
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other securities dealer, bank manager, solicitor, professional accountant or any other professional advisers.

If you have sold or transferred all your shares in **Powerleader Science & Technology Group Limited**, you should at once hand this circular and the accompanying forms of proxy and reply slips to the purchaser or transferee or to the bank, stockbroker or any other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

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

(Stock Code: 8236)

**CONNECTED TRANSACTION
IN RESPECT OF HISTORICAL SALES OF SERVER HARDWARE,
OPERATING SYSTEMS, ELECTRONIC ACCESSORIES AND
COMPONENTS TO POWERLEADER NETWORK SECURITY
(SHENZHEN) LIMITED**

AND

NOTICE OF EGM

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 9 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 10 to 11 of this circular.

A letter from Altus Capital Limited, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

The EGM will be held at Main Conference Room, 11th Floor, Tower C, Shenzhen International Innovation Centre, No. 1006 Shennan Road, Futian District, Shenzhen, the PRC on Tuesday, 3 November 2020 at 2:00 p.m.. The notice of the EGM is set out on pages 25 to 27 of this circular.

Whether or not you intend to attend the EGM, you are reminded to complete the proxy form enclosed with this circular, in accordance with the instructions printed thereon and return the same to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares only) or the Company's registered office at 11th Floor, Tower C, Shenzhen International Innovation Centre (Futian Technology Square), No. 1006 Shennan Road, Xintian Community, Huafu Sub-district, Futian District, Shenzhen, the PRC (for the holders of Domestic Shares only) as soon as possible but in any event not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and delivery of the said proxy form will not prevent you from attending, and voting in person at, the EGM or any adjourned meeting if you so wish.

* *For identification purposes only*

16 October 2020

CHARACTERISTICS OF GEM

Characteristics of GEM of The Stock Exchange of Hong Kong Limited

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This circular 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.

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DEFINITIONS

Unless the context otherwise requires, the following terms in this circular shall have the meanings set out below:

“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Baotong Group Limited”	Baotong Group Limited (宝通集團有限公司), a company incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Company”	Powerleader Science & Technology Limited* (宝德科技集團股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on GEM (Stock Code: 8236)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share”	the domestic-invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as fully paid up in RMB, and all of such shares are not listed on the Stock Exchange
“EGM”	an extraordinary general meeting of the Company proposed to be convened and held for the Independent Shareholders to consider and, if thought fit, among other things, approve and ratify the Historical Transaction
“Fund Cooperation Framework Agreement”	the fund cooperation framework agreement entered into between Powerleader Holdings and the Company on 2 July 2020
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee Service Framework Agreement”	the guarantee service framework agreement entered into between Powerleader Holdings and the Company on 2 July 2020
“H Share(s)”	the overseas listed foreign invested ordinary shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in Hong Kong dollars

DEFINITIONS

“Historical Transaction”	historical sales of server hardware, operating systems, electronic accessories and components by the Group to Powerleader Network Security for the year ended 31 December 2019
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of giving advice and making recommendations to the Independent Shareholders in respect of the Historical Transaction
“Independent Financial Adviser”/“Altus Capital Limited”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to the Historical Transaction
“Independent Shareholders”	Shareholders other than Powerleader Holdings
“Latest Practicable Date”	13 October 2020
“Parent Group”	深圳前海宝德資產管理有限公司, and Powerleader Holdings and its subsidiaries (excluding the Group)
“Powerleader Computing System”	Shenzhen Powerleader Computing System Limited* (深圳市宝德計算機系統有限公司), a company incorporated in the PRC with limited liability
“Powerleader Holdings”	Shenzhen Powerleader Investment Holdings Limited* (深圳市宝德投資控股有限公司), a company incorporated in the PRC holding approximately 42.05% of all of the Company’s issued share capital as at the Latest Practicable Date, which is directly and indirectly (through Powerleader Asset Management) held as to 87.5% and 12.5% by Mr. Li Ruijie and Ms. Zhang Yunxia respectively
“Powerleader Network Security”	Powerleader Network Security (Shenzhen) Limited* (宝德網絡安全系統(深圳)有限公司), a company incorporated in the PRC with limited liability
“Powerleader Software Development”	Shenzhen Powerleader Software Development Limited* (深圳市宝德軟件發展有限公司), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	H Shares, Domestic Shares and all shares of other class(es) resulting from any sub-division, consolidation or reclassification thereof from time to time in the share capital of the Company
“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
“%”	per cent



宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

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

(Stock Code: 8236)

Executive Directors

Ms. Zhang Yunxia (*Chairman*)

Mr. Dong Weiping (*Chief Executive*)

Non-executive Director

Mr. Li Ruijie

Independent non-executive Directors

Mr. Jiang Baijun

Dr. Guo Wanda

Mr. Chan Shiu Yuen Sammy

Registered Office

11th Floor, Tower C

Shenzhen International Innovation Centre
(Futian Technology Square)

No. 1006 Shennan Road

Xintian Community

Huafu Sub-district

Futian District

Shenzhen

The PRC

Principal Place of Business in Hong Kong

Unit 102, 1/F, Sunbeam Centre

27 Shing Yip Street

Kwun Tong

Kowloon

Hong Kong

16 October 2020

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RESPECT OF HISTORICAL SALES OF SERVER HARDWARE,
OPERATING SYSTEMS, ELECTRONIC ACCESSORIES AND
COMPONENTS TO POWERLEADER NETWORK SECURITY
(SHENZHEN) LIMITED**

AND

NOTICE OF EGM

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated 24 September 2020 in relation to, among other things, the Historical Transaction. For compliance with the requirements under the GEM Listing Rules, the Company will seek the approval and ratification of the Historical Transaction by the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with (i) the details of the Historical Transaction, (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Historical Transaction, (iii) a letter of advice from the Independent Financial Adviser, i.e. Altus Capital Limited, to the Independent Board Committee and the Independent Shareholders in respect of the Historical Transaction, (iv) a notice of the EGM and (v) other information in accordance with the requirements of the GEM Listing Rules.

2. HISTORICAL TRANSACTION

Historical Sales of Server Hardware, Operating Systems, Electronic Accessories and Components by the Group to Powerleader Network Security

During the year ended 31 December 2019, Powerleader Computing System, Powerleader Software Development and Baotong Group Limited, each a non-wholly owned subsidiary of the Company, sold certain amount of server hardware, operating systems and electronic accessories and components to Powerleader Network Security, details of which are as follows:

Seller	During the year ended 31 December 2019
Powerleader Computing System	RMB2,529,876.10
Powerleader Software Development	RMB26,205,565.62
Baotong Group Limited	<u>RMB17,160.00</u>
Total	<u><u>RMB28,752,601.72</u></u>

Each of the orders required that the consideration shall be paid in cash in full by Powerleader Network Security to Powerleader Computing System, Powerleader Software Development or Baotong Group Limited (as the case may be) within 30 days after the relevant products were delivered or 30 days after the order was made and the balance shall be paid in cash within 60 days after the relevant products passed the quality check of Powerleader Network Security (as the case may be). The aggregate book value of the server hardware and operating systems sold by Powerleader Computing System, Powerleader Software Development and Baotong Group Limited to Powerleader Network Security during the year ended 31 December 2019 was RMB25,712,642.88.

LETTER FROM THE BOARD

Basis of the consideration of the Historical Transaction

The consideration for the Historical Transaction was determined by Powerleader Computing System, Powerleader Software Development and Baotong Group Limited (as the case may be) and Powerleader Network Security upon arm's length negotiation taking into account the costs of the server chassis and components, electronic accessories and components and server hardware and operating systems (as the case may be) and profit comparable to the profit margin of the transactions with independent third parties.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE HISTORICAL TRANSACTION

The clients of the Group for server hardware and operating systems include the military force and military industrial technology research institutes. The Group does not possess the necessary qualifications to directly sell products to the clients concerned, while Powerleader Network Security possesses the necessary qualifications. The server hardware and operating systems can only be sold through Powerleader Network Security to the clients with military background.

Due to the uniqueness of the accessories developed by the Group, Powerleader Network Security purchases the accessories from the Group based on the needs for research and development and small-scale purchasing. In addition, the purchasing volumes of Powerleader Network Security does not meet the minimum order quantities requirement of the third-party suppliers. The price at which the Group sells the electronic accessories and components to Powerleader Network Security is comparable to the price of similar products sold to independent clients.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Historical Transaction are fair and reasonable, such connected transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

4. GEM LISTING RULES IMPLICATIONS

Powerleader Network Security is owned as to 90% by Powerleader Holdings (a substantial shareholder of the Company holding approximately 42.05% of the total issued share capital of the Company). Powerleader Network Security is an associate of Powerleader Holdings and is therefore a connected person of the Company under the GEM Listing Rules, and the Historical Transaction constituted connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest ratio of the applicable percentage ratios in respect of the Historical Transaction exceeds 5%, the Historical Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

LETTER FROM THE BOARD

Due to deviations in the understanding of the GEM Listing Rules by the relevant management personnel of the Company, the Company failed to be in timely compliance with the applicable reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules in respect of the Historical Transaction. The Company will seek the approval and ratification from the Independent Shareholders at the EGM in this regard.

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Historical Transaction are fair and reasonable, whether the Historical Transaction are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the EGM.

Altus Capital Limited has been appointed by the Company as its independent financial adviser to give recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Historical Transaction are fair and reasonable, whether the Historical Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the EGM.

As each of Mr. Li Ruijie and Ms. Zhang Yunxia being a Director is also a director and/or shareholder of Powerleader Holdings, such Directors have a material interest in the Historical Transaction and have abstained from voting on the resolution of the Board approving and ratifying the aforesaid transactions. Save for Mr. Li Ruijie and Ms. Zhang Yunxia, none of the Directors has a material interest in the Historical Transaction.

5. INTERNAL CONTROL PROCEDURES TO BE CONDUCTED FOR FUTURE COMPLIANCE WITH THE GEM LISTING RULES

With a view to ensuring the timely compliance with the relevant requirements of the GEM Listing Rules and preventing any recurrence of any event similar to the above non-compliance in the future, the Company will enhance its internal control systems by adopting the following measures:

- (i) the audit committee of the Company consisting of all the three independent non-executive Directors will be entrusted with the responsibility to review and modify the internal control system and update the internal procedures with reference to the Listing Rules as and when necessary;
- (ii) the Group's finance department will periodically provide the management of the Company with a list of the connected persons of the Company and their corresponding relationships with the Group, and will request such connected persons to notify the Company and the audit committee of the Company immediately in respect of any proposed transactions to be entered into by the Group with any of such connected persons;

LETTER FROM THE BOARD

- (iii) the Board has reviewed and will continue to periodically review the Company's internal control and financial reporting systems and their effectiveness;
- (iv) Mr. Li Ruijie (a non-executive Director) and Mr. Dong Weiping (the company secretary of the Company) are designated to be responsible for monitoring transactions of the Group for compliance with Chapter 20 as well as other requirements under the GEM Listing Rules, and the Company will seek legal advice and/or other professional advice from time to time, as and when necessary, to ensure future transactions are conducted in compliance with the relevant requirements of the GEM Listing Rules.

6. EGM

There is set out on pages 25 to 27 of this circular a notice convening the EGM to be held at Main Conference Room, 11th Floor, Tower C, Shenzhen International Innovation Centre, No. 1006 Shennan Road, Futian District, Shenzhen, the PRC on Tuesday, 3 November 2020 at 2:00 p.m. at which the relevant ordinary resolution will be proposed for the approval and ratification of the Historical Transaction by the Independent Shareholders.

Under the GEM Listing Rules, any Shareholder with a material interest in the Historical Transaction and any close associates of such Shareholder shall abstain from voting on the relevant resolution at the EGM. To the best of the Directors' knowledge and belief, as at the Latest Practicable Date, Powerleader Holdings and its associates (holding a total of 102,184,500 Domestic Shares representing approximately 42.05% of total issued Shares) would be required to abstain from voting on the ordinary resolution in respect of the Historical Transaction.

Save as disclosed above, to the best knowledge, information and belief of the Directors and having made reasonable enquires, no other Shareholder would be required to abstain from voting on the relevant resolution at the EGM pursuant to the GEM Listing Rules.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, the vote of the Shareholders at the EGM shall be taken by poll. Accordingly, the resolution put to vote at the EGM will be taken by way of poll. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

7. GENERAL

The Group is a cloud computing solutions provider in the PRC with proprietary innovation capability, and operates in the PRC and Hong Kong. The Group's principal businesses are (i) server, storage and solution provider business; (ii) electronic equipment and accessories (non-server and storage) distribution business; (iii) Guangzhou Internet Data Centre business; (iv) industrial park development, operation and property management business; and (v) industrial investment business (non-server and storage).

LETTER FROM THE BOARD

Powerleader Network Security is a company incorporated in the PRC and is principally engaged in research and development and sales of software and hardware for electronic products and information products; design and building of network security projects; design and development of big data and network security systems. Manufacturing of licensed business products including software and hardware for electronic products and information products. Powerleader Network Security is owned as to 90% by Powerleader Holdings and 10% by Madam Zhang Yunxia (a Director).

Powerleader Holdings is a company incorporated in the PRC, and is directly and indirectly (through Powerleader Asset Management) held as to 87.5% and 12.5% by Mr. Li Ruijie and Ms. Zhang Yunxia (both being Directors) respectively. Powerleader Holdings is principally engaged in the business of equity investment.

Powerleader Holdings is a non-wholly owned subsidiary of Powerleader Asset Management, a company incorporated in the PRC, which is directly held as to 87.5% and 12.5% by Mr. Li Ruijie and Ms. Zhang Yunxia respectively. Powerleader Asset Management is principally engaged in the business of equity investment.

8. RECOMMENDATION

The Directors (including the independent non-executive Directors whose views are set out in the “Letter from the Independent Board Committee” in this circular after taking into consideration the advice from Altus Capital Limited) consider that the terms of the Historical Transaction are fair and reasonable, and the Historical Transaction was conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve and ratify the Historical Transaction.

9. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 10 to 11 of this circular, the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 12 to 18 of this circular, and the information set out in the appendix to this circular on pages 19 to 24 of this circular.

By order of the Board
Powerleader Science & Technology Group Limited*
Zhang Yunxia
(張雲霞)
Chairman

* For identification purpose only



宝德科技集团股份有限公司
POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

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

(Stock Code: 8236)

Executive Directors

Ms. Zhang Yunxia (*Chairman*)
Mr. Dong Weiping (*Chief Executive*)

Non-executive Director

Mr. Li Ruijie

Independent non-executive Directors

Mr. Jiang Baijun
Dr. Guo Wanda
Mr. Chan Shiu Yuen Sammy

Registered Office

11th Floor, Tower C
Shenzhen International Innovation Centre
(Futian Technology Square)
No. 1006 Shennan Road
Xintian Community
Huafu Sub-district
Futian District
Shenzhen
The PRC

Principal Place of Business in Hong Kong

Unit 102, 1/F, Sunbeam Centre
27 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

16 October 2020

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RESPECT OF HISTORICAL SALES OF SERVER HARDWARE,
OPERATING SYSTEMS, ELECTRONIC ACCESSORIES AND
COMPONENTS TO POWERLEADER NETWORK SECURITY
(SHENZHEN) LIMITED**

AND

NOTICE OF EGM

We refer to the circular of the Company dated 16 October 2020 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meaning when used in this letter.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the terms of the Historical Transaction are fair and reasonable, and whether the Historical Transaction was on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve and ratify the Historical Transaction.

Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation the Historical Transaction. The text of the letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of the Circular.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 9 of the Circular.

After taking into consideration the terms of the Historical Transaction and the advice of Altus Capital Limited, we consider that the terms of the Historical Transaction are fair and reasonable, and the Historical Transaction was conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve and ratify the Historical Transaction.

Yours faithfully,

For and on behalf of the Independent Board Committee of
Powerleader Science & Technology Group Limited*

Chan Shiu Yuen Sammy
*Independent non-executive
Director*

Guo Wanda
*Independent non-executive
Director*

Jiang Baijun
*Independent non-executive
Director*

* *For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Historical Transaction, which have been prepared for the purpose of incorporation in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

16 October 2020

To the Independent Board Committee and the Independent Shareholders

Powerleader Science & Technology Group Limited
Unit 102, 1/F
Sunbeam Centre
27 Shing Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION IN RESPECT OF HISTORICAL SALES OF SERVER HARDWARE AND, OPERATING SYSTEMS, ELECTRONIC ACCESSORIES AND COMPONENTS TO POWERLEADER NETWORK SECURITY (SHENZHEN) LIMITED

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the historical sales of server hardware and, operating systems, electronic accessories and components to Powerleader Network Security, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 16 October 2020 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 24 September 2020 in relation to the Historical Transaction. For compliance with the requirements under the GEM Listing Rules, the Company will seek the approval and ratification of the Historical Transaction by the Independent Shareholders at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Historical Transaction

During the year ended 31 December 2019, Powerleader Computing System, Powerleader Software Development and Baotong Group Limited, each a non-wholly owned subsidiary of the Company, sold certain server hardware, operating systems and electronic accessories and components to Powerleader Network Security.

GEM Listing Rules implications

Powerleader Network Security is owned as to 90% by Powerleader Holdings (a substantial shareholder of the Company holding approximately 42.05% of the total issued share capital of the Company). Powerleader Network Security is an associate of Powerleader Holdings and is therefore a connected person of the Company under the GEM Listing Rules, and the Historical Transaction constituted connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the highest ratio of the applicable percentage ratios in respect of the Historical Transaction exceeds 5%, the Historical Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Due to deviations in the understanding of the GEM Listing Rules by the relevant management personnel of the Company, the Company had previously failed to be in timely compliance with the applicable reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules in respect of the Historical Transaction. The Company will seek the approval and ratification from the Independent Shareholders at the EGM in this regard.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun, has been established to advise the Independent Shareholders as to whether the terms of the Historical Transaction are fair and reasonable, whether the Historical Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the EGM.

INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Historical Transaction are fair and reasonable, whether the Historical Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We had acted as the independent financial adviser to the Company with regard to the (i) major and continuing connected transactions in respect of the Fund Cooperation Framework Agreement; (ii) continuing connected transaction in respect of the Guarantee Service Framework Agreement; (iii) major and connected transactions in respect of the historical provision of financial assistance; and (iv) connected transactions in respect of historical payment of guarantee fees, details of which are set out in the circular of the Company dated 17 August 2020. Save for the aforesaid engagement, we have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 17.96 of the GEM Listing Rules, and given that remuneration for our engagement to opine on the Historical Transaction is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, amongst others, (i) the summary of the Historical Transaction; (ii) sample contracts of the Historical Transaction; (iii) sample contracts entered into between the Group and its independent third-party clients for products similar to those under the Historical Transaction; (iv) the interim report of the Group for the six months ended 30 June 2020; (v) the annual report of the Company for the year ended 31 December 2019; and (vi) other information contained or referred to in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in this circular and/or provided to us by the Management have been reasonably made after due

and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reason:

1. Background Information

1.1 Information of the Group

The Group is a cloud computing solutions provider in the PRC with proprietary innovation capability, and operates in the PRC and Hong Kong. The Group's principal businesses are (i) server, storage and solution provider business; (ii) electronic equipment and accessories (non-server and storage) distribution business; (iii) Guangzhou Internet Data Centre business; (iv) industrial park development, operation and property management business; and (v) industrial investment business (non-server and storage).

1.2 Information of Powerleader Network Security and Powerleader Holdings

Powerleader Network Security is owned as to 90% by Powerleader Holdings (a substantial shareholder of the Company holding approximately 42.05% of the total issued share capital of the Company). Powerleader Network Security is principally engaged in the business of (i) research and development and sales of software and hardware for electronic products and information products; (ii) design and building of network security projects; (iii) design and development of big data and network security systems; and (iv) manufacturing of licensed business products including software and hardware for electronic products and information products.

Powerleader Holdings is a non-wholly owned subsidiary of Powerleader Asset Management, which is directly held as to 87.5% and 12.5% by Mr. Li Ruijie and Madam Zhang Yunxia respectively. Powerleader Holdings and Powerleader Asset Management are principally engaged in the business of equity investment.

2. Reasons for and Benefits of Entering into of the Historical Transaction

The Management advised that the clients of the Group for server hardware and operating systems include the PRC's military force and military industrial technology research institutes. We understand from the Management that, according to the relevant PRC regulations (i.e. “武器裝備科研生產單位保密資格認定辦法”), the foreign shareholding (for this purpose, foreign shareholding includes that of a shareholder from Hong Kong, Macau and Taiwan) of the regulated suppliers must not include (i) any direct foreign shareholding; or (ii) an indirect foreign shareholding exceeding 20% of its issued share capital. As the Group is not able to comply with the above regulation, the Group is

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prohibited from obtaining the relevant licence and hence cannot directly sell products to these specific clients. In order for the Group to transact with the PRC's military force and military industrial technology research institutes, it must therefore conduct them through Powerleader Network Security, who possesses the necessary licences.

In addition, we understand that Powerleader Network Security may from time-to-time have to make small-scale purchases of accessories for its own research and development activities. We have reviewed correspondences and sample quotations between Powerleader Network Security and its third-party suppliers, and noted that these suppliers had indicated that such small-scale purchases did not meet their minimum order quantity requirement and had refused to sell to Powerleader Network Security. The Management also advised that the Group has been developing certain accessories that fits Powerleader Network Security's specific research needs. We understand from Powerleader Network Security that such accessories are generally not available in the market due to the its uniqueness. Hence, Powerleader Network Security has been purchasing such accessories from the Group.

Based on the above, the Directors are of the view, and we concur that, the Historical Transaction was conducted in the ordinary course of business of the Group, is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

3. Terms of the Historical Transaction

3.1 *Transaction amount and pricing*

Set out below are the transaction amounts of the Historical Transaction.

Seller	During the year ended 31 December 2019
Powerleader Computing System	RMB2,529,876.10
Powerleader Software Development	RMB26,205,565.62
Baotong Group Limited	<u>RMB17,160.00</u>
Total	<u><u>RMB28,752,601.72</u></u>

We are advised by the Management that the consideration for the Historical Transaction was determined by the Group (being its subsidiaries Powerleader Computing System, Powerleader Software Development and Baotong Group Limited (as the case may be)) and Powerleader Network Security upon arm's length negotiation taking into account the costs of the server chassis and components, electronic accessories and components and server hardware and operating systems (as the case may be) and certain percentage of profit margin comparable to that of transactions with independent third parties.

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We have reviewed the summary of the Historical Transaction which sets out the cost of equipment and the before-tax price charged to Powerleader Network Security. We noted that the Historical Transaction on average recorded a gross profit margin of approximately 10.6%, which is higher than the gross profit margin recorded by the Group during the six months ended 30 June 2020 (approximately 9.8%) and comparable to the gross profit margin for the year ended 31 December 2019 (approximately 10.6%).

Considering that (i) the price charged to Powerleader Network Security was determined based on a cost-plus basis; and (ii) the average gross profit margin achieved from the Historical Transaction was comparable to the Group's overall gross profit margin, we are of the view that the consideration paid under the Historical Transaction was fair and reasonable.

3.2 Other terms

The Group and Powerleader Network Security had entered into several contracts for the sales under the Historical Transaction. We have reviewed the aforesaid contracts and compared them with the contracts entered into between the Group and its independent third-party customers.

We noted that their terms are generally similar where payments are generally settled by cash within 30 days after the relevant products have been delivered or 30 days after the order was made, and the balance shall be paid in cash within 60 days after the relevant products passed the quality checks. The Group generally arranges for delivery and bears the costs of delivery. A three-month product return and a 24-month maintenance period are generally included in the contracts.

On the basis that the terms of the contracts entered into for the Historical Transaction are similar to contracts entered into with independent third-party customers, we are of the view that the terms of the contracts for the sales under the Historical Transaction are fair and reasonable and the Historical Transaction was conducted on normal commercial terms or better, and was in the interest of the Company and the Shareholders as a whole.

4. Internal Control Procedures

As stated in the Letter from the Board, with a view to ensuring the timely compliance with the relevant requirements of the GEM Listing Rules and preventing any recurrence of any event similar to the above non-compliance in the future, the Company has enhanced its internal control systems by adopting the various measures, including that: (i) the audit committee of the Company will be entrusted with the responsibility to review and modify the internal control system and update the internal procedures; (ii) the Group's finance department will periodically identify the connected persons of the Company and request such connected persons to notify the Company and the audit committee of the Company immediately in respect of any proposed transactions to be entered into with the Group; (iii) the Board has reviewed and will continue to periodically review the Company's internal control and financial reporting systems and their effectiveness; (iv) a non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the company secretary of the Company are designated to be responsible for monitoring transactions of the Group for compliance with Chapter 19 and Chapter 20 as well as other requirements under the GEM Listing Rules, and the Company will seek legal advice and/or other professional advice from time to time, to ensure future transactions are conducted in compliance with the GEM Listing Rules.

Having discussed with the Management and considered the internal control procedures as set out above, we are of the view that the aforesaid enhanced internal control procedures adopted by the Company are adequate.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Historical Transaction were fair and reasonable, and the Historical Transaction was conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and was in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve and ratify the Historical Transaction.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (c) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Shares

Name of Directors	Types of interests	Class of Shares	Number of Domestic Shares held by a controlled corporation	Approximate percentage of the Company's issued share capital	Approximate percentage of the Company's issued Domestic Shares
Mr. Li Ruijie (Note)	Interest of controlled corporation	Domestic Shares	102,184,500	42.05%	56.07%
Ms. Zhang Yunxia (Note)	Interest of controlled corporation	Domestic Shares	102,184,500	42.05%	56.07%

Note: Mr. Li Ruijie is the husband of Ms. Zhang Yunxia. They held 102,184,500 Domestic Shares in aggregate through Powerleader Holdings, which is held by Mr. Li Ruijie and Ms. Zhang Yunxia as to 87.5% and 12.5% respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as known to the Directors, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (c) were otherwise required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors were also directors or employees of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO:

Name of Director	Name of company	Position
Zhang Yunxia	Powerleader Holdings	Director
Li Ruijie	Powerleader Holdings	Director

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

4. DIRECTORS' INTERESTS IN CONTRACTS

On 30 September 2019, the Company entered into three tenancy agreements with Shenzhen Baoteng Internet Technology Limited* (深圳市宝騰互聯科技有限公司), a wholly-owned subsidiary of Shenzhen ZQGAME Co Ltd* (深圳中青宝互動網絡股份有限公司) (“Zqgame”), which in turn is held by the Company and Powerleader Holdings (a company directly and indirectly held as to 87.5% and 12.5% by Mr. Li Ruijie and Ms. Zhang Yunxia (both being Directors) respectively) as to approximately 12.585% and approximately 27.369% respectively, pursuant to which the Company agreed to lease certain premises at Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, the PRC to Baoteng Internet for a term of three years from 1 October 2019 to 30 September 2022. Details of the said tenancy agreements are set out in the Company’s announcement dated 30 September 2019.

On 29 March 2019, an agreement (the “**Leshan Gaoxin Capital Contribution Agreement**”) was entered into between Shenzhen Powerleader Computing System Limited* (深圳市寶德計算機系統有限公司) (“**Powerleader Computing System**”) (an indirect non-wholly-owned subsidiary of the Company) and Leshan Gaoxin Investment Development (Group) Limited* (樂山高新投資發展(集團)有限公司) (“**Leshan Gaoxin**”), pursuant to which Leshan Gaoxin agreed to make a capital contribution of RMB300,000,000 to Powerleader Computing System, payable in two installments, of which RMB8,384,000 would be applied to the registered capital of Powerleader Computing System and the remainder of RMB291,616,000 would be applied to the capital reserve of Powerleader Computing System, and Leshan Gaoxin would acquire a 15% equity interest in the capital of Powerleader Computing System (as enlarged by the aforesaid capital contribution). On the same date, Powerleader Computing System entered into a supplemental agreement with Leshan Gaoxin, Mr. Li Ruijie and Ms. Zhang Yunxia to supplement the Leshan Gaoxin Capital Contribution Agreement with certain undertakings and indemnities to Leshan Gaoxin.

On 26 July 2019, an agreement was entered into between Powerleader Computing System and Small and Medium-sized Enterprises Development Fund (Shenzhen Limited Partnership)* (中小企業發展基金(深圳有限合夥)) (“**SME Development Fund**”), Guizhou Cultural Travel Equity Investment Fund (Limited Partnership)* (貴州文旅股權投資基金(有限合夥)) (“**Guizhou Cultural Travel Fund**”) and Ms. Xu Zhuying (SME Development Fund, Guizhou Cultural Travel Fund and Ms. Xu Zhuying, collectively, the “**New Investors**”) pursuant to which the New Investors agreed to make capital contributions of RMB50,000,000, RMB20,000,000 and RMB30,000,000 to Powerleader Computing System respectively, of which RMB2,661,600 would be applied to the registered capital of Powerleader Computing System, while the remaining RMB97,338,400 would be applied to the capital reserve of Powerleader Computing System, and the New Investors would acquire 2.273%, 0.909% and 1.364% equity interest in the capital of Powerleader Computing System (as enlarged by the aforesaid capital contribution) respectively. On the same date, Powerleader Computing System entered into a supplemental agreement with New Investors, Mr. Li Ruijie and Ms. Zhang Yunxia to supplement the Leshan Gaoxin Capital Contribution Agreement with certain undertakings and indemnities to the New Investors.

On 2 July 2020, the Company entered into the Fund Cooperation Framework Agreement with Powerleader Holdings and, pursuant to which, the Company may from time to time provide financial assistance to Powerleader Holdings in the form of advances, i.e. the short-term capital provided by the Company to the Parent Group for a term commencing on 2 July 2020 and ending on 31 December 2022. On the same date, the Company entered into the Guarantee Service Framework Agreement with Powerleader Holdings and, pursuant to which, Powerleader Holdings may from time to time provide guarantees and collateral/pledge for the bank financing of the Company (or its subsidiaries) for a term commencing on 2 July 2020 and ending on 31 December 2022. Details of the above-mentioned Framework Agreements are set out in the Company’s announcement dated 2 July 2020.

On 24 September 2020, the Company and Powerleader Network Security entered into a sales and purchases framework agreement pursuant to which (i) the Company (or its subsidiaries) may from time to time purchase certain server chassis and components from Powerleader Network Security and (ii) Powerleader Network Security may from time to time purchase certain server hardware, operating systems and electronic accessories and components from the Company (or its subsidiaries) for a term commencing on 1 January 2020 and ending on 31 December 2021. Details of the above-mentioned agreement is set out in the Company announcement dated 24 September 2020.

As at the Latest Practicable Date, save for the above, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group as at the Latest Practicable Date.

5. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any members of the Group which did not expire or was not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

The ultimate controlling shareholders of the Company and Zqgame are Ms. Zhang Yunxia and Mr. Li Ruijie (both being Directors) respectively. Zqgame carries out the Shenzhen IDC business whereas the Group also operates the Guangzhou IDC business. In connection with an agreement dated 1 September 2016 for the disposal by the Company of the entire equity interest in Shenzhen Baoteng Internet Technology Limited* (深圳市宝騰互聯科技有限公司) (details of which are set out in the circular of the Company dated 9 June 2017) (the “**Disposal Agreement**”), the Company executed a non-competition commitment, pursuant to which the Company had undertaken that, as far as the Guangzhou internet data center business is concerned, after the completion of the Disposal Agreement and when the conditions of injecting the Guangzhou IDC business into Zqgame are met and there are no actual obstacles to such injection, the Company may negotiate with Zqgame and upon reaching and entering into a formal agreement to inject the Guangzhou IDC business into Zqgame, the Company may also terminate the Guangzhou IDC Business or transfer it to an unrelated third party to resolve the competition issue. Each of the Company, Powerleader Investment, Ms. Zhang Yunxia and Mr. Li Ruijie has also undertaken that save for the carrying on of the Guangzhou IDC business by the Group, after the completion of the Disposal Agreement and during the time when it/he/she remains to be the controlling shareholder(s) or the de facto controller(s) of Zqgame, it/he/she shall not carry on or participate in any business that is in competition with the businesses carried out by Zqgame as at the date of the Disposal Agreement or the Shenzhen IDC Business by way of self-operation, joint venture, cooperation, etc.

As at the Latest Practicable Date, save as disclosed above, so far as the Directors are aware, none of the Directors, the controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) was interested in any business which competes or may compete with the business of the Group or has any other conflicts of interest with the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group have been made up.

8. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice for the inclusion in this circular:

Altus Capital Limited a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Altus Capital Limited had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Altus Capital Limited has, or had, no interest, directly or indirectly, in any assets which had been or proposed to be, since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is at 11th Floor, Tower C, Shenzhen International Innovation Centre (Futian Technology Square) No. 1006 Shennan Road, Xintian Community, Huaifu Sub-district Futian District, Shenzhen The People's Republic of China. The head office of the Company is at Powerleader Technology Park, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua District, Shenzhen, PRC.
- (b) The Company's Hong Kong H share transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 184 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Mr. Dong Weiping. He graduated from Jilin University in the PRC with a bachelor's degree in computer systems engineering.
- (d) The compliance officer of the Company is Mr. Li Ruijie. He graduated from the Nankai University with a double bachelor's degree in economics and electronics in 1989, and obtained an EMBA degree from Cheung Kong Graduate School of Business in 2012.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 102, 1/F, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this circular up to and including 3 November 2020, being the date of the EGM:

- (a) the articles of association of the Company;
- (b) the letter from the Board, the text of which is set out in this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter from Altus Capital Limited, the text of which is set out in this circular;
- (e) the written consent from Altus Capital Limited referred to in the paragraph titled "Expert and Consent" in this Appendix I to this circular; and
- (f) this circular.



宝德科技集團股份有限公司
POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

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

(Stock Code: 8236)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Powerleader Science & Technology Group Limited* (宝德科技集團股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) will be convened and held at Main Conference Room, 11th Floor, Tower C, Shenzhen International Innovation Centre, No. 1006 Shennan Road, Futian District, Shenzhen, the PRC on Tuesday, 3 November 2020 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

the historical sales of server hardware, operating systems, electronic accessories and components by the Group to Powerleader Network Security (Shenzhen) Limited* (宝德網絡安全系統(深圳)有限公司) during the year ended 31 December 2019 (details of which are disclosed in the circular of the Company dated 16 October 2020) be and are hereby approved, confirmed and ratified.”

By order of the Board
Powerleader Science & Technology Group Limited*
Zhang Yunxia
(張雲霞)
Chairman

Shenzhen, the PRC
16 October 2020

NOTICE OF EGM

Notes:

- (1) The register of members of the Company will be closed from Thursday, 29 October 2020 to Tuesday, 3 November 2020 (both days inclusive) during which no transfer of shares will be registered. Holders of H shares and domestic shares whose names appeared on the register of the Company on or before 4:30 p.m. on Wednesday, 28 October 2020 are entitled to attend and vote at the EGM and may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, the signed form of proxy must be deposited by hand or by post, at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H shares of the Company), or at the registered address of the Company (for holders of domestic shares of the Company) not less than 24 hours before the time for holding the EGM or any adjournment thereof. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
- (3) Completion and return of the proxy form will not affect the right of the shareholders of the Company to attend and vote at the EGM. In such event, the proxy form will be deemed to have been revoked.
- (4) Shareholders or their proxies shall produce their identity documents when attending the EGM.
- (5) Shareholders of the Company or their proxies attending the meeting shall be responsible for their own travel and accommodation expenses.
- (6) Details of the registered address of the Company are as follows:

11th Floor, Tower C, Shenzhen International Innovation Centre (Futian Technology Square), No. 1006 Shennan Road, Xintian Community, Huaifu Sub-district, Futian District, Shenzhen, the People’s Republic of China

Tel: (86 755) 2752 8988

Fax: (86 755) 2752 8988

Postal Code: 518026

Contact person: Mr. Dong Weiping

NOTICE OF EGM

As at the date of this notice, the Board comprises 6 Directors, including executive Directors Ms. 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 notice, 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 notice 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 notice misleading.

This notice 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 purpose only*