Company holds, and for ease of the Company's management and investors to timely understand the Company's financial position and operating results. The Company's board of directors consent to the Company changing the follow-up measurement of the investment real estate it holds from the cost measurement model to the fair value measurement model.

By Order of the Board  
**Powerleader Science & Technology Group Limited\***  
(宝德科技集团股份有限公司)  
**Zhang Yunxia**  
*Chairman*

Shenzhen, the PRC  
20 October 2017

*As at the date hereof, the Board comprises a total of 8 Directors, including Ms. Zhang Yunxia, Mr. Dong Weiping and Mr. Ma Zhumao as executive Directors; Mr. Li Ruijie 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 announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from its date of publication and the Company's website at [www.powerleader.com.cn](http://www.powerleader.com.cn).*

\* *for identification purpose only*