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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)

**VERY SUBSTANTIAL DISPOSAL
CAPITAL CONTRIBUTION TO
SHENZHEN POWERLEADER COMPUTING SYSTEM LIMITED
AND DEEMED DISPOSAL**

Reference is made to the announcement of the Company dated 24 May 2018 in relation to the Previous Capital Contribution.

On 29 March 2019, Powerleader Computing (an indirect non wholly-owned subsidiary of the Company) entered into the Capital Contribution Agreement with Leshan Gaoxin pursuant to which Leshan Gaoxin agreed to make a capital contribution of RMB300,000,000 to Powerleader Computing, payable in two installments, of which RMB8,384,000 will be applied to the registered capital of Powerleader Computing and the remainder of RMB291,616,000 will be applied to the capital reserve of Powerleader Computing. On the same date, Powerleader Computing entered into the Supplemental Agreement with Leshan Gaoxin, Mr. Li and Madam Zhang to supplement the Capital Contribution Agreement with certain undertakings and indemnities to Leshan Gaoxin.

As at the date of this announcement, the Company, Powerleader VC (a wholly-owned subsidiary of the Company) and the Other Investors owns approximately 24.00%, 55.99% and 20.01% of the equity interest in Powerleader Computing respectively. Upon completion of the Capital Contribution, the Company, Powerleader VC, Leshan Gaoxin and the Other Investors will own approximately 20.40%, 47.59%, 15.00% and 17.01% of the equity interest in Powerleader Computing respectively. The registered capital of Powerleader Computing will increase from RMB47,509,400 to RMB55,893,400. As the Company and Powerleader VC will own approximately 67.99% of the equity interest in Powerleader Computing in aggregate, Powerleader Computing will remain an indirect non-wholly owned subsidiary of the Company upon completion of the Capital Contribution.

GEM LISTING RULES IMPLICATIONS

At present and prior to the Capital Contribution, the Group owns approximately 79.99% of the equity interest in Powerleader Computing. The Capital Contribution will result in the dilution of the Group's interest in Powerleader Computing from approximately 79.99% to approximately 67.99%. Pursuant to Rule 19.29 of the GEM Listing Rules, the relevant dilution will be a deemed

disposal of the Company's interest in a subsidiary. As one of the applicable percentage ratios of the Capital Contribution is more than 25% but less than 75%, the deemed disposal under the Capital Contribution constitutes a major transaction of the Company. As the Capital Contribution is conducted within 12 months of the Previous Capital Contribution, the Capital Contribution is subject to aggregation with the Previous Capital Contribution pursuant to Rule 19.22 of the GEM Listing Rules. One of the applicable percentage ratios of the aggregated Capital Contribution and the Previous Capital Contribution exceeds 75%, the deemed disposal under the Capital Contribution constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular of the Company containing further details of the Capital Contribution, the notice convening the EGM together with proxy form and reply slip and any other information as required by the GEM Listing Rules is expected to be despatched to the Shareholders on or before 24 April 2019.

Reference is made to the announcement of the Company dated 24 May 2018 in relation to the Previous Capital Contribution.

The Board announces that on 29 March 2019, Powerleader Computing entered into the Capital Contribution Agreement for contribution of capital by Leshan Gaoxin, a new investor, to Powerleader Computing (an indirect non wholly-owned subsidiary of the Company engaged in business related to the servers, storage and solutions).

THE CAPITAL CONTRIBUTION AGREEMENT

Date: 29 March 2019

Parties:

- (1) Powerleader Computing; and
- (2) Leshan Gaoxin.

To the best of the Directors' knowledge, information and belief after having made reasonable inquiries, Leshan Gaoxin and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

Pursuant to the Capital Contribution Agreement, Leshan Gaoxin agreed to make capital contributions of RMB300,000,000 to Powerleader Computing, of which RMB8,384,000 will be applied to the registered capital of Powerleader Computing, while the remainder of RMB291,616,000 will be applied to the capital reserve of Powerleader Computing.

The Capital Contribution will be payable by Leshan Gaoxin in cash in two installments as follows:

- (1) the first installment of not less than RMB100 million shall be paid by Leshan Gaoxin within ten working days after receiving the payment notice from Powerleader Computing; and
- (2) the remaining balance of the Capital Contribution shall be paid by Leshan Gaoxin within 60 working days after Powerleader Computing has received the first installment.

Upon completion of the Capital Contribution, Leshan Gaoxin will acquire a 15% equity interest in the capital of Powerleader Computing (as enlarged by the Capital Contribution).

As at the date of this announcement, the Company, Powerleader VC (a wholly-owned subsidiary of the Company) and the Other Investors own approximately 24.00%, 55.99% and 20.01% of the equity interest in Powerleader Computing respectively. Upon completion of the Capital Contribution, the Company, Powerleader VC, Leshan Gaoxin and the Other Investors will own approximately 20.40%, 47.59%, 15.00% and 17.01% of the equity interest in Powerleader Computing respectively. The registered capital of Powerleader Computing will increase from RMB47,509,400 to RMB55,893,400. As the Company and Powerleader VC will own approximately 67.99% of the equity interest in Powerleader Computing in aggregate, Powerleader Computing will remain an indirect non-wholly owned subsidiary of the Company upon completion of the Capital Contribution.

Basis of the Consideration

The amount of the Capital Contribution is determined after arm's length negotiations between Powerleader Computing and Leshan Gaoxin, taking into account the assessed value of the entire shareholders' interest of Powerleader Computing, being RMB1,701,600,000 as at the benchmark date of 30 September 2018 as assessed by China Alliance Appraisal Co., Ltd., an independent valuer using the income approach. The consideration for the Capital Contribution is approximately equal to the amount of new capital required to obtain a 15% equity interest in Powerleader Computing (as enlarged by the Capital Contribution) based on the aforesaid assessed value of the entire shareholders' interest of Powerleader Computing prior to the Capital Contribution.

As the aforementioned valuation of Powerleader Computing was conducted using the income approach, the relevant valuation is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules. Details of valuation assumptions made in the valuation report are as follows:

(A) General assumptions

(1) Transaction assumption

It is assumed that the assessed assets are in a process of market transaction, and the asset valuer simulates the market with reference to the transaction conditions of the assessed assets to carry out the valuation.

(2) Open market assumption

It is assumed that the positions of all vendors and buyers to the assets transacted or to be transacted in the market are equal, are given opportunities and time to obtain sufficient information of the market to facilitate themselves in arriving at rational judgments of the functions, usages and transaction prices of the assets.

(3) Ongoing operation assumption

It is assumed that Powerleader Computing fully complies with all relevant laws and regulations and will operate continuously in the foreseeable future.

(B) Specific assumptions

1. The valuation is conducted based on the valuation objective stated in the valuation report, namely to provide reference regarding the value for the Capital Contribution in Powerleader Computing by Leshan Gaoxin.
2. It is assumed that there is no material change to the relevant laws, regulations and macro-economic condition of the PRC and that no unforeseeable and material change to the external economic conditions, including interest rates, foreign exchange rates, tax benchmark rates and policy levies, will occur in the future.
3. It is assumed that the future management team of Powerleader Computing will be diligent and maintain the current operating management model, and that the operating scope and methods will remain consistent with the current directions.
4. It is assumed that assessed assets would continue to be used in the accordance with existing usage, mode, scale, frequency, environment etc. and the valuation does not take into the account the best way in which the assessed assets could be used.
5. It is assumed that on the basis of the existing management style and standard, there is no other force majeure and unforeseeable factors causing material adverse impact on the company.
6. It is assumed that the basic and financial information provided by Powerleader Computing and the principal are true, accurate and complete.
7. It is assumed that the financial reports and transaction data of comparable companies relied on by the asset valuer are true and reliable.
8. The scope of the valuation is based on the valuation application form provided by Powerleader Computing and the principal, without taking into account any contingent assets or contingent liabilities which may exist beyond the list provided by Powerleader Computing and the principal.
9. It is assumed that the High and New Tech Enterprise Certificates issued to Powerleader Computing and Shenzhen Powerleader Software Development Limited*(深圳市宝德軟件

開發有限公司) will be renewed upon expiry thereof in the future and the income tax rate will be at 15%.

10. It is assumed that the company records a net cash inflow evenly distributed during the relevant financial year.

A letter from ShineWing Certified Public Accountants (Special General Partnership), the auditors of the Company confirming that they have reviewed the accounting policies and calculation for the profit forecast, is set out in Appendix I to this announcement. A letter from the Board, confirming that it has made the profit forecast after due and careful enquiry, is also set out in Appendix II to this announcement.

The following are the qualifications of China Alliance Appraisal Co., Ltd. and ShineWing Certified Public Accountants (Special General Partnership):

| Name | Qualification |
|--|------------------------------|
| China Alliance Appraisal Co., Ltd. | Asset Valuer |
| ShineWing Certified Public Accountants (Special General Partnership) | Certified Public Accountants |

To the best knowledge, information and belief of the Board and having made reasonable enquiries, each of China Alliance Appraisal Co., Ltd. and ShineWing Certified Public Accountants (Special General Partnership) is a third party independent of the Group and not a connected person of the Group. As at the date of this announcement, neither of China Alliance Appraisal Co., Ltd. and ShineWing Certified Public Accountants (Special General Partnership) has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of China Alliance Appraisal Co., Ltd. and ShineWing Certified Public Accountants (Special General Partnership) has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this announcement.

Conditions Precedent

Completion of the Capital Contribution is conditional upon the satisfaction of the following:-

- (1) the board of directors of Powerleader Computing having complied with the procedures required by the applicable laws, regulations and the articles of association of Powerleader Computing;
- (2) the shareholders in general meeting of Powerleader Computing having complied with the procedures required by the applicable laws, regulations and the articles of association of Powerleader Computing; and

- (3) the requirements under the GEM Listing Rules applicable to the Capital Contribution having been complied with, including but not limited to the convening of the EGM and the obtaining of the Shareholders' approval.

The aforementioned conditions precedent shall be satisfied within sixty working days commencing from the date of the Capital Contribution Agreement, failing which, Powerleader Computing will be liable to pay to Leshan Gaoxin a liquidated damages on the basis of 0.03% of the amount of the Capital Contribution already paid by Leshan Gaoxin for each day of delay. Leshan Gaoxin may give a grace period of thirty days after the expiry of the aforesaid sixty working day deadline if steps are in progress for fulfillment of the conditions precedent. After the expiry of such grace period, Leshan Gaoxin will be entitled to terminate the Capital Contribution Agreement due to the conditions precedent not having been entirely fulfilled and demand a refund of the Capital Contribution paid within ten working days, together with compensation for direct and incidental expenses incurred for the Capital Contribution from Powerleader Computing.

If Powerleader Computing fails to secure any requisite approval pursuant to the aforementioned conditions precedent, Leshan Gaoxin will be entitled to terminate the Capital Contribution Agreement and demand a refund of the Capital Contribution within ten working days, together with compensation for direct and incidental expenses incurred for the Capital Contribution from Powerleader Computing.

Powerleader Computing shall be liable to pay liquidated damages on the basis of 0.03% of the amount of the Capital Contribution paid by Leshan Gaoxin for each day of delay in refund to Leshan Gaoxin in accordance with the agreed arrangement.

THE SUPPLEMENTAL AGREEMENT

On 29 March 2019, Powerleader Computing also entered into the Supplemental Agreement with Leshan Gaoxin, Mr. Li (as indemnifier) and Madam Zhang (as indemnifier) to supplement the Capital Contribution Agreement, the principal terms of which are as follows:-

Unless consented to by Leshan Gaoxin in writing, within thirty-six months from the completion of the Capital Contribution:-

- (1) Powerleader Computing shall not in anyway dilute Leshan Gaoxin's shareholding interest in Powerleader Computing. If Powerleader Computing decides to increase its capital, Leshan Gaoxin and the Other Investors shall have the same pre-emptive right as other shareholders of Powerleader Computing to contribute capital on the same terms;
- (2) Powerleader Computing shall not carry out further financing based on a valuation of Powerleader Computing lower than the terms of valuation for the Capital Contribution (the "**Undertaking**"); and
- (3) where Mr. Li and Madam Zhang and any individual, legal person or organization directly

holding equity interest in Powerleader Computing that is controlled by Mr. Li and Madam Zhang (“**concert parties**”) intend to transfer equity interest in Powerleader Computing, Leshan Gaoxin shall have the same pre-emptive right as other shareholders of Powerleader Computing to acquire according to law on the same terms.

Indemnities

If any of the following happens, Leshan Gaoxin shall have the right to require Mr. Li and Madam Zhang to indemnify for its losses in accordance with the terms of the Supplemental Agreement as follows:-

- (1) where, within thirty-six months after completion of the Capital Contribution, further financing has been carried out by Powerleader Computing in breach of the Undertaking, or where agreements or arrangements have been reached between new investor(s) and Powerleader Computing, Mr. Li, Madam Zhang or their concert parties to the effect that the investment price or cost paid by such investor(s) is lower than that for the Capital Contribution, Mr. Li and Madam Zhang shall compensate Leshan Gaoxin by cash or by equity interest in Powerleader Computing, which shall be calculated in the following manner:-
 - (a) for compensation by cash, the amount shall be (i) the sum of registered capital in Powerleader Computing held by Leshan Gaoxin, times (ii) the difference between the investment price per RMB in the registered capital of Powerleader Computing paid by Leshan Gaoxin and that paid by the third party investor(s); and
 - (b) for compensation by equity interest in Powerleader Computing, the amount shall be (i) the total sum of investment by Leshan Gaoxin for the Capital Contribution (i.e. RMB300,000,000) divided by investment price per RMB in the registered capital of Powerleader Computing paid by the third party investor(s), minus (ii) the sum of registered capital in Powerleader Computing contributed by Leshan Gaoxin; and
- (2) where any third party other than Leshan Gaoxin (except pursuant to equity incentive arrangement by Powerleader Computing to its management or core employees that has been approved by the board of directors or by the shareholders in general meeting of Powerleader Computing) makes capital contribution to the registered capital of Powerleader Computing after completion of the Capital Contribution at an investment price lower than that for the Capital Contribution, Mr. Li and Madam Zhang shall compensate Leshan Gaoxin in such manner as the parties may agree, which in any event shall not be less than the amount as calculated in accordance with sub-paragraph (1) above.

Other terms

Equity incentive arrangement by Powerleader Computing to its management or core employees shall be carried out by way of transfer of equity interest by the controlling shareholder of Powerleader Computing to the subject to be incentivized or to a staff shareholding platform or in other manner permitted by law, and the price for acquisition of equity interest shall not be

lower than the per share net asset value.

Powerleader Computing agrees to provide Leshan Gaoxin its annual, interim, quarterly financial reports, its operation plans and financial budgets for the upcoming year, and a report on applications of the fund provided under the Capital Contribution from the date of completion of the Capital Contribution.

Upon completion of the Capital Contribution, Leshan Gaoxin agrees to assist the development of Powerleader Computing and its subsidiary, and provide them all-rounded support including in the area of financial services, public relations, government resources, merger and acquisition, strategic planning and financing.

INFORMATION ON POWERLEADER COMPUTING

Powerleader Computing is a company incorporated in the PRC. It and its subsidiaries are mainly engaged in the provision of servers, storage and solutions.

The following table sets out the audited consolidated financial information of Powerleader Computing for the two financial years ended 31 December 2016 and 31 December 2017:

| | As of 31 December 2016 | As of 31 December 2017 |
|-----------------------|-------------------------------|-------------------------------|
| | <i>(RMB)</i> | <i>(RMB)</i> |
| Net profit before tax | 128,256,958.35 | 4,619,150.91 |
| Net profit after tax | 110,615,387.73 | 4,348,420.37 |

The unaudited consolidated net asset value of Powerleader Computing as at 30 June 2018 was RMB564,567,479.42.

CHANGES TO SHAREHOLDING STRUCTURE OF POWERLEADER COMPUTING

At present and prior to the Capital Contribution, the registered share capital of Powerleader Computing is RMB47,509,400 and owned by its shareholders as follows:-

| <u>Shareholders of Powerleader Computing</u> | <u>Percentage in the total registered share capital</u> <i>(approximately)</i> |
|--|--|
| Powerleader VC | 55.99% |
| The Company | 24.00% |
| Tianjin Baocheng Yuchuang Business Management Partners (LP)* (天津宝誠煜創企業管理合夥企業(有限合夥)) | 5.26% |
| Tianjin Baocheng Yuanchuang Business Management | 5.23% |

| | |
|---|-------|
| Partners (LP)* (天津宝誠淵創企業管理合夥企業 (有限合夥)) | |
| Tianjin Baocheng Xiangchuang Business Management Partners (LP)* (天津宝誠祥創企業管理合夥企業 (有限合夥)) | 3.05% |
| Tianjin Baojie Hechuang Business Management Partners (LP)* (天津宝傑合創企業管理合夥企業 (有限合夥)) | 1.98% |
| Tianjin Baoyun Gongchuang Business Management Partners (LP)* (天津宝雲共創企業管理合夥企業 (有限合夥)) | 1.81% |
| Tianjin Baolun Jiechuang Business Management Partners (LP)* (天津宝倫捷創企業管理合夥企業 (有限合夥)) | 1.48% |
| Tianjin Baolong Huichuang Business Management Partners (LP)* (天津宝龍慧創企業管理合夥企業 (有限合夥)) | 1.20% |
| | 100% |

Immediately after the completion of the Capital Contribution, the registered share capital of Powerleader will increase to RMB55,893,400 and will be owned by its shareholders as follows:-

| <u>Shareholders of Powerleader Computing</u> | <u>Percentage in the total registered share capital</u> <i>(approximately)</i> |
|---|--|
| Powerleader VC | 47.59% |
| The Company | 20.40% |
| Leshan Gaoxin | 15.00% |
| Tianjin Baocheng Yuchuang Business Management Partners (LP)* (天津宝誠煜創企業管理合夥企業 (有限合夥)) | 4.47% |
| Tianjin Baocheng Yuanchuang Business Management Partners (LP)* (天津宝誠淵創企業管理合夥企業 (有限合夥)) | 4.45% |
| Tianjin Baocheng Xiangchuang Business Management Partners (LP)* (天津宝誠祥創企業管理合夥企業 (有限合夥)) | 2.59% |
| Tianjin Baojie Hechuang Business Management | 1.68% |

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|--|-------|
| Partners (LP)* (天津宝傑合創企業管理合夥企業 (有限合夥)) | |
| Tianjin Baoyun Gongchuang Business Management Partners (LP)* (天津宝雲共創企業管理合夥企業 (有限合夥)) | 1.54% |
| Tianjin Baolun Jiechuang Business Management Partners (LP)* (天津宝倫捷創企業管理合夥企業 (有限合夥)) | 1.26% |
| Tianjin Baolong Huichuang Business Management Partners (LP)* (天津宝龍慧創企業管理合夥企業 (有限合夥)) | 1.02% |
| | 100% |

REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The proceeds from the Capital Contribution will replenish the working capital of Powerleader Computing, enabling it to further expand the scale of business and increase its profitability.

The introduction of Leshan Gaoxin as a strategic investor pursuant to the Capital Contribution will enhance the investor portfolio of Powerleader Computing and improve its management structure, corporate image, credibility and capabilities, and hence would be in the interest of the Company and the Shareholders. As disclosed above, Leshan Gaoxin, as a state-owned capital operation company, has undertaken to provide all-rounded support to Powerleader Computing including in the area of financial services, public relations, government resources, merger and acquisition, strategic planning and financing, which will assist the development of Powerleader Computing. As Leshan Gaoxin is responsible for directing PRC state-owned funds in implementing infrastructural developments by cooperation, it has the capability to provide such support to Powerleader Computing.

The Directors consider that the terms of Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company will continue to assess from time to time any need for further fund raising by Powerleader Computing based on its strategic and business developments.

INFORMATION ON THE PARTIES TO THE AGREEMENTS

The Group is principally engaged in the provision of cloud computing and related solutions and services, including (i) provision of servers, storage and solutions; (ii) distribution of electronic equipment and accessories (non-server/storage); (iii) Guangzhou IDC business; (iv) industrial park development, operations and property management; and (v) industrial investment (non-server/storage).

Leshan Gaoxin is a company incorporated in the PRC and a state-owned capital operation company controlled by the Leshan City State-Owned Assets Supervision and Administration Commission, and is principally engaged in the capital investment in infrastructural, industrial and financial projects.

GEM LISTING RULES IMPLICATIONS

At present and prior to the Capital Contribution, the Group owns approximately 79.99% of the equity interest in Powerleader Computing. The Capital Contribution will result in the dilution of the Group's interest in Powerleader Computing from approximately 79.99% to approximately 67.99%. Pursuant to Rule 19.29 of the GEM Listing Rules, the relevant dilution will be a deemed disposal of the Company's interest in a subsidiary. As one of the applicable percentage ratios of the Capital Contribution is more than 25% but less than 75%, the deemed disposal under the Capital Contribution constitutes a major transaction of the Company. As the Capital Contribution is conducted within 12 months of the Previous Capital Contribution, the Capital Contribution is subject to aggregation with the Previous Capital Contribution pursuant to Rule 19.22 of the GEM Listing Rules. One of the applicable percentage ratios of the aggregated Previous Capital Contribution and the Capital Contribution exceeds 75%, the deemed disposal under the Capital Contribution constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company will convene the EGM to consider, and if thought fit, to pass resolutions to approve the Agreements and the transactions contemplated thereunder. A circular of the Company containing further details of the Capital Contribution, the notice convening the EGM together with proxy form and reply slip and any other information as required by the GEM Listing Rules is expected to be despatched to the Shareholders on or before 24 April 2019.

DEFINITIONS

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

| | |
|------------------------|--|
| “Agreements” | collectively, the Capital Contribution Agreement and the Supplemental Agreement |
| “Board” | the board of Directors |
| “Company” | Powerleader Science & Technology Group Limited* (宝德科技集团股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the GEM (Stock Code: 8236) |
| “Capital Contribution” | the capital contribution made by Leshan Gaoxin to Powerleader Computing pursuant to the terms of the Agreements in the amount of RMB300,000,000 |

| | |
|---|---|
| “Capital Contribution Agreement” | the capital contribution agreement dated 29 March 2019 entered into between Powerleader Computing and Leshan Gaoxin in relation to the Capital Contribution |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider, and if thought fit, to approve, among others, the Agreements and the transactions contemplated thereunder |
| “GEM” | GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Leshan Gaoxin” | Leshan Gaoxin Investment Development (Group) Limited* (樂山高新投資發展(集團)有限公司) |
| “Madam Zhang” | Madam Zhang Yunxia, an executive Director |
| “Mr. Li” | Mr. Li Ruijie, a non-executive Director |
| “Other Investors” | the existing shareholders of Powerleader Computing other than the Company and Powerleader VC |
| “Powerleader Computing” | Shenzhen Powerleader Computing System Limited* (深圳市寶德計算機系統有限公司), a company incorporated in the PRC with limited liability |
| “Powerleader VC” | Khorgas Powerleader Venture Capital Limited* (霍爾果斯寶德創業投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “PRC” | the People’s Republic of China |
| “Previous Capital Contribution” | the capital contribution made by the Other Investors pursuant to the Previous Capital Contribution Agreement in the aggregate amount of RMB135,595,000 to Powerleader Computing, the details of which were disclosed in the announcement of the Company dated 24 May 2018 |
| “Previous Capital Contribution Agreement” | the capital contribution agreement dated 24 May 2018 entered into amongst the Company, Powerleader VC and the Other Investors with Powerleader Computing in relation to the capital contribution made by certain of the Other Investors to Powerleader Computing in |

| | |
|--------------------------|--|
| | the aggregate amount of RMB135,595,000 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Agreement” | the supplemental agreement to the Capital Contribution Agreement dated 29 March 2019 entered into between Powerleader Computing, Leshan Gaoxin, Mr. Li and Madam Zhang in relation to the Capital Contribution |
| “%” | per cent |

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
29 March 2019

As at the date of this announcement, the Board comprises 6 directors, including executive directors Madam Zhang Yunxia and Mr. Dong Weiping; non-executive director Mr. Li Ruijie and independent non-executive directors Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun.

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 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 announcement 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*

APPENDIX I – LETTER FROM SHINEWING CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)

The following is the text of a report received from ShineWing Certified Public Accountants (Special General Partnership), Certified Public Accountants, the PRC, prepared for the purpose of inclusion in this announcement.

ACCOUNTANT’S REPORT ON THE CALCULATIONS OF THE DISCOUNTED ESTIMATED FUTURE CASH FLOW METHOD IN CONNECTION WITH THE VALUATION OF POWERLEADER COMPUTING SYSTEM LIMITED

XYZH/2019SZA30031

29 March 2019

To the Directors of Powerleader Science & Technology Group Limited

We were commissioned by Powerleader Science & Technology Group Limited* (宝德科技集團股份有限公司) (hereafter referred to as the Company) to review the discounted estimated future cash flow method in the valuation report (Zhong Tong Hua Ping Bao Zi (2019) No.04106) regarding the value of all shareholders’ interests (the valuation date is 30 September 2018) (the “**Valuation**”) in Powerleader Computing System Limited* (深圳市宝德計算機系統有限公司) (“**Powerleader Computing**”), an indirect non-wholly owned subsidiary of Powerleader Science & Technology Group Limited* (宝德科技集團股份有限公司) (the “**Company**”) prepared by China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司) dated 26 February 2019. The Valuation relates to the proposed further capital contribution and deemed disposal of partial interests of Powerleader Computing, the details of which are set out in the Company’s announcement dated 29 March 2019 (the “**Announcement**”). In accordance with Rule 19.61 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), the Valuation made based on the discounted estimated future cash flow method is regarded as a profit forecast.

1. Directors’ Responsibility for the Discounted Estimated Future Cash Flow Method

The directors of the Company are responsible for the preparation of the discounted estimated future cash flow method in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted estimated future cash flow method for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

2. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the **Code of Ethics for Professional Accountants** issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies the **Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements** under Hong Kong Standard on Quality Control 1 issued by the HKICPA, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

3. Certified Accountants’ Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted estimated future cash flow method on which the Valuation is based on is arithmetically accurate and report solely to you as required by Rule 19.62(2) of the GEM Listing Rules, and for no other purpose. We do not assume any responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) **Assurance Engagements Other Than Audits or Reviews of Historical Financial Information** issued by the HKICPA. This standard requires that we comply with the ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the calculations of the discounted estimated cash flow method has been properly prepared in accordance with the Assumptions. Our work does not constitute any valuation of the project.

As the Valuation relates to the discounted future estimated cash flows, no accounting policies of the Company has been adopted in its preparation. The Assumptions include hypothetical assumptions about the future events and management actions which may not occur and thus cannot be confirmed and verified in the same way as past results. Even if the events and actions anticipated do occur, actual results may still be different from the Valuation or are entirely dissimilar. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

4. Opinion

Based on the foregoing, in our opinion, the calculations of the discounted estimated future cash flow method have been properly prepared in all material respects in accordance with the Assumptions.

ShineWing Certified Public Accountants
(*Special General Partnership*) Shenzhen Branch

* *for identification purposes only*

APPENDIX II – LETTER FROM THE BOARD

The Stock Exchange of Hong Kong Limited,
8/F, Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

29 March 2019

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO CAPITAL CONTRIBUTION TO SHENZHEN POWERLEADER COMPUTING SYSTEM LIMITED AND DEEMED DISPOSAL

Reference is made to the announcement of the Company dated 29 March 2019 (the “**Announcement**”) and the valuation on the value of all shareholders’ interests in Shenzhen Powerleader Computing System Limited* (深圳市宝德计算机系统有限公司) (a company incorporated in the People’s Republic of China) as at 30 September 2018 by China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) (the “**Valuer**”) dated 26 February 2019 (the “**Valuation**”). Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as those used in the Announcement.

We understand that, in accordance with Rule 19.61 of the GEM Listing Rules, the income approach adopted by the Valuer has rendered the Valuation a profit forecast (the “**Profit Forecast**”) under the GEM Listing Rules.

We have reviewed and discussed with the Valuer the basis and assumptions of the Valuation. We have also considered the letter dated 29 March 2019 issued by ShineWing Certified Public Accountants to us in relation to the arithmetical accuracy of the calculations of the discounted estimated future cash flow method, on which the Valuation is based.

We hereby confirm that the Profit Forecast has been made after due and careful enquiry.

By Order of the Board
Li Ruijie
Director

* *for identification purposes only*