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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)

CLARIFICATION ANNOUNCEMENT ANNUAL REPORT 2011

Reference is made to the annual report (the “**Annual Report**”) of 宝德科技集團股份有限公司 (Powerleader Science & Technology Group Limited*) (the “**Company**”) for the year ended 31 December 2011. This announcement is supplemental to, and should be read in conjunction with, the Annual Report.

1. CONNECTED TRANSACTIONS

The board of directors of the Company (the “**Board**”) wishes to provide the following additional information to the Directors’ Report of the Annual Report:

“**Connected Transactions**”

(a) *Connected transactions with 深圳市宝德投資控股有限公司 (Powerleader Investment Holding Company Limited*) (“**Powerleader Investment**”) on 14 January 2011*

On 14 January 2011, the Company and Powerleader Investment entered into:–

- (i) a share transfer agreement (the “**Powerleader Calculator Share Transfer Agreement**”) pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, approximately 0.47% equity interest in 深圳市宝德計算機系統有限公司 (Powerleader Calculator System Limited*) (“**Powerleader Calculator**”), a non-wholly owned subsidiary of the Company owned as to 94.26%, for a consideration of RMB200,000;
- (ii) a share transfer agreement (the “**Powerleader Software Share Transfer Agreement**”) pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 1% equity interest in 深圳市宝德軟件開發有限公司 (Powerleader Software Development Limited*) (“**Powerleader Software**”), a non-wholly owned subsidiary of the Company owned as to 99%, for a consideration of RMB300,000;
- (iii) a share transfer agreement (the “**Baotong Zhiyuan Share Transfer Agreement**”) pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 1% equity interest in 深圳市宝通志遠科技有限公司 (Baotong

Zhiyuan Technology Limited*) (“**Baotong Zhiyuan**”), a non-wholly owned subsidiary of the Company owned as to 99%, for a consideration of RMB180,000; and

- (iv) a share transfer agreement (the “**Baoteng Hulian Share Transfer Agreement**”) pursuant to which Powerleader Investment agreed to sell, and the Company agreed to purchase, 25% equity interest in 深圳市宝騰互聯科技有限公司 (Baoteng Hulian Technology Limited*) (“**Baoteng Hulian**”), a non-wholly owned subsidiary of the Company owned as to 75%, for a consideration of RMB2,000,000.

The consideration under each of 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 (collectively the “**Acquisition Agreements**”) was payable in cash within 3 days upon signing of the relevant agreement. The Acquisition Agreements were completed on April 2011.

Powerleader Investment is a substantial shareholder of the Company and is wholly owned by Mr. Li Ruijie (“**Mr. Li**”) and Ms. Zhang Yunxia, who are both directors of the Company. Accordingly, Powerleader Investment is a connected person of the Company and the Acquisition Agreements constituted connected transactions of the Company under Chapter 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition Agreements in aggregate are less than 5%, they are subject to the reporting and announcement requirements and exempt from the independent shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules.

The Board considered that the entering into of the Acquisition Agreements would allow the Company and its subsidiaries (the “**Group**”) to consolidate their shareholdings in Powerleader Calculator, Powerleader Software, Baotong Zhiyuan and Baoteng Hulian to implement the Group’s overall development strategy in focusing its resources and energy to cloud computing.

- (b) *Connected transactions in relation to Ex-Channel Group Limited (宝通集團有限公司) (“**Ex-Channel**”)*

On 17 February 2011, Powerleader Science & Technology (H.K.) Limited (宝德科技(香港)有限公司) (“**Powerleader HK**”), a wholly-owned subsidiary of the Company, entered into a share transfer agreement (the “**Ex-Channel Share Transfer Agreement A**”) with Mr. Dong Weiping (“**Mr. Dong**”), a director of the Company, pursuant to which Mr. Dong agreed to sell and Powerleader HK agreed to purchase a 10% equity interest in Ex-Channel for a consideration of HK\$8,800,000 subject to the terms of the agreement.

On 17 February 2011, Powerleader HK entered into a share transfer agreement (the “**Ex-Channel Share Transfer Agreement B**”) with Top Pioneer Limited (“**TPL**”), pursuant to which TPL agreed to sell and Powerleader HK agreed to purchase a 10% equity interest in Ex-Channel for a consideration of HK\$8,800,000 subject to the terms of the agreement.

The consideration under the Ex-Channel Share Transfer Agreement A and the Ex-Channel Share Transfer Agreement B (together the “**Ex-Channel Share Transfer Agreements**”) respectively was payable in cash within 15 business days after fulfillment of the conditions precedent of approval by the independent shareholders of the Company and approvals from the relevant authorities.

Mr. Dong is a director of the Company and hence is a connected person of the Company. Accordingly, the Ex-Channel Share Transfer Agreement A constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. TPL is wholly owned by Mr. Li, who is a director of the Company. TPL is therefore a connected person of the Company under the GEM Listing Rules and the Ex-Channel Share Transfer Agreement B constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 19.07 of the GEM Listing Rules exceed 5%, the transactions under the Ex-Channel Share Transfer Agreements as aggregated are subject to the reporting, announcement and independent shareholders’ approval requirements under the GEM Listing Rules.

Ex-Channel is engaged in trading of platform and accessory products and distribution of value added products, and was an indirect non-wholly owned subsidiary of the Company owned by Powerleader HK as to 80% prior to completion of the Ex-Channel Share Transfer Agreements. The Board considered that the entering into the Ex-Channel Share Transfer Agreements would allow the Group to own the entire equity interests in Ex-Channel, and hence enhance the Group’s management ability.

The Ex-Channel Share Transfer Agreements were approved by the shareholders of the Company at the extraordinary general meeting held on 20 May 2011, and the transfers of the equity interest in Ex-Channel thereunder were effected in July 2011. Ex-Channel has become an indirect wholly-owned subsidiary of the Company.

(c) *Connected transaction in relation to 深圳市潮商小額貸款公司 (Mini Credit of Shenzhen Chaoshang Commerce Chamber Co., Ltd.*) (“**Mini Credit**”)*

On 17 February 2011, the Company entered into a conditional share transfer agreement (the “**Mini Credit Share Transfer Agreement**”) with Powerleader Investment, pursuant to which the Company agreed to sell and Powerleader Investment agreed to purchase approximately 30.07% equity interest in Mini Credit for a consideration of RMB56,880,000. The consideration was payable in cash within 15 business days after the fulfillment of the following conditions precedent:–

- (i) acceptance and waiver of pre-emption rights by the other joint venture parties of Mini Credit;

- (ii) the obtaining of relevant consents or regulatory approvals for the Mini Credit Share Transfer Agreement; and
- (iii) the approval by the independent shareholders of the Company in general meeting.

Powerleader Investment is a substantial shareholder of the Company then holding approximately 45.26% in the Company and hence is a connected person of the Company. Accordingly, the Mini Credit Share Transfer Agreement constituted a connected transaction of the Company under the GEM Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 19.07 of the GEM Listing Rules exceed 5%, the transaction under the Mini Credit Share Transfer Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Mini Credit is a PRC joint venture company principally engaged in small loan business established by the Company in February 2010 with other joint venture parties. Prior to completion of the Mini Credit Share Transfer Agreement, Mini Credit was owned by the Company as to 30.07% of its registered capital. The Board considered that the entering into of the Mini Credit Share Transfer Agreement would effectively allow the Group to focus its financial resources and provide sufficient funding for the strategic development of cloud computing.

The Mini Credit Share Transfer Agreement was approved by the shareholders of the Company at the extraordinary general meeting held on 20 May 2011, and the transfer of equity interest in Mini Credit was effected in July 2011.”

2. RELATED PARTY TRANSACTIONS

The Board also wishes to provide the following additional information which is supplemental to and should be read in conjunction with the section headed “Related Party Transactions” on pages 84 to 85 of the Annual Report.

The transactions under note 44 to the consolidated financial statements in the Annual Report (other than those under items (d), (h) and (k)) constituted connected transactions or continuing connected transactions of the Company as defined under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements under Chapter 20 of the GEM Listing Rules with respect to such transactions except for those which are exempt from the reporting and announcement requirements thereunder.

By Order of the Board
Powerleader Science & Technology Group Limited*
Zhang Yunxia
Chairman

Shenzhen, the PRC, 10 July 2012

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. Li Donglei as non-executive directors and Mr. Jiang Baijun, Dr. Guo Wanda and Mr. Chan Shiu Yuen Sammy 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 GEM 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.

** For identification purposes only*