

**POWERLEADER SCIENCE & TECHNOLOGY COMPANY LTD :
A SMALL COMPANY, UNLIKELY, EVER, TO BE BIG**

It takes a little while to understand, exactly, what is the business of Powerleader Science and Technology Company Ltd, on reading the November 29, 2002 Placing Prospectus, but, by the time that one gets to Page 143, it is clear that the Company is in the business of selling computer servers and related products.

In short, this Company is, simply put, a 'salesman' of computer hardware, not very different from the tens of thousands of other such companies that operate in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

This is the way that Powerleader is described at Page 56 of the Prospectus:

'The Company is principally engaged in the design, manufacture, integration and sale of IA (INTEL Architecture) servers and related products and the provision of related after-sales services in the PRC. According to CCID (the Centre of Computer and Microelectronic Industry Development and Research), Powerleader was the fifth largest domestic server solution provider and ranked in the ninth place among all server providers in the PRC in terms of sales volume in 2001. The Company was also regarded as the largest application server provider in the PRC according to a research report prepared by CCW Research (a research department of China Computerworld (CCW) Media Group) in June 2002 ... '.

Cutting through the b... s..., Powerleader flogs computer hardware, not much more than that, in the same way that a salesman for a British-made, motor car sells his company's products in towns and villages or where-ever people with money may be found.

And there is, absolutely, nothing wrong with being a salesman: The world needs them because somebody has to bring goods and services to the marketplace.

Powerleader was founded in August 1997 by Mr Li Rui Jie and his wife, Madame Shang Yun Xia, who are, today, the Chairman and Deputy General Manager, respectively.

From the humble beginnings of a one million-renminbi company, initially established in Shenzhen, the PRC, on the border with the HKSAR, the Company, today, boasts of having enjoyed a Turnover of 108.88 million renminbi for the 2002 Financial Year, ended December 31.

All things considered, this Company appears to be doing extraordinarily well for a company, which concentrates its efforts on selling just one product in the PRC.

The following is the Company's track record for the 28-month period, ended April 30, 2002:

	Financial Year ended December 31		Four Months to April 30
	2000	2001	2002
	All Figures are Denominated in '000 Renminbi (unless otherwise stated)		
Turnover	50,002	108,881	51,825
Cost of Sales	(38,425)	(82,923)	(40,319)

Gross Profit	11,577	25,958	11,506
Gross Profit Margin*	23.15 percent	23.84 percent	22.20 percent
Other Revenues	24	861	2,324
Selling Expenses	(1,213)	(6,475)	(2,361)
Administrative and Other Expenses	(3,507)	(4,685)	(2,273)
Operating Profit	6,881	15,659	9,196
Borrowing Costs	(19)	(441)	(444)
Profit before Taxation	6,862	15,218	8,752
Taxation	(1,219)	(1,126)	(657)
Profit Attributable to Shareholders	5,643	14,092	8,095
Net Profit Margin*	11.29 percent	12.94 percent	15.62 percent

* These are TARGET's Calculations

Page 143 of the Prospectus makes it very clear that nearly all of the Company's revenue comes from the sales of computer servers and related products.

Management, also, receives kickbacks from suppliers – the nomenclature for the kickbacks is given as being 'Suppliers' Incentives' – and this source of revenue brought in 2,296,000 renminbi for the 4 months to April 30, 2002.

It was the first time, during the track-record period, that such income had been received (openly, that is).

For the 5 months, ended September 30, 2002, Powerleader claims to have logged in a Net Profit Attributable to Shareholders of about 11.68 million renminbi.

This must mean that, for the 9 months of the past Financial Year, to September 30, 2002, the Company had bagged not less than 19.78 million renminbi.

Which would indicate that the Company enjoyed a bumper ... [CLICK TO ORDER FULL ARTICLE](#)

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