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深圳市宝德科技股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY COMPANY LIMITED*

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

(Stock Code: 8236)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF 69% INTEREST IN A SUBSIDIARY**

On 24 September 2007, the Company entered into the Agreement with Powerleader Investment pursuant to which the Company agreed to sell and Powerleader Investment agreed to purchase the 69% of the equity interest in the Target Company at a consideration of RMB17,181,000 subject to the terms of the Agreement.

The Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules as the applicable percentage ratios exceed 5% but are below 25%. As Powerleader Investment beneficially owns an aggregate of approximately 45.26% of the issued capital of the Company, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements.

In view of the interests of Powerleader Investment in the Disposal, Powerleader Investment and its associates will abstain from voting in relation to the resolution approving the Disposal at the EGM. An Independent Board Committee will be appointed to advise the Independent Shareholders on whether or not the terms of the Disposal are in the interests of and are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. Baron Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Disposal.

A circular containing further details of the Disposal, letter from the Independent Board Committee, an opinion of Baron Capital together with a notice convening the EGM to approve the Disposal will be dispatched to the Shareholders as soon as practicable.

THE AGREEMENT

Date

24 September 2007

Parties

Vendor: The Company

Purchaser: Powerleader Investment

Assets to be disposed of

Subject to the terms and conditions of the Agreement, the Company agreed to sell and Powerleader Investment agreed to purchase 69% of the equity interest in the Target Company.

Consideration

The Consideration amounts to RMB17,181,000 (equivalent to approximately HK\$17,765,000) and shall be payable by Powerleader Investment to the Company in the following manner:

- (i) a deposit in the sum of RMB8,590,500 (equivalent to approximately HK\$8,883,000) shall be paid by Powerleader Investment in cash within 3 working days from the date of the EGM after the Disposal has been approved by the Independent Shareholders; and
- (ii) RMB8,590,500 (equivalent to approximately HK\$8,883,000), being the balance of the Consideration, shall be paid by Powerleader Investment in cash on or before 31 December 2007.

The Consideration was determined following arm's length negotiations between all parties to the Agreement. In arriving at the Consideration, the Board has made reference to the net asset value of the Target Company amounting to RMB16,614,000 (equivalent to approximately HK\$17,179,000) as shown in its management accounts for the six months ended 30 June 2007.

Conditions precedent

The Agreement shall be effective upon the fulfillment of the following conditions:

- (a) the execution of the Agreement by the parties thereto;
- (b) the approval by the shareholders of Powerleader Investment of the Agreement and the transactions contemplated thereunder; and
- (c) the approval by the Independent Shareholders of the Agreement and the transactions contemplated thereunder at an EGM to be held in accordance with the requirements of the GEM Listing Rules.

In the event that not all the above conditions have been fulfilled on or before 31 December 2007 or such other date shall be agreed by the parties to the Agreement, the Agreement shall terminate automatically.

Completion

Completion of the Disposal shall take place on the day on which the balance of Consideration has been paid by Powerleader Investment to the Company in accordance with the Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC. It is owned as to 99% by the Company and as to 1% by Powerleader Investment as at the date of this announcement. The Target Company is principally engaged in the provision of on-line game services.

Based on the management accounts of the Target Company for the financial year ended 31 December 2006 prepared in accordance with PRC GAAP, the unaudited net asset value of the Target Company was RMB16,418,000 (equivalent to approximately HK\$16,976,000).

The following table shows the unaudited financial information of the Target Company for the two years ended 31 December 2006, which has been prepared in accordance with PRC GAAP:

	For the financial year ended	
	31 December	
	2005	2006
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation	11,295,000	263,000
Net profit after taxation	9,931,000	263,000

The Target Company launched a brand new online game to the market and captured a substantial volume of sales in 2005. The online game launched in 2005 became outdated and no new game was launched by the Target Company in 2006. As a result, there was a drop in the net profit of the Target Company in 2006.

Upon completion of the Disposal, the Target Company will be owned as to 30% by the Company and will become an associate company of the Group and the results of which will be accounted for by the Group using the equity accounting method. Although it is not the intention of the Group to commit significant capital contribution to the online game business, the Group believes that this business operation can further develop into a major profit growth driver pending the availability of capital. In order to tap the profit generated from the business operation and reduce its commitment in further capital contribution, the Group would retain a 30% interest in the Target Company after the Disposal.

INFORMATION ON THE PARTIES

The Group is engaged in the design, manufacture and sales of computer servers, sales and distribution of platform and accessories products and the research and development and operation of online games in Hong Kong and the PRC.

Powerleader Investment is engaged in the business of investing holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Over the years, the Target Company had invested significant sum in the research and development and marketing of online games. It is anticipated that further capital is required for developing the business. While the Group's strategy is to place emphasis on the business of computer servers and platforms, it is not in the best interest of the Group to contribute further significant amount of capital required for online games. In order to diversify the risk so as to optimize the shareholders' value, disposal of partial interest in the Target Company would reduce the Group's commitment in capital contribution and hence relieve the capital fundings to its major business operations.

The Directors (excluding the independent non-executive Directors who have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Disposal, who will provide their views after considering the opinion of the independent financial adviser) consider that the terms of the Disposal have been negotiated on an arm's length basis and on normal commercial terms and the terms thereof are fair and reasonable and are in the best interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

The proceeds of approximately RMB17,181,000 (equivalent to approximately HK\$17,765,000) from the Disposal is intended to be used as working capital of the Group. As a result of the Disposal, the Group is expected to accrue a gain of approximately RMB5,717,000 (equivalent to approximately HK\$5,911,000), which is the difference between the Consideration and 69% of the total carrying value of investments in the Target Company in the books of the Group as at 30 June, 2007 of approximately RMB11,464,000 (equivalent to approximately HK\$11,854,000).

GENERAL

The Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules as the applicable percentage ratios exceed 5% but are below 25%. As Powerleader Investment beneficially owns an aggregate of approximately 45.26% of the issued capital of the Company, the Disposal constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements.

In view of the interests of Powerleader Investment in the Disposal, Powerleader Investment and its associates will abstain from voting in relation to the resolution approving the Disposal at the EGM. An Independent Board Committee will be appointed to advise the Independent Shareholders on whether or not the terms of the Disposal are in the interests of and are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. Baron Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Disposal.

A circular containing further details of the Disposal, letter from the Independent Board Committee, an opinion of Baron Capital together with a notice convening the EGM to approve the Disposal will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

“Agreement”	the share transfer agreement dated 24 September 2007 entered into between the Company and Powerleader Investment in relation to the Disposal
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Baron Capital”	Baron Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Board”	the board of Directors
“Company”	深圳市宝德科技股份有限公司 (Powerleader Science & Technology Company Limited), a foreign joint stock limited company incorporated in the PRC with its H Shares listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration payable by Powerleader Investment to the Company for the 69% of the equity interest in the Target Company under the Agreement
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the 69% of the equity interest in the Target Company by the Company to Powerleader Investment pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Disposal
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors
“Independent Shareholders”	Shareholders other than Powerleader Investment and its associates

“Powerleader Investment”	Powerleader Investment Holding Company Limited, a limited liability company established in PRC and a substantial Shareholder
“PRC”	the People’s Republic of China
“PRC GAAP”	the generally accepted accounting principles in the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市寶德網絡技術有限公司 (Shenzhen Powerleader Network Technology Company Limited), a company established in the PRC and 99% of equity interest of which is owed by the Company and the remaining 1% is owned by Powerleader Investment
“working day”	a day on which commercial banks in the PRC are generally open for business (excluding Saturdays, Sundays and public holidays)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
Li Ruijie
Chairman

Shenzhen, the PRC, 24 September 2007

As at the date of this announcement, the Board comprises a total of 10 Directors, including Mr. Li Ruijie, Mr. Dong Weiping, Ms. Zhang Yunxia and Mr. Ma Zhumao as executive Directors, Mr. Sun Wei, Mr. Wang Lixin and Mr. Li Donglei as non-executive Directors, Mr. Jiang Baijun, Mr. Lo Yu Tseng, Robert and Mr. Yim Hing Wah as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The English names/translations of the companies established in the PRC, relevant authorities in the PRC and other Chinese terms used in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK1.034 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

* for identification purposes only