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深圳宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

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

(Stock Code: 8236)

**CONNECTED TRANSACTIONS
ACQUISITION OF EQUITY INTERESTS IN
NON WHOLLY-OWNED SUBSIDIARIES**

THE ACQUISITIONS

On 14 January 2011, the Company entered into the Powerleader Calculator Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, approximately 0.47% equity interests in Powerleader Calculator for a consideration of RMB200,000.

On 14 January 2011, the Company entered into the Powerleader Software Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 1% equity interests in Powerleader Software for a consideration of RMB300,000.

On 14 January 2011, the Company entered into the Baotong Zhiyuan Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 1% equity interest in Baotong Zhiyuan for a consideration of RMB180,000.

On 14 January 2011, the Company entered into the Baoteng Hulian Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 25% equity interests in Baoteng Hulian for a consideration of RMB2,000,000.

GEM LISTING RULES IMPLICATIONS

Powerleader Investment is a substantial shareholder of the Company and is wholly owned by Mr. Li and Ms. Zhang, who are both executive Directors of the Company. Accordingly, Powerleader Investment is a connected person of the Company and the Acquisitions constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the acquisition of equity interests under each of the Powerleader Calculator Share Transfer Agreement, the Powerleader Software Share Transfer Agreement and the Baotong Zhiyuan Share Transfer Agreement fall within the de minimis threshold (as defined under the GEM Listing Rules), they are normally exempt from the reporting, announcement and independent shareholders' approval requirements under rule 20.31 of the GEM Listing Rules.

However, as all of the Acquisition Agreements were entered into between Powerleader Investment and the Company in relation to companies within the Group, the Acquisitions are aggregated for the purpose of the calculation of the relevant percentage ratios under the GEM Listing Rules. As a result of the aggregation of the Acquisitions, the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisitions are less than 5% and are therefore subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

THE ACQUISITIONS

On 14 January 2011, the Company entered into the Powerleader Calculator Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, approximately 0.47% equity interests in Powerleader Calculator for a consideration of RMB200,000.

On 14 January 2011, the Company entered into the Powerleader Software Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 1% equity interests in Powerleader Software for a consideration of RMB300,000.

On 14 January 2011, the Company entered into the Baotong Zhiyuan Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 1% equity interest in Baotong Zhiyuan for a consideration of RMB180,000.

On 14 January 2011, the Company entered into the Baoteng Hulian Share Transfer Agreement with Powerleader Investment pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 25% equity interests in Baoteng Hulian for a consideration of RMB2,000,000.

Summarised below are the principal terms of the Acquisition Agreements:

THE POWERLEADER CALCULATOR SHARE TRANSFER AGREEMENT

Date

14 January 2011

Parties

Vendor: Powerleader Investment

Purchaser: the Company

Assets to be disposed of

Approximately 0.47% equity interests in Powerleader Calculator

Conditions Precedent

The payment of the consideration and the transfer of the equity interests pursuant to the Powerleader Calculator Share Transfer Agreement is conditional upon the Company having obtained the approvals from the relevant regulatory authorities (if required) and the transactions contemplated under the Powerleader Calculator Share Transfer Agreement have complied with the relevant provisions of the GEM Listing Rules in relation to connected transactions.

Consideration

The consideration is RMB200,000 and shall be payable by the Company to Powerleader Investment in cash within 3 days upon the signing of the Powerleader Calculator Share Transfer Agreement.

Within 3 business days upon receipt of the consideration by Powerleader Investment, Powerleader Investment (or its nominee) shall assist the Company to effect the registration of the change in equity interests in Powerleader Calculator with the relevant business registration department (工商登記部門) in the PRC and shall assist the Company to complete the transfer of such equity interests.

Basis of the consideration

The consideration of RMB200,000 was determined by the parties to the Powerleader Calculator Share Transfer Agreement after arm's length negotiations with reference to the net asset value of Powerleader Calculator as at 30 November 2010 and its business operations during the year of 2010.

The original purchase cost of the approximately 0.47% equity interests in Powerleader Calculator to Powerleader Investment was RMB180,000.

Termination

The Powerleader Calculator Share Transfer Agreement may be terminated by mutual agreement between Powerleader Investment and the Company. Apart from this, if the consideration is not paid by the Company to Powerleader Investment within 14 days after the

due date for the payment of the consideration, Powerleader Investment shall be entitled to terminate the Powerleader Calculator Share Transfer Agreement and seek compensation from the Company for the losses suffered by it as a result.

Information on Powerleader Calculator

Powerleader Calculator is a company established in the PRC with limited liability and has a registered share capital of RMB38,000,000. Powerleader Calculator is owned as to approximately 94.26% by the Company.

Powerleader Calculator is principally engaged in the manufacture and sales of computer servers and related products.

The following are the unaudited financial information of Powerleader Calculator for the two financial years ended 31 December 2009 and for the eleven months ended 30 November 2010 which were prepared in accordance with the generally accepted accounting principles in the PRC:

	For the eleven months ended 30 November 2010 RMB'000[#]	For the year ended 31 December 2009 RMB'000[#]	For the year ended 31 December 2008 RMB'000[#]
Net profits before taxation	8,186	18,701	26,344
Net profits after taxation	7,374	15,014	22,848
Net asset value	46,724	52,788	37,774

Reasons for and benefits of entering into the Powerleader Calculator Share Transfer Agreement

The Board considers that the entering into of the Powerleader Calculator Share Transfer Agreement will allow the Group to consolidate its shareholdings in Powerleader Calculator to implement the Group's overall development strategy in focusing its resources and energy to cloud computing.

THE POWERLEADER SOFTWARE SHARE TRANSFER AGREEMENT

Date

14 January 2011

Parties

Vendor: Powerleader Investment

Purchaser: the Company

Assets to be disposed of

1% equity interests in Powerleader Software

Conditions Precedent

The payment of the consideration and the transfer of the equity interests pursuant to the Powerleader Software Share Transfer Agreement is conditional upon the Company having obtained the approvals from the relevant regulatory authorities (if required) and the transactions contemplated under the Powerleader Software Share Transfer Agreement have complied with the relevant provisions of the GEM Listing Rules in relation to connected transactions.

Consideration

The consideration is RMB300,000 and shall be payable by the Company to Powerleader Investment in cash within 3 days upon the signing of the Powerleader Software Share Transfer Agreement.

Within 3 business days upon receipt of the consideration by Powerleader Investment, Powerleader Investment (or its nominee) shall assist the Company to effect the registration of the change in equity interests in Powerleader Software with the relevant business registration department (工商登記部門) in the PRC and shall assist the Company to complete the transfer of such equity interests.

Basis of the consideration

The consideration of RMB300,000 was determined by the parties to the Powerleader Software Share Transfer Agreement after arm's length negotiations with reference to the net asset value of Powerleader Software as at 30 November 2010 and its business operations during the year of 2010.

The original purchase cost of the 1% equity interests in Powerleader Software to Powerleader Investment was RMB100,000.

Termination

The Powerleader Software Share Transfer Agreement may be terminated by mutual agreement between Powerleader Investment and the Company. Apart from this, if the consideration is not paid by the Company to Powerleader Investment within 14 days after the due date for the payment of the consideration, Powerleader Investment shall be entitled to terminate the Powerleader Software Share Transfer Agreement and seek compensation from the Company for the losses suffered by it as a result.

Information on Powerleader Software

Powerleader Software is a company established in the PRC with limited liability and has a registered share capital of RMB10,000,000. Powerleader Software is owned as to 99% by the Company. Immediately after the transfer of the 1% equity interests in Powerleader Software has been effected pursuant to the Powerleader Software Share Transfer Agreement, Powerleader Software will become a wholly owned subsidiary of the Company.

Powerleader Software is principally engaged in software development.

The following are the unaudited financial information of Powerleader Software for the two financial years ended 31 December 2009 and for the eleven months ended 30 November 2010 which were prepared in accordance with the generally accepted accounting principles in the PRC:

	For the eleven months ended 30 November 2010 RMB'000[#]	For the year ended 31 December 2009 RMB'000[#]	For the year ended 31 December 2008 RMB'000[#]
Net profits before taxation	15,976	15,480	(2)
Net profits after taxation	15,976	15,497	(99)
Net asset value	40,274	25,397	4,900

Reasons for and benefits of entering into the Powerleader Software Share Transfer Agreement

The Board considers that the entering into of the Powerleader Software Share Transfer Agreement will allow the Group to consolidate its shareholdings in Powerleader Software by making Powerleader Software a wholly owned subsidiary of the Group to implement the Group's overall development strategy in focusing its resources and energy to cloud computing.

THE BAOTONG ZHIYUAN SHARE TRANSFER AGREEMENT

Date

14 January 2011

Parties

Vendor: Powerleader Investment

Purchaser: the Company

Assets to be disposed of

1% equity interests in Baotong Zhiyuan

Conditions Precedent

The payment of the consideration and the transfer of the equity interests pursuant to the Baotong Zhiyuan Share Transfer Agreement is conditional upon the Company having obtained the approvals from the relevant regulatory authorities (if required) and the transactions contemplated under the Baotong Zhiyuan Share Transfer Agreement have complied with the relevant provisions of the GEM Listing Rules in relation to connected transactions.

Consideration

The consideration is RMB180,000 and shall be payable by the Company to Powerleader Investment in cash within 3 days upon the signing of the Baotong Zhiyuan Share Transfer Agreement.

Within 3 business days upon receipt of the consideration by Powerleader Investment, Powerleader Investment (or its nominee) shall assist the Company to effect the registration of the change in equity interests in Baotong Zhiyuan with the relevant business registration department (工商登記部門) in the PRC and shall assist the Company to complete the transfer of such equity interests.

Basis of the consideration

The consideration of RMB180,000 was determined by the parties to the Baotong Zhiyuan Share Transfer Agreement after arm's length negotiations with reference to the net asset value of Baotong Zhiyuan as at 30 November 2010 and its business operations during the year of 2010.

The original purchase cost of the 1% equity interests in Baotong Zhiyuan to Powerleader Investment was RMB100,000.

Termination

The Baotong Zhiyuan Share Transfer Agreement may be terminated by mutual agreement between Powerleader Investment and the Company. Apart from this, if the consideration is not paid by the Company to Powerleader Investment within 14 days after the due date for the payment of the consideration, Powerleader Investment shall be entitled to terminate the Baotong Zhiyuan Share Transfer Agreement and seek compensation from the Company for the losses suffered by it as a result.

Information on Baotong Zhiyuan

Baotong Zhiyuan is a company established in the PRC with limited liability and has a registered share capital of RMB10,000,000. Baotong Zhiyuan is owned as to 99% by the Company. Immediately after the transfer of the 1% equity interests in Baotong Zhiyuan has been effected pursuant to the Baotong Zhiyuan Share Transfer Agreement, Baotong Zhiyuan will become a wholly owned subsidiary of the Company.

Baotong Zhiyuan is principally engaged in trading of platform and accessory products.

The following are the unaudited financial information of Baotong Zhiyuan for the two financial years ended 31 December 2009 and for the eleven months ended 30 November 2010 which were prepared in accordance with the generally accepted accounting principles in the PRC:

	For the eleven months ended 30 November 2010 RMB'000[#]	For the year ended 31 December 2009 RMB'000[#]	For the year ended 31 December 2008 RMB'000[#]
Net profits before taxation	3,497	7,578	(47)
Net profits after taxation	3,937	5,683	(47)
Net asset value	19,573	15,635	952

Reasons for and benefits of entering into the Baotong Zhiyuan Share Transfer Agreement

The Board considers that the entering into of the Baotong Zhiyuan Share Transfer Agreement will allow the Group to consolidate its shareholdings in Baotong Zhiyuan by making Baotong Zhiyuan a wholly owned subsidiary of the Group to implement the Group's overall development strategy in focusing its resources and energy to cloud computing.

THE BAOTENG HULIAN SHARE TRANSFER AGREEMENT

Date

14 January 2011

Parties

Vendor: Powerleader Investment

Purchaser: the Company

Assets to be disposed of

25% equity interests in Baoteng Hulian

Conditions Precedent

The payment of the consideration and the transfer of the equity interests pursuant to the Baoteng Hulian Share Transfer Agreement is conditional upon the Company having obtained the approvals from the relevant regulatory authorities (if required) and the transactions contemplated under the Baoteng Hulian Share Transfer Agreement have complied with the relevant provisions of the GEM Listing Rules in relation to connected transactions.

Consideration

The consideration is RMB2,000,000 and shall be payable by the Company to Powerleader Investment in cash within 3 days upon the signing of the Baoteng Hulian Share Transfer Agreement.

Within 3 business days upon receipt of the consideration by Powerleader Investment, Powerleader Investment (or its nominee) shall assist the Company to effect the registration of the change in equity interests in Baoteng Hulian with the relevant business registration department (工商登記部門) in the PRC and shall assist the Company to complete the transfer of such equity interests.

Basis of the consideration

The consideration of RMB2,000,000 was determined by the parties to the Baoteng Hulian Share Transfer Agreement after arm's length negotiations with reference to the net asset value of Baoteng Hulian as at 30 November 2010 and its business operations during the year of 2010.

The original purchase cost of the 25% equity interests in Baoteng Hulian to Powerleader Investment was RMB2,500,000.

Termination

The Baoteng Hulian Share Transfer Agreement may be terminated by mutual agreement between Powerleader Investment and the Company. Apart from this, if the consideration is not paid by the Company to Powerleader Investment within 14 days after the due date for the payment of the consideration, Powerleader Investment shall be entitled to terminate the Baoteng Hulian Share Transfer Agreement and seek compensation from the Company for the losses suffered by it as a result.

Information on Baoteng Hulian

Baoteng Hulian is a company established in the PRC with limited liability and has a registered share capital of RMB10,000,000. Baoteng Hulian is owned as to 75% by the Company. Immediately after the transfer of the 25% equity interests in Baoteng Hulian has been effected pursuant to the Baoteng Hulian Share Transfer Agreement, Baoteng Hulian will become a wholly owned subsidiary of the Company.

Baoteng Hulian is principally engaged in the leasing of computer servers.

The following are the unaudited financial information of Baoteng Hulian for the two financial years ended 31 December 2009 and for the eleven months ended 30 November 2010 which were prepared in accordance with the generally accepted accounting principles in the PRC:

	For the eleven months ended 30 November 2010	For the year ended 31 December 2009	For the year ended 31 December 2008
	<i>RMB'000[#]</i>	<i>RMB'000[#]</i>	<i>RMB'000[#]</i>
Net profits before taxation	(883)	(1,008)	(2,052)
Net profits after taxation	(883)	(1,008)	(2,052)
Net asset value	7,618	8,500	9,509

Reasons for and benefits of entering into the Baoteng Hulian Share Transfer Agreement

The Board considers that the entering into of the Baoteng Hulian Share Transfer Agreement will allow the Group to consolidate its shareholdings in Baoteng Hulian by making Baoteng Hulian a wholly owned subsidiary of the Group to implement the Group's overall development strategy in focusing its resources and energy to cloud computing.

GEM LISTING RULES IMPLICATIONS

Powerleader Investment is a substantial shareholder of the Company and is wholly owned by Mr. Li and Ms. Zhang, who are both executive Directors of the Company. Accordingly, Powerleader Investment is a connected person of the Company and the Acquisitions constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the acquisition of equity interests under each of the Powerleader Calculator Share Transfer Agreement, the Powerleader Software Share Transfer Agreement and the Baotong Zhiyuan Share Transfer Agreement fall within the de minimis threshold (as defined under the GEM Listing Rules), they are normally exempt from the reporting, announcement and independent shareholders' approval requirements under rule 20.31 of the GEM Listing Rules.

However, as all of the Acquisition Agreements were entered into between Powerleader Investment and the Company in relation to companies within the Group, the Acquisitions are aggregated for the purpose of the calculation of the relevant percentage ratios under the GEM Listing Rules. As a result of the aggregation of the Acquisitions, the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisitions are less than 5% and are therefore subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE GROUP AND POWERLEADER INVESTMENT

The Group is principally engaged in the design, manufacture and sales of computer servers, sales and distribution of platform and accessories products and leasing of computer servers in Hong Kong and the PRC.

Powerleader Investment is principally engaged in the business of investment in industrial projects.

GENERAL

The Directors (including the independent non-executive Directors) considered that the Acquisition Agreements and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Li and Ms. Zhang are both executive Directors of the Company and the owners of Powerleader Investment, Mr. Li and Ms. Zhang had abstained from voting on the Board resolutions in respect of the Acquisition Agreements.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Acquisition Agreements”	collectively, the Powerleader Calculator Share Transfer Agreement, the Powerleader Software Share Transfer Agreement, the Baotong Zhiyuan Share Transfer Agreement and the Baoteng Hulian Share Transfer Agreement;
“Acquisitions”	the acquisition of equity interests by the Company from Powerleader Investment pursuant to the Acquisition Agreements;
“Baoteng Hulian”	深圳市宝騰互聯科技有限公司 (Baoteng Hulian Technology Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“Baoteng Hulian Share Transfer Agreement”	the share transfer agreement dated 14 January 2011 entered into between Powerleader Investment and the Company in respect of 25% equity interests in Baoteng Hulian;
“Baotong Zhiyuan”	深圳市宝通志遠科技有限公司 (Baotong Zhiyuan Technology Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;

“Baotong Zhiyuan Share Transfer Agreement”	the share transfer agreement dated 14 January 2011 entered into between Powerleader Investment and the Company in respect of 1% equity interest in Baotong Zhiyuan;
“Board”	the board of Directors;
“Company”	深圳宝德科技集團股份有限公司 (Powerleader Science & Technology Group Limited*), a foreign joint stock limited company incorporated in the PRC, the H Shares of which are listed on GEM;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM and amendments thereto from time to time;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Mr. Li”	Mr. Li Ruijie, an executive Director;
“Ms. Zhang”	Ms. Zhang Yunxia, an executive Director;
“Powerleader Calculator”	深圳市宝德計算機系統有限公司 (Powerleader Calculator System Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“Powerleader Calculator Share Transfer Agreement”	the share transfer agreement dated 14 January 2011 entered into between Powerleader Investment and the Company in respect of approximately 0.47% equity interest in Powerleader Calculator;
“Powerleader Investment”	深圳市宝德投資控股有限公司 (Powerleader Investment Holding Company Limited*), a limited liability company established in the PRC and wholly owned by Mr. Li and Ms. Zhang;
“Powerleader Software”	深圳市宝德軟件開發有限公司 (Powerleader Software Development Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“Powerleader Software Share Transfer Agreement”	the share transfer agreement dated 14 January 2011 entered into between Powerleader Investment and the Company in respect of 1% equity interest in Powerleader Software;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules; and
“%”	per cent.

By order of the Board
Powerleader Science & Technology Group Limited*
Xu Yueming
Company Secretary

Hong Kong, 14 January 2011

As at the date hereof, 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 and Mr. Jiang Baijun, Mr. Chan Shiu Yuen, Sammy and Dr. Guo Wanda as independent non-executive Directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and the Company’s website at www.powerleader.com.cn.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

* *for identification purpose only*

all figures have been rounded to the nearest thousand.