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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Proposal, the Merger, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Powerleader, you should at once hand this Composite Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document.

This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

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深圳市速必拓網絡科技有限公司  
SHENZHEN SPEED TOP NETWORK TECHNOLOGY CO., LTD.\*  
(a company established in the People's Republic of China with limited liability)



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)

## (1) PROPOSED PRIVATISATION OF POWERLEADER BY SPEED TOP BY WAY OF MERGER BY ABSORPTION OF POWERLEADER (2) PROPOSED WITHDRAWAL OF LISTING (3) NOTICE OF EXTRAORDINARY GENERAL MEETING (4) NOTICE OF DOMESTIC SHARE CLASS MEETING AND (5) NOTICE OF H SHARE CLASS MEETING

Financial Adviser to Speed Top



Guotai Junan Capital Limited

Independent Financial Adviser to the Independent Board Committee

**ALTUS CAPITAL LIMITED**

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This Composite Document should be read in conjunction with the accompanying notices of the EGM and the Class Meetings, which form part of this Composite Document. Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

This Composite Document is issued jointly by Speed Top and Powerleader to the Shareholders. A letter from the board of Speed Top is set out on pages 11 to 32 of this Composite Document. A letter from the Board of Powerleader is set out on pages 33 to 42 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Proposal is set out on pages 43 to 44 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Proposal is set out on pages 45 to 61 of this Composite Document. The information on actions to be taken by the Shareholders are set out on pages 64 to 66 of this Composite Document. The summary of other terms and conditions and important information of the Merger Agreement are set out on pages 72 to 81 of this Composite Document.

Notices convening the EGM, the Domestic Share Class Meeting and the H Share Class Meeting 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 11 December 2020 at 2:00 p.m., 3:00 p.m. (or immediately after the conclusion of the EGM) and 4:00 p.m. (or immediately after the conclusion of the Domestic Share Class Meeting) respectively are set out in Appendices III, IV and V to this Composite Document. Whether or not you intend to attend the EGM and/or the Class Meetings, you are reminded to complete the proxy form(s) enclosed with this Composite Document, in accordance with the instructions printed thereon and return the same to (i) the Company's H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) or (ii) the Company's registered office 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 PRC (for Domestic Shareholders only), as soon as possible but in any event not less than 24 hours before the time fixed for holding such meetings or any adjournment thereof. Completion and return of the said proxy form(s) will not prevent you from attending, and voting in person at, such meetings or any adjournment thereof if you so wish. In the event that you attend and vote at any of such meetings or any adjournment thereof after having deposited the relevant proxy form(s), such proxy form(s) will be deemed to have been revoked.

*This Composite Document will remain on the "Latest Listed Company Information" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Stock Exchange's website at <http://www.hkexnews.hk> and the Company's website at <http://www.powerleader.com.cn> from the date of its posting and thereafter.*

\* For identification purposes only

20 November 2020

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## CHARACTERISTICS OF GEM

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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 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.

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and may be subject to change. Further announcement will be made by Speed Top and the Company for any change to the timetable as and when appropriate.*

*Unless otherwise expressly stated, all references to dates and times contained in this Composite Document shall refer to Hong Kong times and dates.*

<b>Event</b>	<b>Time and Date</b>
Latest time for lodging transfers of the Shares in order to be entitled to attend and vote at the EGM and the Class Meetings . . . . .	4:30 p.m. on 4 December 2020
Closure of the registers of members of the Company for the determination of entitlements of the Shareholders to attend and vote at the EGM and the Independent Shareholders to attend and vote at the Class Meetings . . . . .	7 December 2020 to 11 December 2020 (both dates inclusive)
Latest time for lodging form(s) of proxy in respect of the EGM . . . . .	2:00 p.m. on 10 December 2020
Latest time for lodging form(s) of proxy in respect of the Domestic Share Class Meeting . . . . .	3:00 p.m. on 10 December 2020
Latest time for lodging form(s) of proxy in respect of the H Share Class Meeting. . . . .	4:00 p.m. on 10 December 2020
Record date for the Shareholders to attend and vote at the EGM and the Independent Shareholders to attend and vote at the Class Meetings . . . . .	11 December 2020
The EGM . . . . .	2:00 p.m. on 11 December 2020
The Domestic Share Class Meeting. . . . .	3:00 p.m. on 11 December 2020 or immediately following the conclusion of the EGM (or any adjournment thereof) on the same day
The H Share Class Meeting . . . . .	4:00 p.m. on 11 December 2020 or immediately following the conclusion of the Domestic Class Share Meeting (or any adjournment thereof) on the same day

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## EXPECTED TIMETABLE

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Event	Time and Date
Announcement of the poll results of the EGM and the Class Meetings . . . . .	11 December 2020
Expected date for all the conditions to effect the Merger Agreement to be fulfilled . . . . .	11 December 2020
Announcement that all the conditions to effect the Merger Agreement are fulfilled, with the expected last day for dealings in the H Shares and the expected date of withdrawal of the listing of the H Shares . . . . .	11 December 2020
Re-opening of the registers of members of the Company . . . . .	14 December 2020
Each of Speed Top and the Company notifies its creditors and makes a public announcement of the Proposal pursuant to the PRC Company Law . . . . .	Within 10 days (for notification to creditors) and 30 days (for the announcement) following the EGM and the Class Meetings
Last day for dealings in the H Shares . . . . .	21 December 2020
Latest time for lodging transfers of the H Shares in order to be entitled to receive the Cancellation Price . . . . .	4:30 p.m. on 28 December 2020
Closure of the registers of members of the Company (until the de-registration of the Company) . . . . .	from 29 December 2020 onwards
Expected date and time of withdrawal of the listing of the H Shares on GEM . . . . .	9:00 a.m. on 30 December 2020
Announcement that all the conditions to the implementation of the Merger are fulfilled (or waived, where applicable) . . . . .	30 December 2020
Last date for cheques for payment of the Cancellation Price to be despatched (or such other means) to the Independent H Shareholders and the Independent Domestic Shareholders. . . . .	11 January 2021

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## EXPECTED TIMETABLE

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Event	Time and Date
End of the period during which creditors may request Speed Top and the Company to pay off their respective indebtedness or provide guarantees . . . . .	Within 30 days after the receipt of notice by creditors or 45 days after the issue of announcement to creditors (whichever is later)

The Shareholders should note that all the Conditions have to be fulfilled (or waived, where applicable) on or before the Long Stop Date, being 31 July 2021 (or such other date as Speed Top and the Company may otherwise agree). Otherwise, the Merger will lapse.

**The Merger Agreement is subject to and conditional upon, among others, the fulfilment of the conditions to effect the Merger Agreement set out in this Composite Document. Further, Shareholders and/or potential investors should be aware that the implementation of the Merger is subject to the conditions to the implementation of the Merger set out in this Composite Document being fulfilled (or waived, where applicable). Neither Speed Top nor the Company provides any assurance that any or all Conditions can be fulfilled or, where applicable, waived, and thus the Merger Agreement may or may not become effective or, if effective, the Merger may or may not be implemented or completed. Shareholders and/or potential investors should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

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## DEFINITIONS

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*In this Composite Document, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“acting in concert”	has the meaning as ascribed to it under the Takeovers Code
“Articles”	the articles of association of the Company
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of RMB3.38 per Domestic Share and HK\$3.92 per H Share (equivalent to the cancellation price of each Domestic Share based on the Exchange Rate of RMB1: HK\$1.16) payable in cash by Speed Top to the Shareholders (other than Powerleader Investment)
“Charged Shares”	has the meaning ascribed to it in the section headed “ <i>Irrevocable Undertakings by the Independent Domestic Shareholders</i> ” set out in the letter from the board of Speed Top of this Composite Document
“Class Meetings”	collectively, the Domestic Share Class Meeting and the H Share Class Meeting
“Company” or “Powerleader”	宝德科技集团股份有限公司 (Powerleader Science & Technology Group Limited*), a joint stock company incorporated in the PRC with limited liability, whose H Shares are currently listed and traded on GEM (Stock Code: 8236)
“Composite Document”	this composite document jointly issued by Speed Top and the Company in connection with the Proposal
“Condition(s)”	the conditions to which the Proposal is subject, being the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger
“Consenting Shareholder(s)”	Shareholder(s) who has/have voted for the Proposal at (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be)

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## DEFINITIONS

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“Consideration Arrangement Agreement”	the agreement dated 25 September 2020 entered into between Powerleader Investment and Speed Top in relation to the arrangements for settlement of the Cancellation Price payable by Speed Top to Powerleader Investment as originally contemplated under the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020), details of which are set out in the section headed “ <i>Funding for the Proposal</i> ” in the letter from the board of Speed Top of this Composite Document
“controlling shareholder(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Delisting Date”	the date on which the listing of the H Shares on GEM is withdrawn
“Demand Notice”	has the meaning as ascribed to it in the section headed “ <i>Principal Terms of the Merger Agreement — Right of Dissenting Shareholder(s)</i> ” in the letter from the board of Speed Top of this Composite Document
“Dissenting Shareholder(s)”	Shareholder(s) who has/have cast effective vote(s) against the resolutions in relation to the Merger and the Merger Agreement at (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be)
“Domestic Share(s)”	the ordinary share(s) of RMB1.00 each issued by 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
“Domestic Shareholder(s)”	the holder(s) of the Domestic Shares
“Domestic Share Class Meeting”	the extraordinary class meeting of the Independent Domestic Shareholders to be convened and held (and any adjournment thereof) for the purpose of approving the Proposal, the Merger, the Merger Agreement and the respective transactions contemplated thereunder
“EGM”	an extraordinary general meeting of the Shareholders to be held to consider, if thought fit, approving the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder
“Exchange Rate”	the exchange rate of RMB1 to HK\$1.16, being the central parity rate of RMB to Hong Kong dollar as at 19 October 2020, being the date of the Joint Announcement, as announced by the People’s Bank of China

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## DEFINITIONS

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“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Fair Price Acquisition Right”	a Dissenting Shareholder’s right to request the Company and/or the Consenting Shareholders to acquire the Shares held by it at a “fair price” in accordance with Article 174 of the Articles
“Fair Price Exercise Criteria”	the conditions for the Dissenting Shareholders to be entitled to exercise the Fair Price Acquisition Right, as respectively set out in the sections headed “ <i>Principal Terms of the Merger Agreement — Rights of Dissenting Shareholder(s)</i> ” in the letter from the board of Speed Top and “ <i>Summary of Other Terms and Conditions and Important Information of the Merger Agreement</i> ” of this Composite Document
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guotai Junan Capital”	Guotai Junan Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the financial adviser to Speed Top in respect of the Proposal
“H Share(s)”	the overseas listed foreign invested ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on GEM and are subscribed for and traded in Hong Kong dollars
“H Share Class Meeting”	the extraordinary class meeting of the Independent H Shareholders to be convened and held (and any adjournment thereof) for the purpose of approving the Proposal, the Merger, the Merger Agreement and the respective transactions contemplated thereunder
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company
“H Shareholder(s)”	the holder(s) of the H Shares
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Implementation Date”	has the meaning ascribed to it in the section headed “ <i>Principal Terms of the Merger Agreement — De-registration of the Company</i> ” in the letter from the board of Speed Top of this Composite Document
“Independent Board Committee”	an independent board committee of the Company established to make recommendations to the Independent Shareholders in relation to the Proposal
“Independent Domestic Shareholder(s)”	Domestic Shareholder(s) other than Speed Top and parties acting in concert with it, details of which are respectively set out in the sections headed “ <i>Irrevocable Undertakings by the Independent Domestic Shareholders</i> ” in the letter from the board of Speed Top and “ <i>General Information — Shareholding Structure of the Company</i> ” in the letter from the Board of Powerleader of this Composite Document
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, being the independent financial adviser of the Company to advise the Independent Board Committee in respect of the Proposal
“Independent H Shareholder(s)”	H Shareholder(s) other than Speed Top and parties acting in concert with it
“Independent Shareholders”	collectively, the Independent Domestic Shareholders and the Independent H Shareholders
“Irrevocable Undertaking(s)”	irrevocable undertaking(s) given by (a) each of the Independent Domestic Shareholders (other than Qushui Shiji), namely (i) Hengtong Dayuan, (ii) Yali’anda, (iii) Jinbo Litong, (iv) Jiachuang Partnership and (v) Zhizheng Partnership on 19 October 2020; and (b) Qushui Shiji on 30 October 2020, in favour of Speed Top and the Company to undertake to, among others, vote in favour of the resolutions relating to the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder at the EGM and the Domestic Share Class Meeting respectively in respect of the Domestic Shares held by each of them
“Issuance Date”	the date on which the cheques for payment of the Cancellation Price are issued or payments of the Cancellation Price are effected by other payment means

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## DEFINITIONS

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“Joint Announcement”	the joint announcement dated 19 October 2020 issued jointly by Speed Top and the Company in connection with the Proposal
“Last Trading Day”	25 September 2020, the last trading day immediately before the trading suspension in the H Shares on GEM pending publication of the Joint Announcement
“Latest Practicable Date”	17 November 2020, being the latest practicable date prior to the issue of this Composite Document for the purpose of ascertaining certain information contained herein
“Long Stop Date”	31 July 2021 (or such other date as Speed Top and the Company may otherwise agree)
“Merger”	the proposed merger by way of merger by absorption of the Company by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles as contemplated under the Merger Agreement
“Merger Agreement”	the merger agreement entered into between Speed Top and the Company dated 25 September 2020 (as amended and supplemented from time to time) in relation to the Merger
“Mr. Li”	Mr. Li Ruijie, a non-executive director of the Company, vice-chairman of the Board and the husband of Ms. Zhang
“Ms. Zhang”	Ms. Zhang Yunxia, an executive director of the Company, chairman of the Board and the wife of Mr. Li
“NAV”	the net asset value attributable to the Shareholders
“Powerleader Asset Management”	深圳前海宝德資產管理有限公司 (Shenzhen Qianhai Powerleader Asset Management Co., Ltd.*), a limited liability company established in the PRC and owned as to 87.5% and 12.5% by Mr. Li and Ms. Zhang respectively
“Powerleader Director(s)”	the director(s) of the Company
“Powerleader Investment”	深圳市宝德投資控股有限公司 (Shenzhen Powerleader Investment Holding Company Limited*), a limited liability company established in the PRC and owned as to approximately 37.34% by Mr. Li, as to approximately 57.33% by Powerleader Asset Management and as to approximately 5.33% by Ms. Zhang respectively

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## DEFINITIONS

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“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC, as revised, supplemented or otherwise modified from time to time
“Proposal”	the proposal for the privatisation of the Company by Speed Top by way of merger by absorption including the Merger, the Merger Agreement and the relevant arrangements which involve, among others, the cancellation of all Shares and the de-registration of the Company
“Record Time”	the record time for determination of entitlement of the Shareholders to receive the Cancellation Price, which is expected to be 4:30 p.m. on 28 December 2020 (or such other date as the Shareholders may be notified by announcement)
“Relevant Period”	the period beginning with 6 months prior to the date of the Joint Announcement and ending with the Latest Practicable Date, both dates inclusive
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as revised, supplemented or otherwise modified from time to time
“Share(s)”	collectively, the H Shares and the Domestic Shares
“Shareholder(s)”	holder(s) of the Shares
“Shareholders Registers”	the register of Domestic Shareholders maintained by the Company and the list of H Shareholders provided by the H Share Registrar as at the Latest Practicable Date respectively
“Speed Top”	深圳市速必拓網絡科技有限公司 (Shenzhen Speed Top Network Technology Co., Ltd.*), a limited liability company established in the PRC and held by, among others, Powerleader Investment and Ms. Zhang as to approximately 66.50% and approximately 3.5% respectively

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time)
“%”	per cent.

\* *For identification purposes only*



深圳市速必拓網絡科技有限公司  
SHENZHEN SPEED TOP NETWORK TECHNOLOGY CO., LTD.\*

*(a company established in the People's Republic of China with limited liability)*

*Executive director:*  
Ms. Zhang Yunxia

*Registered office:*  
Room 405, 4th Floor,  
Yanfa Zhongxin,  
Guanlan Gaoxinyuanqu,  
Guanlan Street  
Longhuaxinqu, Shenzhen,  
The People's Republic of China

20 November 2020

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF POWERLEADER  
BY SPEED TOP BY WAY OF MERGER  
BY ABSORPTION OF POWERLEADER  
AND  
PROPOSED WITHDRAWAL OF LISTING**

**1. INTRODUCTION**

On 25 September 2020, Speed Top and the Company entered into the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020), pursuant to which Speed Top and the Company will implement the Merger subject to the terms and conditions thereunder. After the Merger, the Company will be merged into and absorbed by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles and all Shares will be cancelled. The Proposal is made by Speed Top to all the Shareholders (including Powerleader Investment).

This letter forms part of this Composite Document and sets out certain background information on Speed Top, explains the reasons for Speed Top to make the Proposal and Speed Top's intention regarding the Company. Further information regarding the Proposal, the Merger, the Merger Agreement and the respective transactions contemplated thereunder are included in this Composite Document. Your attention is also drawn to the letter from

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## LETTER FROM THE BOARD OF SPEED TOP

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the Board of Powerleader, letter from the Independent Board Committee, letter from the Independent Financial Adviser, Additional Information regarding the Proposal and Summary of Other Terms and Conditions and Important Information of the Merger Agreement of this Composite Documents, all of which form part of this Composite Document.

### 2. THE MERGER

Pursuant to the Merger Agreement, Speed Top and the Company agreed that subject to and conditional upon the fulfilment (or waiver, where applicable) of the Conditions as set out respectively in the sections headed “*Principal Terms Of The Merger Agreement — Conditions to effect the Merger Agreement*” and “*Principal Terms Of The Merger Agreement — Conditions to the implementation of the Merger*” hereinbelow, Speed Top will pay the Cancellation Price in the amount of:

- (i) RMB3.38 per Domestic Share to the Domestic Shareholders (other than Powerleader Investment as described in the section headed “*Funding For The Proposal*” hereinbelow); and
- (ii) such Hong Kong dollars per H Share, which is equivalent to the Cancellation Price of each Domestic Share based on the Exchange Rate of RMB1 : HK\$1.16, to the H Shareholders, being HK\$3.92 per H Share.

The Cancellation Price represents a premium of approximately 14.6% over the closing price of HK\$3.42 per H Share as quoted on the Stock Exchange on the Last Trading Day. **Speed Top will not increase the Cancellation Price and does not reserve the right to do so.**

The aggregate amount of the Cancellation Price required to be paid by Speed Top to cancel (i) the H Shares held by the H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders (other than the Domestic Shares owned by Powerleader Investment) are approximately HK\$238,140,000 and RMB270,621,390 respectively based on 60,750,000 H Shares and 80,065,500 Domestic Shares (other than the Domestic Shares owned by Powerleader Investment) in issue and to be cancelled under the Merger Agreement as at the Latest Practicable Date.

Subject to and upon the Merger becoming unconditional in all respects, the Company will make an application to the Stock Exchange for the listing of the H Shares on GEM to be voluntarily withdrawn on the Delisting Date. Following the de-registration of the Company, the Company will be merged into and absorbed by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles, and will cease to exist as a separate legal entity in the PRC. Following the completion of the Merger, all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company will be assumed and succeeded by Speed Top as the surviving entity. The registered capital of Speed Top will not be affected by and will remain unchanged following the Merger. The Proposal is made by Speed Top to all the Shareholders (including Powerleader Investment).

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## LETTER FROM THE BOARD OF SPEED TOP

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### 3. PRINCIPAL TERMS OF THE MERGER AGREEMENT

The principal terms and conditions of the Merger Agreement are summarised below:

- Parties**
- (1) Speed Top; and
  - (2) the Company.
- Overview of the Merger**
- Subject to the terms and conditions of the Merger Agreement, the Merger will be implemented by Speed Top merging with the Company by way of merger by absorption.
- Following the completion of the Merger, all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company will be assumed and succeeded by Speed Top as the surviving entity and the Company will be de-registered.
- Consideration**
- Pursuant to the Merger Agreement, subject to and conditional upon the fulfilment (or waiver, where applicable) of the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger as respectively set out in the paragraphs headed “*Conditions to effect the Merger Agreement*” and “*Conditions to the implementation of the Merger*” hereinbelow, Speed Top will pay the Cancellation Price in the amount of (i) RMB3.38 per Domestic Share to the Domestic Shareholders (other than Powerleader Investment as set out in the section headed “*Funding For The Proposal*” hereinbelow) and (ii) such Hong Kong dollars per H Share, which is equivalent to the Cancellation Price of each Domestic Share based on the Exchange Rate of RMB1: HK\$1.16, to the H Shareholders, being HK\$3.92 per H Share.
- Conditions to effect the Merger Agreement**
- The Merger Agreement shall become effective subject to and immediately upon the fulfilment of all of the following conditions:
- (a) the Merger Agreement, the Merger and the respective transactions contemplated thereunder having been approved by the shareholders of Speed Top;
  - (b) the Merger Agreement, the Merger and the respective transactions contemplated thereunder having been approved by more than two-thirds of the Shareholders present and voting at the EGM in accordance with the laws in the PRC and the Articles;

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## LETTER FROM THE BOARD OF SPEED TOP

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- (c) resolution(s) regarding the Merger Agreement, the Merger and the respective transactions contemplated thereunder having been approved by the Independent H Shareholders at the H Share Class Meeting by way of poll provided that (i) approval by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders (cast either in person or by proxy) at the H Share Class Meeting approving the Merger Agreement, the Merger and the respective transactions contemplated thereunder have been obtained; and (ii) the number of votes cast against the resolution(s) to approve the Merger Agreement, the Merger and the respective transactions contemplated thereunder at the H Share Class Meeting is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (d) resolution(s) regarding the Merger Agreement, the Merger and the respective transactions contemplated thereunder having been approved by the Independent Domestic Shareholders at the Domestic Share Class Meeting by way of poll provided that (i) approval by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders (cast either in person or by proxy) at the Domestic Share Class Meeting approving the Merger Agreement, the Merger and the respective transactions contemplated thereunder have been obtained; and (ii) the number of votes cast against the resolution(s) to approve the Merger Agreement, the Merger and the respective transactions contemplated thereunder at the Domestic Share Class Meeting is not more than 10% of the votes attaching to all the Domestic Shares held by the Independent Domestic Shareholders; and
- (e) all necessary approval from all relevant regulatory bodies in the PRC and Hong Kong (if applicable) in respect of the Merger Agreement, the Merger and the respective transactions contemplated thereunder having been obtained.

If any of the aforesaid conditions to effect the Merger Agreement has not been fulfilled on or before the Long Stop Date, the Merger Agreement shall terminate.

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## LETTER FROM THE BOARD OF SPEED TOP

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Each party to the Merger Agreement shall use its best endeavours to adopt all necessary and appropriate action to procure the fulfilment of all the aforesaid conditions to effect the Merger Agreement. Upon signing of the Merger Agreement, neither Speed Top nor the Company shall delay or obstruct the fulfilment of the aforesaid conditions to effect the Merger Agreement. None of the aforesaid conditions to effect the Merger Agreement can be waived by any party to the Merger Agreement.

Condition (a) above has been fulfilled as at the date of the Latest Practicable Date.

The approval in respect of the Merger which is required from the Anti-monopoly Bureau of the State Administration for Market Regulation\* (國家市場監督管理總局反壟斷局) in accordance with the relevant PRC laws and regulations has been obtained as at the Latest Practicable Date.

**Conditions to  
the implementation  
of the Merger**

Upon the Merger Agreement becoming effective following the fulfilment of all the conditions to effect the Merger Agreement, the implementation of the Merger shall be subject to and conditional upon the fulfilment (or waiver, where applicable) of all of the following conditions:

- (a) there being no representations and warranties given by Speed Top under the Merger Agreement containing any mistake or omission which would have a material adverse effect on the Merger on the Delisting Date, and the undertakings given by Speed Top as set out in the Merger Agreement having been complied with by Speed Top in all material respects and, in the situation where Speed Top fails to comply with any of its undertakings thereunder, such non-compliance not causing a material adverse impact on the Merger;

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## LETTER FROM THE BOARD OF SPEED TOP

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- (b) there being no representations and warranties given by the Company under the Merger Agreement containing any mistake or omission which would have a material adverse effect on the Merger on the Delisting Date, and the undertakings given by the Company as set out in the Merger Agreement having been complied with by the Company in all material respects and, in the situation where the Company fails to comply with any of its undertakings thereunder, such non-compliance not causing a material adverse impact on the Merger; and
- (c) on the Delisting Date, there being no law, injunctive order or decree promulgated or issued by any government body or any judgment, ruling or order made by a court restricting, prohibiting or cancelling the Merger.

Save for condition (c) above which cannot be waived, the Company is entitled to waive condition (a) above, whereas Speed Top is entitled to waive condition (b) above. If any of the aforesaid conditions to the implementation of the Merger has not been fulfilled (or waived, where applicable) on or before the Long Stop Date, the Merger Agreement shall terminate.

**Payment of  
Cancellation Price**

Upon fulfilment (or waiver, where applicable) of all the Conditions (being the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger), the Merger will become unconditional and Speed Top shall pay to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment) the Cancellation Price as soon as possible and in any event not later than seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable).

The Cancellation Price in respect of the H Shares to the H Shareholders and the Domestic Shares to the Independent Domestic Shareholders shall be paid by Speed Top by way of cheque (or such other payment means as the SFC and/or other relevant regulatory body may agree or accept).

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## LETTER FROM THE BOARD OF SPEED TOP

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Following the payment of the Cancellation Price by Speed Top to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment), all the relevant Shares shall be deemed to be cancelled and such Shareholders shall cease to possess any rights in respect of such Shares (other than the entitlements pursuant to the exercise of the Fair Price Acquisition Right). The relevant share certificates held by them shall cease to have effects as documents or evidences of title to such Shares.

### **De-registration of the Company**

Upon fulfilment (or waiver, where applicable) of all the Conditions and payment of the Cancellation Price by Speed Top in accordance with the Merger Agreement, Speed Top and the Company shall negotiate and ascertain the date of implementation of the Merger (the “**Implementation Date**”) which shall in any event be no later than 60 days (or such other date as Speed Top and the Company may agree) from the date on which the Cancellation Price is paid to the Shareholders (other than Powerleader Investment) by Speed Top. Since the Implementation Date, all assets, liabilities, interests, employees, businesses, contracts and all other rights and obligations of the Company shall be enjoyed and borne by Speed Top. The Company shall, in accordance with the applicable laws, rules and regulations and upon Speed Top’s request, submit to applicable PRC governmental authorities all necessary documents for de-registration of the Company. The register of the Shareholders will be closed from the record date for determining entitlement to the Cancellation Price until the Company is de-registered.

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## LETTER FROM THE BOARD OF SPEED TOP

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**Rights of  
Dissenting  
Shareholder(s)**

Pursuant to the Merger Agreement, any Dissenting Shareholder who intends to exercise the Fair Price Acquisition Right may exercise such right by serving a written notice to the Company and/or any Consenting Shareholder requesting them to acquire the relevant Shares held by such Dissenting Shareholder at a “fair price”. Speed Top shall, at the request of Powerleader and/or the relevant Consenting Shareholders, bear and assume any possible liability owed by Powerleader and/or such Consenting Shareholders to the Dissenting Shareholder in relation to the exercise of the Fair Price Acquisition Right by such Dissenting Shareholder. In such event, Powerleader and/or such Consenting Shareholders (i) shall deliver to Speed Top the written notice showing the intention of the Dissenting Shareholder to exercise the Fair Price Acquisition Right (“**Demand Notice**”) and such other documents as required under the PRC Company Law and the Articles; (ii) shall ensure that Speed Top is entitled to take a lead in participating in all relevant negotiations and legal proceedings in determining the “fair price”; and (iii) except with the prior written consent from Speed Top, shall not pay any consideration in respect of any request made in determining the “fair price”, or settle or propose to settle with the relevant Dissenting Shareholder.

Pursuant to the Articles and as confirmed by the PRC legal advisers to Speed Top, any disputes or claims in relation to the Company’s business which occurred based on rights and obligations provided in the Articles, the PRC Company Law and other laws and administrative laws and regulations among the Shareholders, the directors, supervisors, general managers or other senior managers of the Company shall be resolved through arbitration. Such disputes or claims shall be governed by the laws of the PRC unless otherwise provided in other laws and administrative laws and regulations.

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## LETTER FROM THE BOARD OF SPEED TOP

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As advised by the PRC legal advisers to Speed Top, provisions in relation to the Fair Price Acquisition Right are only set out in the Mandatory Provisions for Companies Listing Overseas 《到境外上市公司章程必備條款》 set forth in Zheng Wei Fa [1994] No. 21 (證委發 [1994] 21號) issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System and are included in articles of association of PRC companies whose shares are listed on overseas markets. The PRC legal advisers to Speed Top confirmed that as at the Latest Practicable Date, there are no existing valid PRC laws, rules, regulations and regulatory documents governing the “fair price” and the mechanism as to how the “fair price” shall be determined. As such, there is no assurance or warranty as to (i) the time required for determining the “fair price”; (ii) the cost which the Dissenting Shareholders may incur during the process of determining the “fair price”; and (iii) the final result of determining the “fair price” being favourable to the Dissenting Shareholders.

Any Dissenting Shareholder who has opposed the Merger and has requested the Company and/or any Consenting Shareholder to acquire its Shares at a “fair price” will continue to have such right against the Company and/or such Consenting Shareholders, or Speed Top (if requested by the Company and/or such Consenting Shareholders to assume their respective liabilities after receiving the request from the Dissenting Shareholder) upon and subject to the terms of the Merger Agreement.

A Dissenting Shareholder may exercise the Fair Price Acquisition Right provided that:

- (a) he/she/it has validly voted against the resolution(s) in relation to the Merger, the Merger Agreement and the respective transactions contemplated thereunder at each of (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be);

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## LETTER FROM THE BOARD OF SPEED TOP

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- (b) his/her/its name has been validly registered on the register of members of the Company since the record date for the EGM and the Class Meetings, and he/she/it continues to hold the Shares in respect of which the Fair Price Acquisition Right is intended to be exercised up to the date of payment of the consideration for such Shares based on the “fair price” to such Dissenting Shareholder; and
- (c) he/she/it shall, in any event, exercise the Fair Price Acquisition Right within five Business Days from the Delisting Date.

A Dissenting Shareholder shall not be entitled to exercise the Fair Price Acquisition Right in respect of the Shares held by it if:

- (a) he/she/it has undertaken to the Company to waive his/her/its right to exercise the Fair Price Acquisition Right;
- (b) exercise of the Fair Price Acquisition Right by him/her/it is prohibited under any applicable laws, rules and regulations; or
- (c) the relevant Shares held by him/her/it is subject to pledge, other third party rights or judicial moratorium and no written consent or approval has been legally obtained from the relevant pledgee, third party or authority.

If the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger are not fulfilled (or waived, where applicable) or for whatever reason the Merger is terminated, the Dissenting Shareholders (if any) shall not be entitled to the Fair Price Acquisition Right.

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## LETTER FROM THE BOARD OF SPEED TOP

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### **Notification to Creditors**

Pursuant to the Merger Agreement, Speed Top and the Company shall (i) after obtaining their internal approval on the Merger respectively (being (i) the approvals from the sole director and the shareholders of Speed Top, which have been obtained as at the Latest Practicable Date; (ii) the approval from the board of directors of the Company, which has been obtained as at the Latest Practicable Date; and (iii) the approval from the shareholders of the Company (as referred to in conditions (b) to (d) to effect the Merger Agreement as mentioned above)), perform all necessary procedures in relation to the notification to their respective creditors and announcement requirements in accordance with applicable laws, rules and regulations; and (ii) prepay all debts owed to, or otherwise provide guarantee in favour of, their respective creditors at such creditors' request made to Speed Top or the Company within the statutory period as prescribed under Article 173 of the PRC Company Law. If any creditor fails to request Speed Top or the Company to repay their debts within such statutory period, all relevant debts owed by Speed Top and/or the Company to such creditor shall be solely borne by Speed Top since the Implementation Date.

### **Termination**

Speed Top and/or the Company (as the case may be) shall be entitled to terminate the Merger Agreement prior to the implementation of the Merger as follows:

- (a) either Speed Top or the Company is entitled to terminate the Merger Agreement upon occurrence of the following events:
  - (i) the conditions to effect the Merger Agreement not having been fulfilled in full as at the Long Stop Date;
  - (ii) the conditions to the implementation of the Merger not having been fulfilled (or waived, where applicable) in full as at the Long Stop Date; or
  - (iii) failure to obtain all the requisite votes for approving the resolution(s) regarding the Merger Agreement and the Merger at the EGM, the H Share Class Meeting or the Domestic Share Class Meeting;

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## LETTER FROM THE BOARD OF SPEED TOP

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- (b) Speed Top shall be entitled to terminate the Merger Agreement if the Company has breached any of its representations, warranties or undertakings under the Merger Agreement or such obligations as contemplated under other agreements executed in relation to the Merger which has material adverse impact on the Merger and such breach is not remedied within 30 days after the date on which a written notice has been served by Speed Top to the Company; or
- (c) the Company shall be entitled to terminate the Merger Agreement if Speed Top has breached any of its representations, warranties or undertakings under the Merger Agreement or such obligations as contemplated under other agreements executed in relation to the Merger which has material adverse impact on the Merger and such breach is not remedied within 30 days after the date on which a written notice has been served by the Company to Speed Top.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, Speed Top should not invoke any or all of the Conditions set out in the paragraphs headed “*Conditions to effect the Merger Agreement*” and “*Conditions to the implementation of the Merger*” above or terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” above as a basis for not proceeding with the Merger unless the circumstances which give rise to the right to invoke any such Condition or termination right are of material significance to Speed Top in the context of the Merger. As disclosed in the section headed “*Principle terms of the Merger Agreement*” in the letter from the Board of Powerleader, the Company would not terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” above as a basis for not proceeding with the Merger unless the circumstances which give rise to the right to invoke any such Condition or termination right are of material significance to the Company in the context of the Merger.

#### 4. CANCELLATION PRICE

The Cancellation Price is RMB3.38 per Domestic Share and HK\$3.92 per H Share (equivalent to the Cancellation Price of RMB3.38 per Domestic Share based on the Exchange Rate of RMB1: HK\$1.16).

The Cancellation Price was determined with reference to the market trading price of the H Shares on GEM during the three years preceding the publication of the Joint Announcement. **Speed Top will not increase the Cancellation Price as set out above and does not reserve the right to do so.**

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## LETTER FROM THE BOARD OF SPEED TOP

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### 5. FUNDING FOR THE PROPOSAL

Pursuant to the Consideration Arrangement Agreement entered into between Powerleader Investment and Speed Top, Powerleader Investment irrevocably and unconditionally agreed to waive Speed Top's obligation to pay the Cancellation Price which Powerleader Investment was originally entitled to under the Merger Agreement by way of cash. Powerleader Investment and Speed Top confirmed that the payment of the Cancellation Price which Powerleader Investment was originally entitled to under the Merger Agreement shall be effected by way of accounting treatment (in the form of partial settlement of RMB345,383,610 (which is equivalent to the total amount of the Cancellation Price payable by Speed Top to Powerleader Investment as originally contemplated under the Merger Agreement based on the Cancellation Price of RMB3.38 per Domestic Share and 102,184,500 Domestic Shares owned by Powerleader Investment as at the Latest Practicable Date) against the outstanding advance in the aggregate amount of approximately RMB571,722,470 from Speed Top to Powerleader Investment, which was incurred during the year ended 31 December 2019 and the nine months ended 30 September 2020 mainly for supporting the working capital needs and business operations of Powerleader Investment and its subsidiaries) instead of actual payment by cash from Speed Top to Powerleader Investment after all the Conditions have been fulfilled (or waived, where applicable) as originally contemplated under the Merger Agreement.

Based on (i) the Cancellation Price of HK\$3.92 per H Share and RMB3.38 per Domestic Share; (ii) 60,750,000 H Shares and 182,250,000 Domestic Shares in issue as at the Latest Practicable Date; and (iii) the Cancellation Price for 102,184,500 Domestic Shares owned by Powerleader Investment as at the Latest Practicable Date which is to be satisfied by way of accounting treatment as discussed above, the aggregate amount of the Cancellation Price required to be paid by Speed Top to the H Shareholders for cancellation of the H Shares and to the Domestic Shareholders (other than Powerleader Investment) for cancellation of the Domestic Shares are approximately HK\$238,140,000 and RMB270,621,390 respectively, which will be paid within seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable). The accounting treatment in respect of the Cancellation Price for the Domestic Shares owned by Powerleader Investment as discussed above would take place on the date on which Speed Top shall pay the Cancellation Price to the H Shareholders and the Independent Domestic Shareholders (i.e. within seven Business Days after the fulfilment (or waiver, where applicable) of all the Conditions and the Merger becomes unconditional). Following the date on which such accounting treatment is effected, Powerleader Investment shall cease to possess, and undertakes not to exercise, any rights attaching to the Domestic Shares held by it.

Upon fulfilment (or waiver, where applicable) of all the Conditions, the Merger will become unconditional and Speed Top shall pay to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment) the Cancellation Price as soon as possible and in any event not later than seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable). Speed Top intends to use its internal financial resources to finance the total consideration for the Proposal (excluding the amount of the Cancellation Price in respect of the Domestic Shares owned by

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## LETTER FROM THE BOARD OF SPEED TOP

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Powerleader Investment). The Cancellation Price in respect of the H Shares to the H Shareholders and the Domestic Shares to the Independent Domestic Shareholders shall be paid by Speed Top by way of cheque (or such other payment means as the SFC and/or other relevant regulatory body may agree or accept).

Save for the arrangement contemplated under the Consideration Arrangement Agreement as disclosed above, settlement of the Cancellation Price to which any Shareholder is entitled under the Proposal will be implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right to which Speed Top may otherwise be, or claim to be, entitled against such Shareholder.

Guotai Junan Capital, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, has been appointed as the financial adviser to Speed Top in respect of the Proposal and is satisfied that sufficient financial resources are available to Speed Top to satisfy its obligations in respect of the full implementation of the Proposal (excluding the Cancellation Price in respect of the Domestic Shares owned by Powerleader Investment).

### 6. IRREVOCABLE UNDERTAKINGS BY THE INDEPENDENT DOMESTIC SHAREHOLDERS

Each of the Independent Domestic Shareholders, namely (i) 深圳市恒通達遠電子有限公司 (Shenzhen City Hengtong Dayuan Electronic Co., Ltd.\*) (“**Hengtong Dayuan**”), (ii) 烏魯木齊雅利安達股權投資有限公司 (Wulumuqi Yali’anda Equity Investment Co., Ltd.\*) (“**Yali’anda**”), (iii) 深圳市金博利通投資合夥企業(有限合夥) (Shenzhen City Jinbo Litong Investment Partnership Enterprise (Limited Partnership)\*) (“**Jinbo Litong**”), (iv) 深圳市嘉創聯合投資合夥企業(有限合夥) (Shenzhen City Jiachuang Lianhe Investment Partnership Enterprise (Limited Partnership)\*) (“**Jiachuang Partnership**”), (v) 深圳市志正立達投資合夥企業(有限合夥) (Shenzhen City Zhizheng Lida Investment Partnership Enterprise (Limited Partnership)\*) (“**Zhizheng Partnership**”) and (vi) 曲水世紀龍翔科技開發有限公司 (Qushui Shiji Longxiang Technology Development Co., Ltd.\*) (“**Qushui Shiji**”), gave the Irrevocable Undertakings in favour of Speed Top and the Company on (a) 19 October 2020 (for the Independent Domestic Shareholders other than Qushui Shiji) and (b) 30 October 2020 (for Qushui Shiji only) respectively, pursuant to which each of the Independent Domestic Shareholders unconditionally and irrevocably undertook, confirmed and agreed to the following matters:

- (a) subject to and conditional upon the fulfilment (or waiver, where applicable) of all the Conditions and the Merger becoming unconditional, each Independent Domestic Shareholder unconditionally and irrevocably accepts cancellation of the Domestic Shares held by such Independent Domestic Shareholder in consideration for the Cancellation Price in accordance with the terms and conditions of the Merger Agreement;

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## LETTER FROM THE BOARD OF SPEED TOP

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- (b) each Independent Domestic Shareholder unconditionally and irrevocably agrees to vote (either in person or by proxy) in favour of the resolution(s) in relation to the Merger, the Merger Agreement and the respective transactions contemplated thereunder at the EGM and the Domestic Share Class Meeting respectively; and
- (c) (i) each Independent Domestic Shareholder unconditionally and irrevocably undertakes not to sell, transfer, dispose or pledge, or otherwise impose any encumbrances on or grant to any third party any rights attaching to, those Domestic Share(s) held by such Independent Domestic Shareholder (other than those Domestic Shares (the “**Charged Shares**”) pledged by an Independent Domestic Shareholder in favour of a chargee) before the date on which Speed Top pays the Cancellation Price to such Independent Domestic Shareholder; and
- (ii) the relevant Independent Domestic Shareholder who pledged the Charged Shares as mentioned in sub-paragraph (i) immediately above unconditionally and irrevocably further undertakes not to sell, transfer, dispose or further pledge, or otherwise further impose any encumbrances on or grant to any third party any rights attaching to those Charged Shares held by such Independent Domestic Shareholder; not to do any act or omission which would constitute the security over the Charged Shares becoming enforceable or enable the chargee to exercise or dispose of the Charged Shares, together with the shareholder’s rights attached thereto; and shall at all relevant times remain as a beneficial owner of the Charged Shares and continue to be entitled to the voting rights attaching to the Charged Shares, before the date on which Speed Top pays the Cancellation Price to such Independent Domestic Shareholder.

If the Merger has not become unconditional on or before the Long Stop Date, or for any reason is not approved or lapses or is terminated, the Irrevocable Undertakings shall forthwith terminate and cease to be legally binding upon the Independent Domestic Shareholders.

### 7. REASONS FOR AND BENEFITS OF THE PROPOSAL

Speed Top and the Company consider that the Proposal is beneficial to Speed Top, the Company and/or the Shareholders (as the case may be) for the following reasons:

- (i) **Enhance opportunities of the Group in the server market and improve the corporate value and financing ability of Speed Top**

As dually driven by market demand and the support of government policies, the server industry is heading into a new stage of development bringing ample opportunities to the existing core business of the Company. The Company intends to expand its existing server, storage and solution provider businesses to clients from specialised industries such as military industry and information technology application innovation industry which are subject to foreign investment restrictions under the laws of the PRC. Prior to the Merger, the Company is owned as to 25% by the H

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## LETTER FROM THE BOARD OF SPEED TOP

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Shareholders and is therefore prohibited from providing such server-related businesses to clients from military industry and information technology application innovation industry. The Merger, if materialised, will result in change in the capital structure of the Group and enable the Group to explore and capture opportunities in the server, storage and solution provider service markets that were originally restricted to service providers which are substantially owned by domestic shareholders. The Merger may also increase publicity of the Group which may further arouse brand awareness and recognition from its customers. Meanwhile, the absorption of the Company by Speed Top following the Merger may increase the size and scale as well as the overall corporate value of Speed Top, thereby enhance the ability of Speed Top to seek for additional external financing.

### **(ii) Lack of benefit from maintaining the listing status of the Company**

The Company has not utilised its listing status for any material equity fund raising activities in recent years, nor has it been able to attract any prospective strategic or financial investors to further commit their resources. The listing status is not expected to provide any benefits to the Company in the near term but has brought administrative, compliance and other listing-related costs and expenses. The Proposal entails the privatisation and delisting of the Company, and is expected to substantially reduce the relevant costs and management resources of the Company to be committed for maintaining its listing status and compliance with regulatory requirements. Furthermore, following the implementation of the Proposal, the Company (after being merged into and absorbed by Speed Top) can be relieved from short-term market expectations and share price fluctuation as a publicly listed company and can focus on its long-term growth.

### **(iii) Low trading liquidity of the H Shares**

The trading liquidity of the H Shares has been at a relatively low level over a prolonged period in recent years. The average daily trading volume of the H Shares for 12 months immediately prior to and including the Last Trading Day was approximately 77,332 H Shares per day, representing only approximately 0.13% of the issued H Shares as of the Last Trading Day and the average daily turnover of approximately HK\$256,000. The low trading liquidity of the H Shares has rendered it difficult for H Shareholders to execute substantial on-market disposals timely without adversely affecting the price of the H Shares. Furthermore, the low trading liquidity of H Shares hinders the Company's ability to raise further funds from the equity market for the Group's business developments.

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## LETTER FROM THE BOARD OF SPEED TOP

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**(iv) An opportunity for the H Shareholders to realise their investment at premium to the trading price levels**

The H Shares have historically been trading at a steep discount to the Group's NAV in a material time during the past 24 months. The monthly average unadjusted closing prices of the H Shares were traded at a discount ranging from 54.4% to 72.4% in the past two years up to and including the date of the Last Trading Day to its NAV per Share (calculated by the lowest and the highest discount of the simple monthly average of the unadjusted closing prices for each of the months from September 2018 to September 2020 over the NAV per Share reported in the nearest published annual or interim financial results available at each of the months from September 2018 to September 2020). A significant discount of market value to the NAV of the Group is to the disadvantage of the Shareholders and implies that the market is in general bearish on the performance of Powerleader and the Shares. The Shareholders might not be able to realise their investments at a price that is close to the NAV per Share. The Proposal allows the Shareholders to realise their shareholding in Powerleader at a higher price-to-book ratio as compared to the historical price-to-book ratios during the past 24 months.

During the period from 25 September 2019 to 25 September 2020 (i.e. 12 months immediately prior to and including the Last Trading Day), the average closing price of the H Shares as quoted on the Stock Exchange was HK\$2.62. The Cancellation Price represents a premium of approximately 49.6% to the average closing price in the above period. Speed Top is of the view that the Merger, if implemented, offers all Shareholders a good opportunity to realise their investments in the Company at a cash consideration representing a premium over the current market price of the H Shares, which normally would not be available through the market, especially given the relatively low level of liquidity of the Shares as discussed in the above paragraph of this section.

**(v) Enhance efficiency and create synergy between Speed Top and the Group**

The Merger will help simplify the Group's organisation structure, enhance internal operational efficiency as well as reduce the time and cost for the internal decision-making process. Given that Speed Top currently does not conduct any business, Speed Top, scaled up by the Group after the Merger, may shift its management focus from short run to long run and devise longer term strategic and implementation plans for future implementations. The synergy created in resources, personnel and businesses of Speed Top and the Group following the Merger will help reduce market competition and mitigate macroeconomic, market and regulatory uncertainties.

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## LETTER FROM THE BOARD OF SPEED TOP

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### 8. FUTURE INTENTION OF SPEED TOP

After the implementation of the Merger, the Company, will merge into and be absorbed by Speed Top as the surviving corporation, and will cease to exist as a separate legal entity. It is the intention of Speed Top that the Group (after the Company has been merged into and absorbed by Speed Top) will continue to operate its existing business after the Merger.

Speed Top has no intention to introduce any major changes to the existing business of the Company (including any redeployment of the fixed assets of the Company) after the implementation of the Merger. Speed Top will conduct a detailed review of the financial position and business operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases, which may or may not lead to changes to the business of the Group in the future. As at the Latest Practicable Date, Speed Top has not identified such investment or business opportunities.

Speed Top has no intention to make any significant changes to the continued employment of the employees of the Company. Following the implementation of the Merger and the de-registration of the Company, the employment contracts of all the employees of the Company will continue with Speed Top as the surviving corporation.

As a result of the Merger, the assets and liabilities, businesses, employees, contracts and all other rights and obligations of the Company will be assumed and succeeded by Speed Top as the surviving entity. The registered capital of Speed Top will not be affected by and will remain unchanged following the Merger.

### 9. INFORMATION ON SPEED TOP

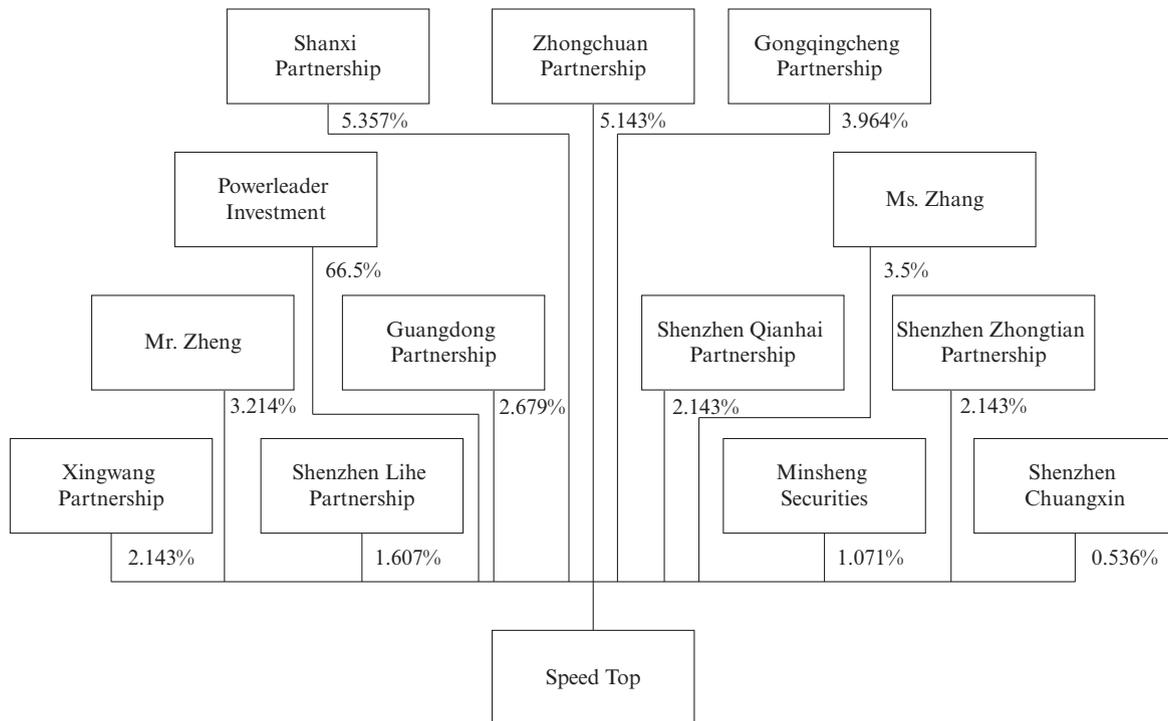
Speed Top is a company established in the PRC with limited liability on 3 June 2005. Speed Top was principally engaged in resale of server room, server racks and bandwidth, and provision of cloud services and content delivery networks (CDN) acceleration services. Speed Top has not conducted any business since July 2020 up to the Latest Practicable Date.

The registered capital of Speed Top was approximately RMB571.43 million as at the Latest Practicable Date. The total asset value of Speed Top as at 31 December 2019 amounted to approximately RMB361.4 million.

As at the Latest Practicable Date, Speed Top was owned (i) as to approximately 66.50% by Powerleader Investment, (ii) as to approximately 5.357% by 陝西高端裝備製造產業投資基金合夥企業(有限合夥) (Shanxi High-end Equipment Manufacturing Chanye Investment Fund Partnership Enterprise (Limited Partnership)\*) (“**Shanxi Partnership**”), (iii) as to approximately 5.143% by 中船感知海洋無錫產業基金(有限合夥) (Zhongchuan Ganzhi Ocean Wuxi Chanye Fund (Limited Partnership)\*) (“**Zhongchuan Partnership**”), (iv) as to approximately 3.964% by 共青城臨聿股權投資合夥企業(有限合夥) (Gongqingcheng Linyu Equity Investment Partnership Enterprise (Limited Partnership)\*) (“**Gongqingcheng Partnership**”), (v) as to approximately 3.50% by Ms. Zhang, (vi) as to approximately

**LETTER FROM THE BOARD OF SPEED TOP**

3.214% by Mr. Zheng Xuedong (鄭學東) (“**Mr. Zheng**”), (vii) as to approximately 2.679% by 廣東寶創共贏科創股權投資合夥企業(有限合夥) (Guangdong Baochuang Gongying Kechuang Equity Investment Partnership Enterprise (Limited Partnership)\*) (“**Guangdong Partnership**”), (viii) as to approximately 2.143% by 深圳前海紅土併購基金合夥企業(有限合夥) (Shenzhen Qianhai Hongtu Merger Fund Partnership Enterprise (Limited Partnership)\*) (“**Shenzhen Qianhai Partnership**”), (ix) as to approximately 2.143% by 深圳市中天弘德創業投資合夥企業(有限合夥) (Shenzhen City Zhongtian Hongde Chuangye Investment Partnership Enterprise (Limited Partnership)\*) (“**Shenzhen Zhongtian Partnership**”), (x) as to approximately 2.143% by 廈門興旺互聯二號投資合夥企業(有限合夥) (Xiamen Xingwang Internet Investment Limited Partnership II (Limited Partnership)\*) (“**Xingwang Partnership**”), (xi) as to approximately 1.607% by 深圳力合新一代信息技術創業投資合夥企業(有限合夥) (Shenzhen Lihe Xinyidai Information Technology Chuangye Investment Partnership Enterprise (Limited Partnership)\*) (“**Shenzhen Lihe Partnership**”), (xii) as to approximately 1.071% by 民生證券投資有限公司 (Minsheng Securities Investment Co., Ltd.\*) (“**Minsheng Securities**”) and (xiii) as to approximately 0.536% by 深圳市創新投資集團有限公司 (Shenzhen City Chuangxin Investment Group Co., Ltd.\*) (“**Shenzhen Chuangxin**”) respectively.)



Powerleader Investment was in turn owned as to approximately 37.34% by Mr. Li, as to approximately 57.33% by Powerleader Asset Management and as to approximately 5.33% by Ms. Zhang respectively. Powerleader Asset Management was owned as to 87.5% by Mr. Li and as to 12.5% by Ms. Zhang respectively.

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## LETTER FROM THE BOARD OF SPEED TOP

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The limited partners of Shanxi Partnership are 陝西金融控股集團有限公司 (Shanxi Finance Holdings Group Co., Ltd.\*) and 陝西綠色發展基金合夥企業(有限合夥) (Shanxi Green Development Fund Partnership Enterprise (Limited Partnership)\*), whereas the general partner of Shanxi Partnership is 陝西投資基金管理有限公司 (Shanxi Investment Fund Management Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

The limited partner of Zhongchuan Partnership is 中船投資發展有限公司 (Zhongchuan Investment Development Co., Ltd.\*), whereas the general partner of Zhongchuan Partnership is 海盛產業投資基金管理(江蘇)有限公司 (Haisheng Chanye Investment Fund Management (Jiangsu) Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

The limited partners of Gongqingcheng Partnership are Wu Han (吳菡), Zhou Yun (周贇), 共青城蘭平二號股權投資合夥企業(有限合夥) (Gongqingcheng Lanping Equity Investment Partnership Enterprise II (Limited Partnership)\*), Zhang Zeping (張澤平), Hou Hongliang (侯紅亮) (“**Mr. Hou**”), Ying Lixiang (應麗香), Li Hanying (龐韓英), Zhang Li (張莉) and Yang Bo (楊博), whereas the general partner of Gongqingcheng Partnership is 上海臨芯投資管理有限公司 (Shanghai Linxin Investment Management Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

The limited partners of Guangdong Partnership are 廣東鴻發投資集團有限公司 (Guangdong Hongfa Investment Group Co., Ltd.\*), Chai Pengfei (柴鵬飛), Mai Jianwen (麥建文), Zhong Jianxin (鐘建新), Bao Fagen (鮑發根), Peng Zhiyong (彭志勇) and Xie Huiwei (謝會偉), whereas the general partner of Guangdong Partnership is 前海寶創投資管理(深圳)有限公司 (Qianhai Baochuang Investment Management (Shenzhen) Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

The limited partners of Shenzhen Qianhai Partnership are 深圳市引導基金投資有限公司 (Shenzhen City Yindao Fund Investment Co., Ltd.\*) (“**Shenzhen Yindao**”), Shenzhen Chuangxin, 廣東粵財產業投資基金合夥企業(有限合夥) (Guangdong Yuecai Chanye Investment Fund Partnership Enterprise (Limited Partnership)\*), 深圳市紅土海川創新產業股權投資基金合夥企業(有限合夥) (Shenzhen City Hongtu Haichuan Chuangxin Chanye Equity Investment Fund Partnership Enterprise (Limited Partnership)\*), 深圳市寶安區產業投資引導基金有限公司 (Shenzhen City Baoanqu Chanye Investment Yindao Fund Co., Ltd.\*), 珠海格力創業投資有限公司 (Zhuhai Geli Chuangye Investment Co., Ltd.\*), 深圳市匯通金控基金投資有限公司 (Shenzhen City Huitong Jinkong Fund Investment Co., Ltd.\*), 深創投鴻瑞(珠海)產業投資基金(有限合夥) (Shenchuangtong Hongduan (Zhuhai) Chanye Investment Fund (Limited Partnership)\*) and Shanghai Dazhong (as defined below), whereas the general partner of Shenzhen Qianhai Partnership is 深創投併購基金管理(深圳)有限公司 (Shenchuangtong Merger and Acquisition Fund Management (Shenzhen) Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

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## LETTER FROM THE BOARD OF SPEED TOP

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The limited partners of Shenzhen Zhongtian Partnership are Mr. Zheng, Xu Ming (徐銘), Pan Yao (潘瑤), Mr. Hou, Lu Juwa (盧菊娃), Tang Jianxiong (唐建雄), Wang Qian (王倩), Shao Shilong (肖世龍), Lu Weimin (陸偉民) and Zhang Jun Yi (張俊禕), whereas the general partner of Shenzhen Zhongtian Partnership is 深圳健和投資管理有限公司 (Shenzhen Jianhe Investment Management Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

The limited partners of Xingwang Partnership are 上海喜馬拉雅科技有限公司 (Shanghai Ximalaya Technology Co., Ltd.\*), 廈門瓏耀投資有限公司 (Xiamen Longyao Investment Co., Ltd.\*), 廈門金圓投資集團有限公司 (Xiamen Jin Yuan Investment Group Co., Ltd.\*), 廈門市集美區產業投資有限公司 (Xiamen Jimei Industrial Investment Co., Ltd.\*), 青島出版集團有限公司 (Qingdao Publishing Group Co., Ltd.\*), 湖南光控星宸股權投資合夥企業(有限合夥) (Hunan Everbright Xingchen Equity Investment Partnership Enterprise (Limited Partnership)\*), 寧波梅山保稅港區贏平投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Yingping Investment Partnership Enterprise (Limited Partnership)\*), 上海盛維東方嘉睿股權投資基金合夥企業(有限合夥) (Shanghai SVB Orient Jiarui Equity Investment Fund Partnership Enterprise (Limited Partnership)\*) and 江蘇溧陽光控股權投資合夥企業(有限合夥) (Jiangsu Liyang Everbright Equity Investment Partnership Enterprise (Limited Partnership)\*), whereas the general partner of Xiamen Partnership is 廈門興旺至誠投資管理有限公司 (Xiamen Xingwang Zhicheng Investment Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

The limited partners of Shenzhen Lihe Partnership are 工銀(深圳)股權投資基金合夥企業(有限合夥) (Gongyin (Shenzhen) Equity Investment Fund Partnership Enterprise (Limited Partnership)\*), 深圳市龍華區引導基金投資管理有限公司 (Shenzhen City Longhuaqu Yindao Fund Investment Management Co., Ltd.\*) and Shenzhen Yindao, whereas the general partner of Shenzhen Lihe Partnership is 深圳市力合科創創業投資有限公司 (Shenzhen City Lihe Kechuang Chuangye Investment Co., Ltd.\*). According to the Shareholders Registers, none of the aforesaid parties are registered Shareholders as at the Latest Practicable Date.

Minsheng Securities is wholly-owned by Minsheng Securities Co., Ltd. (民生證券股份有限公司) which is in turn owned, among others, as to approximately 44.52% by Oceanwide Holdings Co., Ltd. (泛海控股股份有限公司) (“**Oceanwide**”), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000046). As at the Latest Practicable Date, the controlling shareholder of Oceanwide is Lu Zhiqiang (盧志强) and, according to the Shareholders Registers, none of the aforesaid parties are registered Shareholders.

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## LETTER FROM THE BOARD OF SPEED TOP

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Shenzhen Chuangxin is owned, among others, as to approximately 28.2% by 深圳市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government\*) (“**Shenzhen SASAC**”), as to approximately 20% by Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發有限公司), as to approximately 16.36% by Shenzhen Capital Holdings Co., Ltd. (深圳市資本運營集團有限公司), as to approximately 10.8% by 上海大眾公用事業(集團)股份有限公司 (Shanghai Dazhong Public Utilities (Group) Co., Ltd\*) (“**Shanghai Dazhong**”), whose shares are respectively listed on the Shanghai Stock Exchange (stock code: 600635) and the Stock Exchange (stock code: 1635), and as to approximately 5.03% by Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000027), respectively. As at the Latest Practicable Date, Shenzhen SASAC is the ultimate beneficial owner of Shenzhen Chuangxin and, according to the Shareholders Registers, none of the aforesaid parties are registered Shareholders.

Accordingly, Mr. Li, Ms. Zhang, Powerleader Asset Management and Powerleader Investment are the principal members of the concert group of Speed Top.

### **10. INFORMATION ON POWERLEADER INVESTMENT AND POWERLEADER ASSET MANAGEMENT**

Powerleader Investment is a company established in the PRC with limited liability on 14 March 2005 and is principally engaged in investment-holding, while Powerleader Asset Management is a company established in the PRC with limited liability on 21 March 2014 and is principally engaged in investment-holding. For details of the shareholding structure of Powerleader Investment and Powerleader Asset Management, please refer to the section headed “*Information on Speed Top*” above.

### **11. FURTHER INFORMATION**

Your attention is drawn to the section headed “*Summary of Other Terms and Conditions and Important Information of the Merger Agreement*” on pages 72 to 81 of this Composite Document, as well as the other information set out in the rest of this Composite Document.

Yours faithfully,  
For and on behalf of  
深圳市速必拓網絡科技有限公司  
**SHENZHEN SPEED TOP NETWORK TECHNOLOGY CO., LTD.\***  
**Zhang Yunxia**  
*Executive Director*

\* For identification purposes only



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

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

**(Stock Code: 8236)**

*Executive Directors:*

Zhang Yunxia (*Chairman of the Board*)

Dong Weiping (*Chief Executive Officer*)

*Non-Executive Director:*

Li Ruijie (*Vice-chairman of the Board*)

*Independent Non-Executive Directors:*

Jiang Baijun

Guo Wanda

Chan Shiu Yuen Sammy

*Registered office:*

11th Floor, Tower C, Shenzhen

International Innovation Centre  
(Futian Technology Square)

No. 1006 Shennan Road Central

Xintian Community

Huafu Sub-district

Futian District

Shenzhen

The People's Republic of China

*Principal place of business in Hong Kong:*

Unit 102, 1/F

Sunbeam Centre

27 Shing Yip Street

Kwun Tong

Kowloon

Hong Kong

20 November 2020

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF POWERLEADER  
BY SPEED TOP BY WAY OF MERGER  
BY ABSORPTION OF POWERLEADER  
AND  
PROPOSED WITHDRAWAL OF LISTING**

**1. INTRODUCTION**

Speed Top and the Company entered into the Merger Agreement on 25 September 2020 (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020), pursuant to which Speed Top and the Company will implement the Merger subject to the terms and conditions thereunder.

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## LETTER FROM THE BOARD OF POWERLEADER

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After the Merger, the Company will be merged into and absorbed by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles and all Shares will be cancelled.

The purpose of this Composite Document is to provide you with further information regarding the Proposal and the Merger and to give you notices of the EGM and the Class Meetings. Your attention is also drawn to the letter from the board of Speed Top, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the sections headed “*Additional Information regarding the Proposal*” and “*Summary of Other Terms and Conditions and Important Information of the Merger Agreement*” set out in this Composite Document.

### 2. MERGER

Pursuant to the Merger Agreement, Speed Top and the Company agreed that subject to and conditional upon the fulfillment (or waiver, where applicable) of the Conditions as set out respectively in the sections headed “*Principal terms of the Merger Agreement — Conditions to effect the Merger Agreement*” and “*Principal terms of the Merger Agreement — Conditions to the implementation of the Merger*” below, Speed Top will pay the Cancellation Price in the amount of:

- (i) RMB3.38 per Domestic Share to the Domestic Shareholders (other than Powerleader Investment as described in the section headed “*Cancellation Price — Funding for the Proposal*” below); and
- (ii) such Hong Kong dollars per H Share, which is equivalent to the Cancellation Price of each Domestic Share based on the Exchange Rate of RMB1: HK\$1.16, to the H Shareholders, being HK\$3.92 per H Share.

The aggregate amount of the Cancellation Price required to be paid by Speed Top to cancel (i) the H Shares held by the H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders (other than the Domestic Shares owned by Powerleader Investment) are approximately HK\$238,140,000 and RMB270,621,390 respectively based on 60,750,000 H Shares and 80,065,500 Domestic Shares (other than the Domestic Shares owned by Powerleader Investment) in issue and to be cancelled under the Merger Agreement as at the Latest Practicable Date.

Subject to and upon the Merger becoming unconditional in all respects, the Company will make an application to the Stock Exchange for the listing of the H Shares on GEM to be voluntarily withdrawn on the Delisting Date. Following the de-registration of the Company, the Company will be merged into and absorbed by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles, and will cease to exist as a separate legal entity in the PRC. Following the completion of the Merger, all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company will be assumed and succeeded by Speed Top as the surviving entity. The registered capital of Speed Top will not be affected by and will remain unchanged following the Merger. The Proposal is made by Speed Top to all the Shareholders (including Powerleader Investment).

### 3. PRINCIPAL TERMS OF THE MERGER AGREEMENT

Your attention is drawn to the section headed “*Principal Terms of the Merger Agreement*” in the letter from the board of Speed Top on pages 13 to 22 of this Composite Document which sets out the principal terms and conditions of the Merger Agreement.

The Company would not terminate the Merger Agreement in accordance with the paragraph headed “*Termination*” in the section headed “*Principal Terms of the Merger Agreement*” in the letter from the board of Speed Top as a basis for not proceeding with the Merger unless the circumstances which give rise to the right to invoke any such Condition or termination right are of material significance to the Company in the context of the Merger.

#### WARNING

**The Merger Agreement is subject to and conditional upon, among others, the fulfilment of the conditions to effect the Merger Agreement set out in this Composite Document. Further, Shareholders and/or potential investors should be aware that the implementation of the Merger is subject to the conditions to the implementation of the Merger set out in this Composite Document being fulfilled (or waived, where applicable). Neither Speed Top nor the Company provides any assurance that any or all Conditions can be fulfilled or, where applicable, waived, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and/or potential investors should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

### 4. CANCELLATION PRICE

The Cancellation Price is RMB3.38 per Domestic Share and HK\$3.92 per H Share (equivalent to the Cancellation Price of RMB3.38 per Domestic Share based on the Exchange Rate of RMB1: HK\$1.16).

The Cancellation Price was determined with reference to the market trading price of the H Shares on GEM during the three years preceding the publication of the Joint Announcement. **Speed Top will not increase the Cancellation Price as set out above and does not reserve the right to do so.**

#### 4.1. Comparison of Value

The Cancellation Price per H Share represents:

- (i) a premium of approximately 14.6% over the closing price of HK\$3.42 per H Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE BOARD OF POWERLEADER

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- (ii) a premium of approximately 10.1% over the average closing price of approximately HK\$3.56 per H Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 10.1% over the average closing price of approximately HK\$3.56 per H Share based on the daily closing prices as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 10.1% over the average closing price of approximately HK\$3.56 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 12.0% over the average closing price of approximately HK\$3.50 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 19.1% over the average closing price of approximately HK\$3.29 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a discount of approximately 50.9% to the NAV of approximately RMB6.89 (equivalent to approximately HK\$7.99) per Share as of 31 December 2019; and
- (viii) a discount of approximately 51.5% over the NAV of approximately RMB6.97 (equivalent to approximately HK\$8.09) per Share as of 30 June 2020.

### **4.2. Funding for the Proposal**

Your attention is drawn to the section headed “*Funding for the Proposal*” in the letter from the board of Speed Top on pages 23 to 24 of this Composite Document which sets out the details of the funding for the Proposal.

### **5. IRREVOCABLE UNDERTAKINGS BY THE INDEPENDENT DOMESTIC SHAREHOLDERS**

Your attention is drawn to the section headed “*Irrevocable Undertakings by the Independent Domestic Shareholders*” in the letter from the board of Speed Top on pages 24 to 25 of this Composite Document which sets out the details of the Irrevocable Undertakings.

## **6. REASONS FOR AND BENEFITS OF THE PROPOSAL**

Your attention is drawn to the section headed “*Reasons for and Benefits of the Proposal*” in the letter from the board of Speed Top on pages 25 to 27 of this Composite Document which sets out the reasons for and benefits of the Proposal.

## **7. FUTURE INTENTIONS OF SPEED TOP**

Your attention is drawn to the section headed “*Future Intention of Speed Top*” on page 28 of this Composite Document which sets out the intention of Speed Top regarding the Group and its employees. The Board has noted and welcomes such intentions.

## **8. GENERAL INFORMATION**

### **8.1. Information on Speed Top, Powerleader Investment and Powerleader Asset Management**

Your attention is drawn to the sections respectively headed “*Information on Speed Top*” and “*Information on Powerleader Investment and Powerleader Asset Management*” in the letter from the board of Speed Top on pages 28 to 32 of this Composite Document which sets out the information on Speed Top, Powerleader Investment and Powerleader Asset Management respectively.

### **8.2. Information on the Company**

The Company was a limited liability company established in Shenzhen, the PRC in 1997 and was reformed to a joint stock company in 2001. With the approval from the China Securities Regulatory Commission on 13 May 2002 via Zhengjianguohezi [2002] No.10 “Reply of the agreement to issue of overseas listed shares by Shenzhen Powerleader Science & Technology Co., Limited” (證監國合字[2002] 10號文《同意深圳市寶德科技股份有限公司發行境外上市外資股的批復》), the H Shares subsequently became listed on GEM.

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

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**LETTER FROM THE BOARD OF POWERLEADER**

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**8.3. Shareholding Structure of the Company**

As at the Latest Practicable Date, the issued share capital of the Company comprises 60,750,000 H Shares and 182,250,000 Domestic Shares.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date:

<b>Shareholders</b>	<b>Number of Shares</b>	<b>Approximate % of Domestic Shares/ H Shares (Note 2)</b>	<b>Approximate % of total issued share capital (Note 2)</b>
<b>Domestic Shares</b>			
<i>Speed Top and parties acting in concert with it</i>			
Powerleader Investment (Note 1)	102,184,500	56.07%	42.05%
<i>Other Shareholders</i>			
Independent Domestic Shareholders (Note 3)	<u>80,065,500</u>	<u>43.93%</u>	<u>32.95%</u>
<b>Sub-total</b>	182,250,000	100.00%	75.00%
<b>H Shares</b>			
<i>Speed Top and parties acting in concert with it</i>	—	—	—
<i>Other Shareholders</i>			
Independent H Shareholders	<u>60,750,000</u>	<u>100.00%</u>	<u>25.00%</u>
<b>Sub-total</b>	<u>60,750,000</u>	<u>100.00%</u>	<u>25.00%</u>
<b>Total</b>	<u><u>243,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

*Notes:*

- Powerleader Investment is owned as to approximately 37.34%, 57.33% and 5.33% by Mr. Li, Powerleader Asset Management and Ms. Zhang respectively. Powerleader Asset Management is in turn wholly owned by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively. Speed Top is held by, among others, Powerleader Investment and Ms. Zhang as to approximately 66.50% and approximately 3.50% respectively.

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## LETTER FROM THE BOARD OF POWERLEADER

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2. The percentage figures may not add up to 100% due to rounding.
3. As at the Latest Practicable Date, there are a total of 6 Independent Domestic Shareholders, namely (i) Hengtong Dayuan, (ii) Qushui Shiji, (iii) Yali'anda, (iv) Jinbo Litong, (v) Jiachuang Partnership and (vi) Zhizheng Partnership. Hengtong Dayuan, Qushui Shiji, Yali'anda, Jinbo Litong, Jiachuang Partnership and Zhizheng Partnership own 31,851,750, 15,963,750, 15,000,000, 7,250,000, 5,000,000 and 5,000,000 Domestic Shares respectively.

As at the Latest Practicable Date, Speed Top does not own or have control or direction over any voting rights or rights over the Shares, while Powerleader Investment (the holding company of Speed Top and a concert party of Speed Top) is interested in 102,184,500 Domestic Shares, representing approximately 56.07% of the total issued Domestic Shares and approximately 42.05% of the total issued Shares. The Independent Domestic Shareholders are interested in 80,065,500 Domestic Shares, representing approximately 43.93% of the total issued Domestic Shares and approximately 32.95% of the total issued Shares.

As at the Latest Practicable Date, 60,750,000 H Shares are owned by the public, representing 100% of the total issued H Shares and 25% of the total issued Shares.

As at the Latest Practicable Date, the Company does not have in issue any outstanding options, warrants, derivatives or securities convertible into Shares.

### **9. PROPOSED WITHDRAWAL OF LISTING OF H SHARES**

Subject to and upon the Merger becoming unconditional in all respects, the Company will make an application to the Stock Exchange for the voluntary withdrawal of the listing of the H Shares on GEM in accordance with Rule 9.23(2) of the GEM Listing Rules. The Shareholders will be notified by way of announcement(s) of the dates and relevant arrangements for the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on GEM will become effective.

The listing of the H Shares on GEM will not be withdrawn if the Merger is not approved or lapses or is terminated or does not become unconditional for any reason on or before the Long Stop Date. In such circumstances, given that the Merger will not materialise, the H Shares will remain listed and traded on GEM and the Company is expected to continue to satisfy the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

### **10. OVERSEAS SHAREHOLDERS**

Attention of Shareholders who are not resident in Hong Kong is drawn to the section headed "*Additional Information Regarding the Proposal — Overseas Shareholders*" on page 66 of this Composite Document.

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## LETTER FROM THE BOARD OF POWERLEADER

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### 11. HONG KONG STAMP DUTY AND TAX ADVICE

You are urged to read the section headed “*Additional Information Regarding the Proposal — Hong Kong Stamp Duty and Taxation Advice*” on page 67 of this Composite Document.

The Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Proposal or exercising the Fair Price Acquisition Right. None of Speed Top, the Company and their respective parties acting in concert, ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or exercise of the Fair Price Acquisition Right.

### 12. BOARD APPROVAL, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board (except for Ms. Zhang and Mr. Li who had abstained from voting) approved the Proposal and its related matters at its Board meeting on 25 September 2020.

The Board has established the Independent Board Committee, consisting of all the independent non-executive directors of the Company who have no direct or indirect interest in the Proposal, being Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun. Mr. Li, being a non-executive director of the Company, is also a controlling shareholder of Powerleader Investment (the holding company of Speed Top) and therefore has material interest in the Proposal. Accordingly, Mr. Li has not been appointed as a member of the Independent Board Committee. The full text of the letter from the Independent Board Committee is set out on pages 43 to 44 of this Composite Document.

Altus Capital Limited has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee in respect of the Proposal. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 to the Takeovers Code. The full text of the letter of advice from Altus Capital Limited in respect of the Proposal is set out on pages 45 to 61 of this Composite Document.

### **13. MEETINGS**

The EGM, the Domestic Share Class Meeting and the H Share Class Meeting will be convened to consider and, if thought fit, approve the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder. The EGM will be held at 2:00 p.m., the Domestic Share Class Meeting will be held at 3:00 p.m. (or immediately after the conclusion of the EGM) and the H Share Class Meeting will be held at 4:00 p.m. (or immediately after the conclusion of the Domestic Share Class Meeting), respectively on 11 December 2020 (Friday) at Main Conference Room, 11th Floor, Tower C, Shenzhen International Innovation Centre, No. 1006 Shennan Road, Futian District, Shenzhen, the PRC. The notices of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting are set out in Appendices III, IV and V to this Composite Document.

Whether or not you intend to attend the EGM and/or the Class Meetings, you are reminded to complete the proxy form(s) enclosed with this Composite Document, in accordance with the instructions printed thereon and return the same to (i) the Company's H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) or (ii) the Company's registered office 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 PRC (for Domestic Shareholders only), as soon as possible but in any event not less than 24 hours before the time fixed for holding such meetings or any adjournment thereof. Completion and return of the said proxy form(s) will not prevent you from attending, and voting in person at, such meetings or any adjournment thereof if you so wish. In the event that you attend and vote at any of such meetings or any adjournment thereof after having deposited the relevant proxy form(s), such proxy form(s) will be deemed to have been revoked.

Your attention is also drawn to the section headed "*Additional Information Regarding the Proposal — Actions to be Taken by the Shareholders*" on pages 64 to 66 of this Composite Document.

### **14. SHARE CERTIFICATES, LISTING AND DISSENTING SHAREHOLDERS**

Your attention is drawn to the sections respectively headed "*Additional Information Regarding the Proposal — Share Certificates, Dealings and Listing*" and "*Additional Information Regarding the Proposal — Actions to be Taken by the Shareholders*" on pages 62 and 64 to 66 of this Composite Document.

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## LETTER FROM THE BOARD OF POWERLEADER

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### 15. RECOMMENDATION

Your attention is drawn to the letter from the Independent Financial Adviser to the Independent Board Committee set out on pages 45 to 61 of this Composite Document and the letter from the Independent Board Committee to the Independent Shareholders set out on pages 43 to 44 of this Composite Document, which contain, among others, their advice and recommendations in relation to the Proposal.

### 16. FURTHER INFORMATION

You are advised to read carefully the letter from the Independent Board Committee on pages 43 to 44 of this Composite Document, the letter from the Independent Financial Adviser on pages 45 to 61 of this Composite Document, the section headed “*Additional Information Regarding the Proposal*” on pages 62 to 67 of this Composite Document and the section headed “*Summary of Other Terms and Conditions and Important Information of the Merger Agreement*” on pages 72 to 81 of this Composite Document and all the appendices to this Composite Document. The forms of proxy in respect of the EGM and the Class Meetings are enclosed with this Composite Document.

Yours faithfully,  
For and on behalf of the Board of  
宝德科技集團股份有限公司  
(Powerleader Science & Technology Group Limited\*)  
Dong Weiping  
*Director*

\* For identification purposes only



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

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

**(Stock Code: 8236)**

20 November 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF POWERLEADER  
BY SPEED TOP BY WAY OF MERGER  
BY ABSORPTION OF POWERLEADER  
AND  
PROPOSED WITHDRAWAL OF LISTING**

**1. INTRODUCTION**

We refer to the Composite Document dated 20 November 2020 jointly issued by the Company and Speed Top, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to make recommendations to you as to whether the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned and whether to vote in favour of the Proposal.

Altus Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise and make recommendations to us as to whether the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned and whether to vote in favour of the Proposal. Details of its advice and recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the letter from the Independent Financial Adviser on pages 45 to 61 in the Composite Document.

We also wish to draw your attention to the letter from the board of Speed Top, the letter from the Board of Powerleader and the additional information set out in the Composite Document, including the Appendices to the Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### 2. RECOMMENDATION

Having considered the principal factors and reasons considered by, and the advice and recommendation of, the Independent Financial Adviser as set out in its letter, we concur with the view of the Independent Financial Adviser, and consider the terms of the Proposal to be fair and reasonable so far as the Independent Shareholders are concerned and recommends the Independent Shareholders to vote in favour of the Proposal.

Notwithstanding our views and recommendation in respect of the Proposal, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,

The Independent Board Committee

宝德科技集團股份有限公司

(Powerleader Science & Technology Group Limited\*)

**Mr. Chan Shiu Yuen Sammy**

*Independent non-executive  
director*

**Dr. Guo Wanda**

*Independent non-executive  
director*

**Mr. Jiang Baijun**

*Independent non-executive  
director*

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from Altus Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal for the purpose of inclusion in this Composite Document.*

# ALTUS

**Altus Capital Limited**  
21 Wing Wo Street  
Central  
Hong Kong

20 November 2020

*To the Independent Board Committee*

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

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF POWERLEADER  
BY SPEED TOP BY WAY OF MERGER  
BY ABSORPTION OF POWERLEADER  
(2) PROPOSED WITHDRAWAL OF LISTING**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Proposal. Details of the Proposal are set out in the “Letter from the Board of Speed Top” contained in the Composite Document dated 20 November 2020, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Speed Top and the Company entered into the Merger Agreement on 25 September 2020 (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020), pursuant to which Speed Top and the Company will implement the Merger subject to the terms and conditions thereunder.

After the Merger, the Company will be merged into and absorbed by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles and all Shares will be cancelled.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, consisting of all the independent non-executive directors of the Company who have no direct or indirect interest in the Proposal, being Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun, has been established by the Board to make recommendations to the Independent Shareholders as to: (i) whether the terms of the Proposal are fair and reasonable; and (ii) whether to vote in favour of the Proposal at the EGM and the H Share Class Meeting.

As the independent financial adviser with respect to the Proposal, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to (i) whether the terms of the Proposal are fair and reasonable; and (ii) whether the Independent Shareholders should vote in favour of the Proposal at the EGM and the H Share Class Meeting.

We are independent of and not associated or connected with the Company or Speed Top, their respective controlling shareholders or any parties acting in concert with any of them. We had previously acted, and are acting as the independent financial adviser to the Company with regard to certain connected transactions, details of which are set out in the circulars of the Company dated 17 August 2020 and 16 October 2020 respectively. Save for the aforesaid engagements, 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 Composite Document. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Proposal is at market level and not conditional upon the outcome of the Proposal; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Group or Speed Top (other than our said remuneration), their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms, we are independent of the Group and can act as the independent financial adviser to the Independent Board Committee in respect of the Proposal.

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Composite Document; (ii) the Joint Announcement; (iii) the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”); (v) the third quarterly report of the Company for the nine months ended 30 September 2020 (the “**2020 3Q Report**”); and (vi) other announcements made by the Company during the year ended 31 December 2019 and up to the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us by 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 Composite Document and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Company and we will notify the Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us 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 the Composite Document, and information relating to the Group provided to us by the Group, the Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and 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 conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on the Shareholders of accepting or rejecting the Proposal, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Shareholders as a result of the Proposal. In particular, the Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

### **PRINCIPAL TERMS OF THE MERGER AGREEMENT**

#### **Consideration**

Pursuant to the Merger Agreement, subject to the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger as respectively set out in the paragraphs headed “Conditions to effect the Merger Agreement” and “Conditions to the implementation of the Merger” in the Composite Document, Speed Top will pay the Cancellation Price in the amount of (i) RMB3.38 per Domestic Share to the Domestic Shareholders (other than Powerleader Investment); and (ii) such Hong Kong dollars per H Share, which is equivalent to the Cancellation Price of each Domestic Share based on the Exchange Rate of RMB1: HK\$1.16, to the H Shareholders, being HK\$3.92 per H Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **Conditions to effect the Merger Agreement and implementation of the Merger**

The Merger Agreement shall become effective subject to, among others (a) approval by the shareholders of Speed Top (which have been obtained as at the date of this Composite Document); (b) approval by the Shareholders at the EGM in accordance with the laws in the PRC and the Articles; (c) approval by the Independent H Shareholders at the H Share Class Meeting; (d) approval by the Independent Domestic Shareholders at the Domestic Share Class Meeting; and (e) all necessary approval from all relevant regulatory bodies in the PRC and Hong Kong (if applicable). Please refer to the “Letter from the Board of Speed Top” of the Composite Document for further details.

We also noted that the implementation of the Merger shall be subject to and conditional upon certain conditions as detailed in the “Letter from the Board of Speed Top” in this Composite Document. If any of the aforesaid conditions to the implementation of the Merger has not been fulfilled (or waived, where applicable) on or before the Long Stop Date, the Merger Agreement shall terminate.

### **Rights of the Dissenting Shareholders**

We noted that any Dissenting Shareholder who intends to exercise the Fair Price Acquisition Right may exercise such right by serving a written notice to the Company and/or any Consenting Shareholder requesting them to acquire the relevant Shares held by such Dissenting Shareholder at a “fair price”. Speed Top shall, at the request of Powerleader and/or the relevant Consenting Shareholders, bear and assume any possible liability owed by Powerleader and/or such Consenting Shareholders to the Dissenting Shareholder in relation to the exercise of the Fair Price Acquisition Right by such Dissenting Shareholder. For further details, please refer to the “Letter from the Board of Speed Top” in this Composite Document.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

### **1. Background information of the Group**

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

As at the Latest Practicable Date, Powerleader Investment (the holding company of Speed Top) is interested in approximately 42.05% of the total issued Shares of the Company.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**1.1. Financial information**

Set out below is a table summarising certain financial information of the Group as extracted from the 2020 Interim Report and 2019 Annual Report.

	Nine months ended		Year ended	
	30 September		31 December	
	2020	2019	2019	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	2,667.0	2,666.6	3,915.0	3,464.8
— Revenue from server, storage and solution provider business	2,256.0	2,540.3	3,537.3	3,014.2
— Electronic equipment and components (non-server and storage) distribution business	322.5	59.9	282.6	379.6
— Guangzhou Internet Data Centre business	70.1	49.3	62.5	49.0
— Industrial park development, operation and property management business	9.1	6.9	10.3	6.2
— Industrial investment business	9.4	10.3	22.2	15.8
Gross profit	277.2	293.8	415.4	336.8
Profit for the year/period	96.7	127.4	159.0	45.3
Net profit attributable to owners of the Company (excluding non-recurring profit and loss) <sup>(Note)</sup>	NA	NA	33.5	5.8

*Note:* Non-recurring profit for the year was extracted from supplemental information of financial statements in the annual reports of the Group, and principally comprises gain on disposal of non-current assets, government grants not related to the Group's business and funds-use income.

	As at	As at
	30 June	31 December
	2020	2019
	<i>RMB (million)</i>	<i>RMB (million)</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Non-current assets	1,331.9	1,316.6
Current assets	3,719.3	3,263.2
Total assets	5,051.2	4,579.8
Total liabilities	2,913.0	2,490.0
Total equity	2,138.2	2,089.8
Total equity attributable to shareholders of the parent	1,693.6	1,673.7

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Year ended 31 December 2019 (“FY2019”) compared to year ended 31 December 2018 (“FY2018”)*

Income from the principal business of server, storage and solution provider and electronic equipment and components (non-server and storage) distribution business accounted for approximately 87.0% and 90.4% of the Group’s total revenue for FY2018 and FY2019 respectively. The increase of approximately 13.0% in revenue of the Group from FY2018 to FY2019 was primarily contributed by the revenue increase of approximately 17.4% in the server, storage and solution provider business, which was mainly attributable to the continuous rapid growth in revenue from the distribution business under this segment during the year. We noted that the revenue from electronic equipment and components (non-server and storage) distribution business decreased by approximately 25.6%, which was mainly due to the continuous business reorganisation of the Group during the year that resulted in the closure or suspension of a business.

The increase in gross profit of the Group from FY2018 to FY2019 was generally in line with the revenue growth. The increase in net profit of the Group for FY2019 by approximately 251.0% from FY2018 was mainly due to the improvement in gross profit of approximately RMB78.6 million and the significant increase in non-recurring profit of approximately RMB79.8 million recognised during FY2019 which mainly comprised gain on disposal of non-current assets, government grants not related to the Group’s business and funds-use income.

*Nine months ended 30 September 2020 (“9MFY2020”) compared to nine months ended 30 September 2019 (“9MFY2019”)*

Revenue of the Group for 9MFY2020 was stable comparing to 9MFY2019, which was primarily attributable to the net effect of (i) the significant growth in home appliance distribution business under the electronic equipment and components (non-server and storage) distribution business of the Group; and (ii) the decrease in revenue from server, storage and solution provider business due to the impact of COVID-19 which had affected the supply chain of overseas suppliers and caused decrease in customer demand.

The Group recorded a decrease in gross profit of approximately 5.7% and a decrease in net profit of approximately 24.1% during 9MFY2020 as compared to 9MFY2019. Such decrease was mainly due to (i) the absence in 9MFY2020 of the significant exchange gain recorded in 9MFY2019; and (ii) the increase in staff cost and related expenses resulting from the expansion of information technology application innovation business under the segment of server, storage and solution provider business.

*Balance sheet analysis*

We noted that there was no material change in the capital structure and balance sheet composition of the Group from 31 December 2019 to 30 June 2020. The Group's total equity amounted to approximately RMB2,138.2 million as at 30 June 2020 compared to approximately RMB2,089.8 million as at 31 December 2019 mainly due to the profit recorded during the six months ended 30 June 2020. The cash and bank balance of the Group was approximately RMB841.8 million as at 31 December 2019 and approximately RMB846.2 million as at 30 June 2020. As at 30 June 2020, aggregate loans of the Group increased slightly to approximately RMB1,324.8 million comparing to RMB1,293.7 million as at 31 December 2019. The Group's gearing ratio (calculated by dividing total borrowings net of cash and cash equivalents, by total equity) remained relatively stable at approximately 21.6% as at 31 December 2019 and approximately 22.4% as at 30 June 2020.

Considering that the book value and the capital structure of the Company were relatively stable, we are of the view that it allows for appropriate and reasonable assessment of the Cancellation Price with reference to P/B ratio as detailed in the paragraph headed "3.3.1. Price-to-book ratio comparison" below.

**1.2. Outlook**

Approximately 87.0%, 90.4% and 82.4% of the Group's revenue was generated from the server, storage and solutions provider business for years ended 31 December 2018 and 2019 and six months ended 30 June 2020 respectively; therefore, the market prospects of this segment will largely affect the performance of the Group. According to the Management, in the first half of 2020, due to the impact of economic downturn, outbreak of COVID-19 and the trade frictions between China and the United States, domestic server market was filled with uncertainties and challenges. To hedge against the epidemic impact on the economy, there has been supportive national policies on the construction progress of new infrastructure such as 5G networks and data centres. The Management is of the view that despite the challenges above, they also provide opportunities for the Group to seize market share. The Management expects the epidemic in China will be under normalised control, and economic recovery will be the focus in the second half of 2020. The Management expects the commencement of these infrastructure projects will usher in a new era of information technologies where cloud computing, big data, artificial intelligence, and block chain will develop rapidly, and market demand for servers will continue to grow. This positive outlook is supported by the facts that (i) there are hundreds of such infrastructure projects under construction in different cities<sup>1</sup>; and (ii) since the beginning of 2020, there have been thousands of projects with total investment of more than RMB2 trillion announced by different provincial and municipal governments in China.

<sup>1</sup> Source: Government reports including: 《重慶市新型基礎設施重大項目建設行動方案(2020–2022年)》、《貴州省5G發展規劃(2020–2022)》、《貴州省大數據戰略行動2020年工作要點》、《廣州市加快推進數字新基建發展三年行動計劃(2020–2022年)》、《湖南省“數字新基建”100個標誌性項目名單(2020年)》、《吉林省新基建“761”工程實施方案》、《山東省數字基礎設施建設指導意見》、《上海市推進新型基礎設施建設行動方案(2020–2022年)》、《蘇州市推進新型基礎設施建設行動方案(2020–2022年)》、《雲南省推進新型基礎設施建設實施方案(2020–2022年)》、《浙江省新型基礎設施建設三年行動計劃(2020–2022年)》

We noted that despite the outbreak of COVID-19, the Company has reported stable financial results during the six months ended 30 June 2020. We understood from the Management per the paragraph above, and agree with its view that the outlook of the industry which the Group operates in should be relatively stable despite the uncertainties surrounding global economies and markets.

In considering the challenges and opportunities mentioned above, the Management is of the view that the Group can be relieved from short-term market expectations and share price fluctuations as a publicly listed company once the Merger is completed; and it can then focus on the Group's long-term growth and execute its business plans more efficiently as a private enterprise. The Board (except for Ms. Zhang and Mr. Li who had abstained from voting as they are shareholders of Speed Top and are considered to be interested in the Proposal) had approved the Proposal and its related matters at its Board meeting on 25 September 2020.

## **2. Background information of Speed Top**

Speed Top is owned as to 66.50% by Powerleader Investment as at the Latest Practicable Date. Speed Top, a company established in the PRC with limited liability on 3 June 2005, was previously principally engaged in resale of server room, server racks and bandwidth, and provision of cloud services and content delivery networks acceleration services. As at the Latest Practicable Date, Speed Top no longer conducts any business.

### ***2.1. Speed Top's intention in relation to the Company***

Speed Top believes the Merger will help simplify the Group's organisation structure, enhance internal operational efficiency as well as reduce the time and cost for its internal decision-making process. Given that Speed Top currently does not conduct any business, Speed Top, scaled up by the Group after the Merger, may shift its management focus from short run to long run and devise longer term strategic and implementation plans for future implementations.

We noted the "*Reasons for and benefits of the Proposal*" as detailed in the letter from the board of Speed Top of this Composite Document and we believe the privatisation makes sense from Speed Top's point of view. From the point of view of Independent H Shareholders, we believe one has to balance between (i) retaining a stake in the Group which in turn may inhibit its growth strategy (as explained by Speed Top above), resulting in the Independent H Shareholders not able to enjoy such upside in any case; and (ii) receiving immediate cash proceeds from a reasonable Cancellation Price, the amount of which can then be deployed towards other investments. Our analysis on the Cancellation Price can be found in the sections below.

### **3. Cancellation Price**

The Cancellation Price is RMB3.38 per Domestic Share and HK\$3.92 per H Share (equivalent to the Cancellation Price of RMB3.38 per Domestic Share based on the Exchange Rate of RMB1: HK\$1.16). The Cancellation Price was determined with reference to the market trading price of the H Shares on GEM during the three years preceding the Last Trading Day.

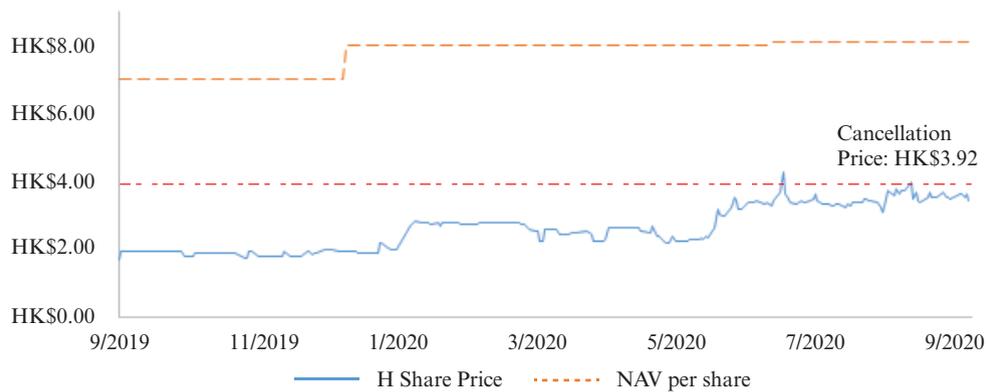
The Cancellation Price per H Share represents:

- (a) a premium of approximately 14.6% over the closing price of HK\$3.42 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 10.1% over the average closing price of approximately HK\$3.56 per H Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 10.1% over the average closing price of approximately HK\$3.56 per H Share based on the daily closing prices as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 10.1% over the average closing price of approximately HK\$3.56 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 12.0% over the average closing price of approximately HK\$3.50 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 19.1% over the average closing price of approximately HK\$3.29 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a discount of approximately 50.9% to the NAV of approximately RMB6.89 (equivalent to approximately HK\$7.99) per Share as of 31 December 2019; and
- (h) a discount of approximately 51.5% to the NAV of approximately RMB6.97 (equivalent to approximately HK\$8.09) per Share as of 30 June 2020.

**3.1. Historical trading price analysis**

In assessing the reasonableness of the Cancellation Price, we have considered the historical prices of the H Shares and compared them to the Cancellation Price. Set out below are the charts showing (i) the movement of the closing prices of the H Shares during the period from 26 September 2019 to 25 September 2020 (being twelve months immediately prior to and including the Last Trading Day) (the “**Review Period**”); (ii) the closing prices of the H Shares compared to the Group’s published NAV per H Share during the Review Period; and (iii) the relative movement of the closing price of the H Shares against the Hang Seng Index (which is widely accepted as a measure of the general performance of the Hong Kong stock market) during the past 12 months before the Last Trading Day, to illustrate the general trend of the H Shares and its performance compared with the Hong Kong stock market in general.

**Price movement of the H Shares during the Review Period**



*Source: HKEx website, Yahoo finance*

**Relative performance of the H Shares against Hang Seng Index during the 12 months up to and including the Last Trading Day**



*Source: HKEx website, Yahoo finance*

*Note:* The closing prices of the H Shares and Hang Seng Index have been re-based to 100 as at 26 September 2019.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the graphs above, the prices of H Shares were ranged-bound between HK\$1.71 and HK\$2.28 from late-2019 up to mid-January 2020. It experienced a notable increase to HK\$2.85 in late-January 2020, and a further increase to HK\$3.53 in mid-June 2020. Thereafter, there had been relatively large fluctuations in the prices of Shares where they traded in the range of HK\$3.11 to HK\$4.25, and last traded at HK\$3.42 per H Share on the Last Trading Day. Over this period since mid-January 2020, the prices of Shares significantly outperformed the Hang Seng Index.

We are not able to identify any specific events which may have contributed to the price trend of the H Shares since January 2020. We noted that during the aforesaid period, the Company had made announcements which may have an impact on prices of H Shares. These included the Company's annual results announcement in late-May 2020, as well as an announcement on a fund cooperation framework agreement between the Company and a substantial shareholder of the Company on 2 July 2020.

Considering the fact that (i) the prices of the H Shares were below the Cancellation Price for overwhelming majority of the time during the Review Period; (ii) despite the prices of the H Share significantly outperformed the Hong Kong stock market since early 2020, the prices of the H Share only exceeded the Cancellation Price for two trading days over the Review Period; (iii) the Cancellation Price represents premiums of approximately 14.6% over the closing price of HK\$3.42 per H Share as quoted on the Last Trading Day; and (iv) the Cancellation Price represents premiums of approximately 49.1% to the average closing price of HK\$2.63 of the H Shares during the Review Period, we are of the view that the Merger, if implemented, offers the H Shareholders an opportunity to realise their investments in the Company at a cash consideration which normally would not be available through the market, especially given the relatively low level of liquidity of the Shares over the Review Period as discussed below.

Relative to the Group's NAV, we noted that the H Shares have been trading at a discount to the Group's NAV for a material period of time during the Review Period, which is in-line with the companies operating in the similar industry as detailed in the section headed "3.3. Market comparables analysis" below. The monthly average closing prices of the H Shares traded at a discount ranging from 54.4% to 73.4% during the Review Period to its NAV per H Share (calculated by the lowest and the highest discount of the monthly average closing prices for each of the months from September 2018 to September 2020 over the NAV per H Share reported in the most recent published annual, interim or quarterly financial results at those relevant periods). Based on the above observation, it appears that the market has been pricing the H Shares at discount to the Group's NAV and this is also common for the Comparables (as defined below). This may be inherent to the market as well as the industry and there appears no indication that such trend will reverse. An analysis of the relative discounts to NAV of the Company and the Comparables can be found below.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**3.2. Historical trading liquidity analysis**

We noted that the trading liquidity of the H Shares has been at a relatively low level over a prolonged period in recent years. Particularly, the average daily trading volume of the H Shares for 12 months immediately prior to and including the Last Trading Day was approximately 77,332 Shares per day, representing only approximately 0.13% of the issued H Shares as of the Last Trading Day. We have noticed a notably higher trading volume of the H Shares since June 2020, but we have not identified any specific reason for such change from publicly available information. Therefore, it is uncertain as to whether the increased trading volume would be sustainable. For this reason, we believe a relatively longer assessment period is more appropriate to evaluate the general historical liquidity of the H Shares. Set out below are the monthly total trading volume of the H Shares and the percentage of such trading volume to the total issued H Shares.

	<b>Monthly total trading volume of the H Shares</b>	<b>Percentage of the monthly total trading volume of the H Shares to the total number of the issued H Shares<sup>(Note)</sup></b>
<b>2019</b>		
September	214,000	0.35%
October	15,000	0.02%
November	138,000	0.23%
December	199,500	0.33%
<b>2020</b>		
January	1,065,000	1.75%
February	507,000	0.83%
March	117,500	0.19%
April	124,500	0.20%
May	560,000	0.92%
June	4,575,000	7.53%
July	5,767,000	9.49%
August	2,449,000	4.03%
September ( <i>up to 25 September 2020, i.e. the Last Trading Day</i> )	3,718,500	6.12%

*Source: Website of the Stock Exchange*

*Note:* The percentages are calculated based on the monthly total trading volumes of the H Shares divided by the total number of the H Shares in issue at the end of each month.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted that the increase in H Share price during June to September 2020 is in line with the higher daily trading volume of the H Shares during the period. However, we did not identify any specific reason for such correlation from publicly available information.

On this basis, the low trading liquidity may render it difficult for H Shareholders who wish to realise their investments in the Company to execute on-market disposals, especially if they involve substantial number of H Shares, on a timely manner. Therefore, we are of the view that the Proposal provides liquidity for such H Shareholders to exit their investment in the Company.

### *3.3. Market comparables analysis*

To assess the fairness and reasonableness of the Cancellation Price, we have conducted a comparable analysis through identifying listed companies on the Stock Exchange engaging in similar businesses as the Group's (the "Comparables"). In the selection of the Comparables, our selection criteria focus on companies that (i) are listed on GEM as 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 Main Board, and the investment community may generally apply different valuation for companies listed on GEM compared to those listed on the Main Board; and (ii) engage mainly in the similar information technology business. Based on publicly available information collected and analysed, we are of the view that the Comparables fit the above criteria for our market comparables analysis and we believe the list set out below is an exhaustive list based on these criteria.

Company name	Stock code	Principal business	Profit/(loss) (HK\$ million) <i>(Note 1)</i>	Market capitalisation (HK\$ million) <i>(Note 2)</i>	Price-to-book ratio ("P/B Ratio") <i>(Note 3)</i>	Price-to- earnings ratio ("P/E Ratio") <i>(Note 4)</i>
Vodatel Networks Holdings Ltd.	8033	Engaged in the network and systems infrastructure and applications businesses	(5.3)	63.3	0.34	N/A <sup><i>(Note 5)</i></sup>
Jiangsu Nandasoft Technology Co. Ltd.	8045	Principally engaged in the development, production and promotion of computer hardware and software products	(117.5)	32.8	0.14	N/A <sup><i>(Note 5)</i></sup>
Global Link Communications Holdings Ltd.	8060	Principally engaged in the supply, development and integration of passenger information management systems	(23.2)	50.6	0.46	N/A <sup><i>(Note 5)</i></sup>

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Company name	Stock code	Principal business	Profit/(loss) (HK\$ million) <i>(Note 1)</i>	Market capitalisation (HK\$ million) <i>(Note 2)</i>	Price-to-book ratio ("P/B Ratio") <i>(Note 3)</i>	Price-to- earnings ratio ("P/E Ratio") <i>(Note 4)</i>
Hang Tai Yue Group Holdings Ltd.	8081	Engaged in the mobile internet cultural business and provision of information technology services	(127.6)	384.2	1.04	N/A <sup>(Note 5)</sup>
China Information Technology Development Limited	8178	Principally engaged in the information technology related businesses	(80.9)	160.8	0.44	N/A <sup>(Note 5)</sup>
Loto Interactive Ltd	8198	Mainly engaged in the provision of data analysis and storage services	(33.6)	115.3	0.39	N/A <sup>(Note 5)</sup>
Future Data Group Limited	8229	Principally engaged in the provision of integrated system with network connectivity, cloud computing and security elements and maintenance service	4.4	34.0	0.28	7.8
Kinetix Systems Holdings Limited	8606	Principally engaged in the provision of information technology services	2.2	99.2	1.09	45.5
Mindtell Technology Limited	8611	Engaged in the provision of information technology services	2.4	39.0	0.73	16.0
				Maximum	1.09	45.5
				Minimum	0.14	7.8
				Mean	0.54	23.1
				Median	0.44	16.0
<b>The Company</b>	<b>8236</b>		<b>38.2</b>	<b>935.6</b>	<b>0.48</b>	<b>24.5</b> <sup>(Note 6)</sup>

*Source: HKEx websites, latest annual reports of the Comparables*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The net profit represents the net profit attributable to owners of the company of the relevant companies adjusted by excluding any non-recurring items as disclosed in the latest annual reports (where applicable).
2. Market capitalisation is calculated based on the closing share price on the Last Trading Day for the Comparables, the Cancellation Price in the case of the Company, and the latest number of shares in issue of the Comparables and the Company.
3. P/B Ratios are calculated based on the closing share price on the Last Trading Day and latest public number of shares in issue sourced from the website of the Stock Exchange and the net asset value attributable to owners of the companies (the “NAV”) in the latest financial reports.
4. P/E Ratios of the Comparables are calculated based on the closing share price on the Last Trading Day and latest public number of shares in issue sourced from the website of the Stock Exchange and the net profit attributable to owners of the company of the relevant companies adjusted by excluding any non-recurring items as disclosed in the latest annual reports (where applicable). We are not aware of any non-recurring items in the financial statements of the Comparables which require adjustment.
5. P/E Ratio is not applicable (“N/A”) as the company recorded net loss in its latest financial year.
6. Net profit of the Company has been adjusted by the non-recurring profit for the year as mentioned in the paragraph headed “1.1 Financial information” of this letter. P/E Ratio of the Company are calculated based on the Cancellation Price and the aforesaid adjusted net profit of the Company.

### *3.3.1. Price-to-book ratio comparison*

As presented in the table above, based on the Cancellation Price, the H Share will be at a median discount of approximately 52.0% to the NAV (that is, at a P/B Ratio of 0.48 times). This level is in the range of the P/B Ratios of the Comparables and between the average P/B Ratio of 0.54 times and the median P/B Ratio of 0.44 times.

### *3.3.2. Price-to-earnings ratio comparison*

As shown in the table above, P/E Ratio is not applicable to many of the Comparables as they recorded net losses in their most recent financial years. The average and median P/E Ratios of the three profitable Comparables were 23.1 times and 16.0 times respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As mentioned in the paragraph headed “1.1. Financial information” of this letter, we noted that the net profit of the Group’s latest financial year (being FY2019) was materially affected by certain non-recurring gains. Based on the earnings per share attributable to the shareholders of the parent (excluding such non-recurring items) of RMB0.1377 as disclosed in the supplemental information of financial statements of the 2019 Annual Report, the adjusted P/E Ratio of the Group based on the Cancellation Price would be 24.5 times, which is in the range of and higher than the mean and median P/E Ratios of the Comparables. Therefore, we are of the view that the Cancellation Price is favourable to the Shareholders in terms of the P/E Ratio implied when compared to the prices of the Comparables.

Considering that (i) the Cancellation Price represents premiums ranging from 10.1% to 49.1% with reference to the average market trading price of the H Shares during the Review Period; (ii) the trading liquidity of the H Shares has been at a relatively low level over a prolonged period in recent years; (iii) P/B ratio of the Group based on the Cancellation Price is in the range of the P/B Ratios and higher than the median P/B Ratio of the Comparables; and (iv) the adjusted P/E Ratio of the Group based on the Cancellation Price is in the range of and higher than the mean and median P/E Ratios of the Comparables, we are of the view that the Cancellation Price is fair and reasonable.

#### 4. Privatisation precedents

We have considered past transactions involving privatisation of companies listed on the Stock Exchange (“**Privatisation Precedents**”). As these Privatisation Precedents involved companies from different industries, which therefore have different market fundamentals and prospects, we are of the view that comparison analysis with the Privatisation Precedents is not applicable. In addition, these Privatisation Precedents were conducted at periods of different economic and financial market cycles; and depending on the outlook at that point in time, will result in different considerations for their shareholders. Instead, we consider the analysis in the sections above to be more relevant.

#### RECOMMENDATION

In summary, in reaching our conclusion and recommendation, we have considered (i) the attractive premium implied by the Cancellation Price of approximately 49.1% to the average closing price of the H Shares over the Review Period; (ii) the premium implied by the Cancellation Price of approximately 14.6% over the closing price of HK\$3.42 per H Share on the Last Trading Day; (iii) P/B ratio of the Group implied by the Cancellation Price is in the range of the P/B Ratios and higher than the median P/B Ratio of the Comparables; and (iv) the adjusted P/E Ratio of the Group implied by the Cancellation Price is in the range of and higher than the mean and median P/E Ratios of the Comparables. Meanwhile, the Management’s view on the Group’s stable outlook and potential positive development has been made public in its recent financial reports and their positive impact on price of the H Shares (if any) should have been reflected in the price of the H Shares prior to the Last Trading Day. Based on the above, we are of the view that the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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terms of the Proposal are fair and reasonable so far as the Shareholders are concerned. We advise the Independent Board Committee to recommend the Shareholders to vote in favour of the Proposal at the EGM and the H Share Class Meeting.

**As different Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.**

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Sean Pey Chang**  
*Executive Director*

**Leo Tam**  
*Assistant 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.*

*Mr. Leo Tam (“Mr. Tam”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over five years of experience in corporate finance and advisory in Hong Kong, 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 transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

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## ADDITIONAL INFORMATION REGARDING THE PROPOSAL

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### 1. SHARE CERTIFICATES, DEALINGS AND LISTING

Payment of the Cancellation Price will be made to the Shareholders as soon as possible and in any event not later than seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable). Following the payment of the Cancellation Price by Speed Top to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment), all the relevant Shares shall be deemed to be cancelled and such Shareholders shall cease to possess any rights in respect of such Shares (other than the entitlements pursuant to the exercise of the Fair Price Acquisition Right). The relevant share certificates held by them shall cease to have effects as documents or evidences of title to such Shares.

Subject to and upon the Merger becoming unconditional in all respects, the Company will make an application to the Stock Exchange for the voluntary withdrawal of the listing of the H Shares on GEM in accordance with Rule 9.23(2) of the GEM Listing Rules. The Shareholders will be notified by way of announcement(s) of the dates and relevant arrangements for the last day for dealings in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on GEM will become effective.

The Company shall, in accordance with the applicable laws, rules and regulations and upon Speed Top's request, submit to applicable PRC governmental authorities all necessary documents for de-registration of the Company.

Following the de-registration of the Company, the Company will be merged into and absorbed by Speed Top in accordance with the PRC Company Law, other applicable laws in the PRC and the Articles, and will cease to exist as a separate legal entity in the PRC.

Subject to the satisfaction of the Fair Price Exercise Criteria, any Dissenting Shareholder will continue to be entitled to exercise the Fair Price Acquisition Right against the Company and/or the relevant Consenting Shareholders, or Speed Top (if requested by the Company and/or the relevant Consenting Shareholders to assume their respective liabilities after receiving the request from such Dissenting Shareholder) which would not be affected by the de-registration of the Company.

The listing of the H Shares on GEM will not be withdrawn if the Merger is not approved or lapses or is terminated or does not become unconditional for any reason on or before the Long Stop Date. In such circumstances, given that the Merger will not materialise, the H Shares will remain listed and traded on GEM and the Company is expected to continue to satisfy the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

## **2. REGISTRATION AND PAYMENT**

### **2.1. Payment of the Cancellation Price**

Within seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable), Speed Top shall pay the Cancellation Price to the H Shareholders and the Domestic Shareholders whose names appear on the registers of members of the Company at the Record Time, other than Powerleader Investment and any Dissenting Shareholder who satisfies the Fair Price Exercise Criteria and serves a Demand Notice before the Issuance Date, by way of cheque (or such other payment means as the SFC and/or other relevant regulatory body may agree or accept).

The cheque for payment of the Cancellation Price will be despatched to such Shareholders (or in the case of joint Shareholders, such Shareholder whose name appears first on the registers of members of the Company) by ordinary post at their own risk to the respective addresses as appearing on the registers of members of the Company. All cheques will be sent by ordinary post at the risk of the persons entitled thereto and none of the Company, Speed Top and their respective agents will be liable for any loss or delay in transmission.

### **2.2. Dissenting Shareholders**

Any Dissenting Shareholder who satisfies the Fair Price Exercise Criteria and wishes to exercise the Fair Price Acquisition Right should deliver a Demand Notice to the Company and/or any Consenting Shareholder after conclusion of the EGM and the Class Meetings, and in any event within five Business Days from the Delisting Date (i.e. on or before 7 January 2021, based on the expected timetable set out on pages 1 to 3 of this Composite Document).

Any Dissenting Shareholder who satisfies the Fair Price Exercise Criteria and serves a Demand Notice before the Issuance Date will not be entitled to receive the Cancellation Price under the Merger Agreement. If any such Dissenting Shareholder (i) subsequently withdraws the relevant Demand Notice, (ii) waives or otherwise loses his/her/its Fair Price Acquisition Right, or (iii) fails to obtain a “fair price” higher than the Cancellation Price pursuant to the decision made by the China International Economic and Trade Arbitration Commission, South China Sub-Commission or the Hong Kong International Arbitration Centre in accordance with the Articles, the relevant Dissenting Shareholder will be entitled to receive the Cancellation Price under the Merger Agreement as from the later of (a) the Issuance Date and (b) the date of such withdrawal, waiver or decision (as the case may be).

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## ADDITIONAL INFORMATION REGARDING THE PROPOSAL

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Any Dissenting Shareholder who satisfies the Fair Price Exercise Criteria and serves a Demand Notice on or after the Issuance Date will receive the cheque for payment of the Cancellation. Upon deposit of such cheque by the relevant Dissenting Shareholder, any Demand Notice served by him/her/it prior to the deposit of the cheque will become invalid and he/she/it will no longer be entitled to exercise the Fair Price Acquisition Right. The Shares held by such Dissenting Shareholder will be deemed cancelled.

Entitlement to exercise the Fair Price Acquisition Right is conditional upon the satisfaction of the Fair Price Exercise Criteria. If a Dissenting Shareholder fails to satisfy any of the Fair Price Exercise Criteria, the Fair Price Acquisition Right in relation to the relevant Shares will be lost.

### 3. ACTIONS TO BE TAKEN BY THE SHAREHOLDERS

#### 3.1. Proxy Form(s) for EGM and Class Meetings

The EGM, the Domestic Share Class Meeting and the H Share Class Meeting will be convened to consider and, if thought fit, approve the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder. The EGM will be held at 2:00 p.m., the Domestic Share Class Meeting will be held at 3:00 p.m. (or immediately after the conclusion of the EGM) and the H Share Class Meeting will be held at 4:00 p.m. (or immediately after the conclusion of the Domestic Share Class Meeting), respectively on 11 December 2020 (Friday) at Main Conference Room, 11th Floor, Tower C, Shenzhen International Innovation Centre, No. 1006 Shennan Road, Futian District, Shenzhen, the PRC. The notices of the EGM, the Domestic Share Class Meeting and the H Share Class Meeting are set out in Appendices III, IV and V to this Composite Document.

Whether or not you intend to attend the EGM and/or the Class Meetings, you are reminded to complete the proxy form(s) enclosed with this Composite Document, in accordance with the instructions printed thereon and return the same to (i) the Company's H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) or (ii) the Company's registered office 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 PRC (for Domestic Shareholders only), as soon as possible but in any event not less than 24 hours before the time fixed for holding such meetings or any adjournment thereof. Completion and return of the said proxy form(s) will not prevent you from attending, and voting in person at, such meetings or any adjournment thereof if you so wish. In the event that you attend and vote at any of such meetings or any adjournment thereof after having deposited the relevant proxy form(s), such proxy form(s) will be deemed to have been revoked.

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## ADDITIONAL INFORMATION REGARDING THE PROPOSAL

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### 3.2. Entitlement to Attend and Vote at the Meetings

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM and the Independent Shareholders to attend and vote at the Class Meetings, the registers of members of the Company will be closed from 7 December 2020 to 11 December 2020 (both dates inclusive). During such period, no transfer of Shares will be effected.

In order to qualify to vote at the EGM and/or the Class Meetings, all transfers accompanied by the relevant share certificates must be lodged at (i) the office of the Company's H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) or (ii) 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 Domestic Shareholders only), no later than 4:30 p.m. on 4 December 2020 (or such other date as the Shareholders may be notified by announcement).

Further announcement will be made in relation to the results of the EGM and Class Meetings and, if the resolutions are duly passed at those meetings and the conditions to effect the Merger Agreement are fulfilled, further announcements will be made in relation to, among other things, the Record Time and the Delisting Date.

### 3.3. Entitlement to the Cancellation Price

For the purpose of determining the entitlement of the Shareholders to the Cancellation Price under the Proposal, the registers of members of the Company will be closed from 29 December 2020 (or such other date as the Shareholders may be notified by announcement), until the de-registration of the Company. During such period, no transfer of Shares will be effected.

In order to qualify for entitlement to receive the Cancellation Price under the Proposal, all transfers accompanied by the relevant share certificates must be lodged at (i) the office of the Company's H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders only) or (ii) 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 Domestic Shareholders only), no later than the Record Time, i.e. 4:30 p.m. on 28 December 2020 (or such other date as the Shareholders may be notified by announcement).

Save for the arrangement contemplated under the Consideration Arrangement Agreement, payment of the Cancellation Price to which any Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right to which Speed Top may otherwise be, or claim to be, entitled against such Shareholder.

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## ADDITIONAL INFORMATION REGARDING THE PROPOSAL

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Pursuant to the Merger Agreement, Speed Top or any of its successor may request the bank at which the funds for the Cancellation Price is held or its affiliates to deliver to it any outstanding balance of such funds upon expiry of one year after the date on which the Merger Agreement becomes effective, unless there is any unresolved dispute between Speed Top and Dissenting Shareholders. Thereafter, the Shareholders will only be entitled to claim the Cancellation Price without any interest from Speed Top or any of its successor as general creditors (subject to the requirements under applicable laws such as the Property Law of the PRC, the Contract Law of the PRC and other PRC laws in relation to abandoned property and unowned property). In the event where Speed Top is required to submit the aforesaid Cancellation Price to the PRC government under such applicable laws, Speed Top shall not be liable to such Shareholders for submitting the same to the PRC government accordingly.

#### 4. OVERSEAS SHAREHOLDERS

The making of the Proposal to Shareholders who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of each overseas Shareholder who wishes to take any action in relation to the Proposal to satisfy itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal or regulatory requirements and the payment of any issue, transfer or other taxes due by such overseas Shareholder in such jurisdiction.

**Any action taken in respect of the Proposal by any Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Shareholder to Speed Top and the Company that all local laws and requirements have been complied with in relation to such action taken by the Shareholder. Such Shareholder should consult its professional advisers if in doubt.**

In the event receipt of this Composite Document by overseas Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that would be unduly burdensome in such overseas jurisdictions, this Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. For that purpose, Speed Top will apply for waiver from the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. The Executive may or may not grant such a waiver. As at the Latest Practicable Date, there is no Shareholder whose address(es), as shown on the Shareholders Registers, is/are outside Hong Kong.

**5. HONG KONG STAMP DUTY AND TAX ADVICE**

Upon the implementation of the Merger, the H Shares will be cancelled. As the cancellation of the H Shares does not involve the sale and purchase of Hong Kong stock, in this respect only, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

For the Dissenting Shareholders who exercise the Fair Price Acquisition Right in respect of their H Shares, Hong Kong stamp duty is payable at the rate of 0.1% of the consideration pursuant to the Stamp Duty Ordinance. The stamp duty payable will be deducted from the cash to be received by the Dissenting Shareholders who exercise such right.

Shareholders (including the Dissenting Shareholders), whether in Hong Kong or in other jurisdictions, are advised to consult their own professional advisers if they are in any doubt as to the taxation implication of the Proposal and, in particular, whether the receipt of the Cancellation Price would make such Shareholders (including the Dissenting Shareholders) liable to taxation in the PRC, Hong Kong or in any other jurisdictions.

None of Speed Top, the Company and their respective parties acting in concert, ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or exercise of the Fair Price Acquisition Right.

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## QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND OTHER RELATED MATTERS OF THE PROPOSAL

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### QUESTION 1

#### What is the consequence of different voting decisions of Shareholder at the EGM and the Class Meetings?

Subject to the fulfilment (or waiver, where applicable) of all the Conditions, set out below are the consequences relating to the voting decisions of the Independent Shareholders at the EGM and the Class Meetings:

#### **Voting decisions at the EGM and the Class Meetings**

(1) Shareholder (in person or by proxy) who votes “FOR” the resolutions at each of (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be)

(2) Shareholder (in person or by proxy) who votes “AGAINST” the resolutions at each of (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be)

#### **Consequences<sup>(Note 1)</sup>**

Cheques for payment of the Cancellation Price will be issued to such Shareholders within seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable) (the “**Condition Fulfilment Date**”).

#### Scenario 1 <sup>#(Note 2)</sup>

If such Shareholder has served a Demand Notice before the Issuance Date, cheque for payment of the Cancellation Price WILL NOT be issued to such Shareholder within seven Business Days after the Condition Fulfilment Date.

#### Scenario 2 <sup>#(Note 2,3)</sup>

If such Shareholder has served a Demand Notice on or after the Issuance Date (and within five Business Days from the Delisting Date), cheque for payment of the Cancellation Price WILL be issued to such Shareholder within seven Business Days after the Condition Fulfilment Date.

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## QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND OTHER RELATED MATTERS OF THE PROPOSAL

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### Voting decisions at the EGM and the Class Meetings

### Consequences<sup>(Note 1)</sup>

#### Scenario 3<sup>^</sup>

If such Shareholder has not served any Demand Notice within five Business Days from the Delisting Date, cheque for payment of the Cancellation Price WILL be issued to such Shareholder within seven Business Days after the Condition Fulfilment Date.

#### # For Scenarios 1 & 2

- (a) The Company and Speed Top will explain to such Shareholder the basis for determining the Cancellation Price. If such difference cannot be resolved, such dispute or claim will be brought to the relevant arbitration body for determination of the “fair price”. If such Shareholder fails to obtain a “fair price” which is higher than the Cancellation Price in accordance with the arbitration award, such Shareholder will be entitled to receive the Cancellation Price.
- (b) If the Demand Notice previously served is subsequently withdrawn, such Shareholder can inform the Company or Speed Top of the withdrawal and will be entitled to receive the Cancellation Price.

#### ^ For Scenario 3

As such Shareholder has not served the Demand Notice within five Business Days from the Delisting Date, he will not be entitled to exercise the Fair Price Acquisition Right.

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## QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION AND OTHER RELATED MATTERS OF THE PROPOSAL

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### Voting decisions at the EGM and the Class Meetings

### Consequences<sup>(Note 1)</sup>

- |  |  |
|--|--|
| (3) Shareholder who does not attend or who abstains from voting at (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be) | Cheque for payment of the Cancellation Price <u>WILL</u> be issued to such Shareholder within seven Business Days after the Condition Fulfilment Date. |
|--|--|

*Notes:*

1. Following the payment of the Cancellation Price by Speed Top to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment), all the relevant Shares shall be deemed to be cancelled and such Shareholders shall cease to possess any rights in respect of such Shares (other than the entitlements pursuant to the exercise of the Fair Price Acquisition Right).
2. Assuming such Shareholder satisfies the Fair Price Exercise Criteria.
3. For the avoidance of doubt, in respect of any Shareholder who has deposited the cheque for payment of the Cancellation Price, any Demand Notice served by such Shareholder prior to the deposit of the cheque will become invalid and he/she/it will no longer be entitled to exercise the Fair Price Acquisition Right. All the Shares held by such Shareholder will be deemed cancelled.

## QUESTION 2

**What will happen if a Shareholder has received the cheque for payment of the Cancellation Price but fails to deposit the cheque within one year from the date on which the Merger Agreement becomes effective?**

Pursuant to the Merger Agreement, Speed Top or any of its successor may request the bank at which the funds for the Cancellation Price is held or its affiliates to deliver to it any outstanding balance of such funds upon expiry of one year after the date on which the Merger Agreement becomes effective, unless there are any unresolved dispute between Speed Top and Dissenting Shareholders. Therefore, if any Shareholder does not deposit the cheque within one year from the date on which the Merger Agreement becomes effective, such Shareholder will only be entitled to claim the Cancellation Price without any interest from Speed Top or any of its successor as general creditors (subject to the requirements under applicable laws, if any).

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**QUESTIONS AND ANSWERS ABOUT THE VOTING DECISION  
AND OTHER RELATED MATTERS OF THE PROPOSAL**

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**QUESTION 3**

**What will happen if a Shareholder (in person or by proxy) votes “AGAINST” the resolutions at each of (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be) and serves the Demand Notice within five Business Days from the Delisting Date, but the “fair price” has not been determined by the relevant arbitration body prior to the de-registration of the Company?**

Such Shareholder will continue to be entitled to exercise the Fair Price Acquisition Right against the Company and/or the relevant Consenting Shareholders, or Speed Top (if requested by the Company and/or the relevant Consenting Shareholders to assume their respective liabilities after receiving the request from such Shareholder), which would not be affected by the de-registration of the Company.

If such Shareholder (i) fails to obtain a “fair price” which is higher than the Cancellation Price pursuant to the decision of the relevant arbitration authority or (ii) subsequently withdraws the relevant Demand Notice, such Shareholder will be entitled to receive the Cancellation Price.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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The purpose of this section is to provide a summary of other terms and conditions and important information of the Merger Agreement. The summary set forth below may not contain all the terms and conditions of the Merger Agreement. The Merger Agreement is one of the documents available for inspection as referred to in the section headed “*Appendix II — 15. Documents Available for Inspection*” of this Composite Document.

### OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

#### 1. Payment of Cancellation Price

Upon fulfilment (or waiver, where applicable) of all the Conditions (being the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger) as set out in the section headed “*Principal Terms of The Merger Agreement*” in the letter from the board of Speed Top of this Composite Document, Speed Top shall pay to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment) the Cancellation Price as soon as possible and in any event not later than seven Business Days after the date on which all the Conditions have been fulfilled (or waived, where applicable).

The Cancellation Price in respect of the H Shares to the H Shareholders and the Domestic Shares to the Domestic Shareholders (other than Powerleader Investment) shall be paid by Speed Top by way of cheque (or such other payment means as the SFC and/or other relevant regulatory body may agree or accept).

Following the payment of the Cancellation Price by Speed Top to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment) on the Issuance Date, all the relevant Shares held by the H Shareholders and the Domestic Shares shall be deemed to be cancelled and such Shareholders shall cease to possess any rights in respect of such Shares (other than the entitlements pursuant to the exercise of the Fair Price Acquisition Right). For the avoidance of doubt, the despatch of cheque for the Cancellation Price by Speed Top to the H Shareholders and the Domestic Shareholders (other than Powerleader Investment) (or the payment of the Cancellation Price by such other payment means as the SFC and/or other relevant regulatory body may agree or accept) shall be deemed to be a complete settlement of the Cancellation Price payable by Speed Top to the respective Shareholders. The relevant share certificates held by them shall cease to have effects as documents or evidences of title to such Shares.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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### 2. Rights of Dissenting Shareholder(s)

Pursuant to the Merger Agreement, any Dissenting Shareholder who intends to exercise the Fair Price Acquisition Right may exercise such right by serving a written notice to the Company and/or any Consenting Shareholder requesting them to acquire the relevant Shares held by such Dissenting Shareholder at a “fair price”. Speed Top shall, at the request of Powerleader and/or the relevant Consenting Shareholders, bear and assume any possible liability owed by Powerleader and/or such Consenting Shareholders to the Dissenting Shareholder in relation to the exercise of the Fair Price Acquisition Right by such Dissenting Shareholder. In such event, Powerleader and/or such Consenting Shareholders (i) shall deliver to Speed Top the Demand Notice and such other documents as required under the PRC Company Law and the Articles; (ii) shall ensure that Speed Top is entitled to take a lead in participating in all relevant negotiations and legal proceedings in determining the “fair price”; and (iii) except with the prior written consent from Speed Top, shall not pay any consideration in respect of any request made in determining the “fair price”, or settle or propose to settle with the relevant Dissenting Shareholder.

A Dissenting Shareholder may exercise the Fair Price Acquisition Right provided that:

- (a) he/she/it has validly voted against the resolution(s) in relation to the Merger, the Merger Agreement and the respective transactions contemplated thereunder at each of (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be);
- (b) his/her/its name has been validly registered on the register of members of the Company since the record date for the EGM and the Class Meetings, and he/she/it continues to hold the Shares in respect of which the Fair Price Acquisition Right is intended to be exercised up to the date of payment of the consideration for such Shares based on the “fair price” to such Dissenting Shareholder; and
- (c) he/she/it shall, in any event, exercise the Fair Price Acquisition Right within five Business Days from the Delisting Date.

A Dissenting Shareholder shall not be entitled to exercise the Fair Price Acquisition Right in respect of the Shares held by it if:

- (a) he/she/it has undertaken to the Company to waive his/her/its right to exercise the Fair Price Acquisition Right;
- (b) exercise of the Fair Price Acquisition Right by him/her/it is prohibited under any applicable laws, rules and regulations; or
- (c) the relevant Shares held by him/her/it is subject to pledge, other third party rights or judicial moratorium and no written consent or approval has been legally obtained from the relevant pledgee, third party or authority.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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A Dissenting Shareholder is required to satisfy all of the Fair Price Exercise Criteria as set out above when exercising the Fair Price Acquisition Right. In the circumstances that a Dissenting Shareholder fails to satisfy any of the aforesaid Fair Price Exercise Criteria, such Dissenting Shareholder will lose his/her/its Fair Price Acquisition Right.

In addition, if a Dissenting Shareholder fails to obtain a “fair price” which is higher than the Cancellation Price in accordance with the award of the arbitration to be granted by the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre for the claims arising from the dispute on the determination of the “fair price” brought before the aforesaid institutions for arbitration, such Dissenting Shareholder shall be automatically entitled to the Cancellation Price as provided in the Merger Agreement.

At any time upon the expiry of one year after the date on which the Merger Agreement becomes effective, Speed Top or any of its successor shall be entitled to request the bank at which the funds for the Cancellation Price is held or its affiliates to return to it any outstanding balance of such funds, unless there are any unresolved disputes between Speed Top and any Dissenting Shareholders. Thereafter, the relevant Shareholders shall only be entitled to request Speed Top or any of its successor to pay to them the Cancellation Price without any interest in the capacity as general creditors (subject to the requirements under applicable laws such as the Property Law of the PRC, the Contract Law of the PRC and other PRC laws in relation to abandoned property and unowned property). In the event where Speed Top is required to submit the aforesaid Cancellation Price to the PRC government under such applicable laws, Speed Top shall not be liable to such Shareholders for submitting the same to the PRC government accordingly.

If the conditions to effect the Merger Agreement and the conditions to the implementation of the Merger are not fulfilled (or waived, where applicable) or for whatever reason the Merger is terminated, the Dissenting Shareholders (if any) shall not be entitled to the Fair Price Acquisition Right.

If a Dissenting Shareholder, who has on the Issuance Date received a cheque for the Cancellation Price and serves a Demand Notice after the Issuance Date, deposits such cheque, such Dissenting Shareholder shall lose its Fair Price Acquisition Right and any Demand Notice previously served for the exercise of its Fair Price Acquisition Right will become invalid since the day on which such cheque is deposited or the funds for the Cancellation Price is received by such Dissenting Shareholder.

The Dissenting Shareholders who have served the Demand Notice to exercise the Fair Price Acquisition Right shall not be entitled to receive the Cancellation Price under the Merger Agreement. If any of such Dissenting Shareholders effectively withdraws or loses his/her/its Fair Price Acquisition Right, such Dissenting Shareholder shall automatically be entitled to receive the Cancellation Price as provided in the Merger Agreement as from the later of the Issuance Date or the date of such withdrawal or loss.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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For the avoidance of doubt, for those Shareholders who abstain from voting on the resolution(s) approving the Merger Agreement and the Merger at (i) the EGM and (ii) the H Share Class Meeting or the Domestic Share Class Meeting (as the case may be) or do not attend any of the aforesaid meetings, such Shareholders will receive payment of the Cancellation Price by way of cheque or other payment means.

Since the Issuance Date, all the relevant Shares held by the Shareholders shall be deemed to be cancelled and such Shareholders shall cease to possess any rights in respect of such Shares (other than the entitlements pursuant to the exercise of the Fair Price Acquisition Right). The relevant share certificates held by them shall cease to have effects as documents or evidences of title to such Shares. For the avoidance of doubt, no matter when does a Dissenting Shareholder exercise its Fair Price Acquisition Right, all the Shareholders (including such Dissenting Shareholder) shall be deemed to cease to possess any rights in respect of the Shares (other than the entitlements pursuant to the exercise of the Fair Price Acquisition Right) since the Issuance Date.

### **3. Notification to the creditors**

Pursuant to the Merger Agreement, Speed Top and the Company shall (i) after obtaining their internal approval on the Merger respectively (being (i) the approvals from the sole director and the shareholders of Speed Top, which have been obtained as at the Latest Practicable Date; (ii) the approval from the board of directors of the Company, which has been obtained as at the Latest Practicable Date; and (iii) the approval from the shareholders of the Company (as referred to in conditions (b) to (d) to effect the Merger Agreement as mentioned in the section headed “*Principal terms of the Merger Agreement — Conditions to effect the Merger Agreement*” in the letter from the board of Speed Top of this Composite Document), perform all necessary procedures in relation to the notification to their respective creditors and announcement requirements in accordance with applicable laws, rules and regulations; and (ii) prepay all debts owed to, or otherwise provide guarantee in favour of, their respective creditors at such creditors’ request made to Speed Top or the Company within the statutory period as prescribed under Article 173 of the PRC Company Law. If any creditors fails to request Speed Top or the Company to repay their debts within such statutory period, all relevant debts owed by Speed Top and/or the Company to such creditors shall be solely borne by Speed Top since the Implementation Date.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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### 4. Termination

Speed Top and/or the Company (as the case may be) are entitled to terminate the Merger Agreement prior to the implementation of the Merger as follows:

- (a) either Speed Top or the Company is entitled to terminate the Merger Agreement upon occurrence of the following events:
  - (i) the conditions to effect the Merger Agreement not having been fulfilled in full as at the Long Stop Date;
  - (ii) the conditions to the implementation of the Merger not having been fulfilled (or waived, where applicable) in full as at the Long Stop Date; or
  - (iii) failure to obtain all the requisite votes for approving the resolution(s) regarding the Merger Agreement and the Merger at the EGM, the H Share Class Meeting or the Domestic Share Class Meeting;
- (b) Speed Top is entitled to terminate the Merger Agreement if the Company has breached any of its representations, warranties or undertakings under the Merger Agreement or such obligations as contemplated under other agreements executed in relation to the Merger which has material adverse impact on the Merger and such breach is not remedied within 30 days after the date on which a written notice has been served by Speed Top to the Company; or
- (c) the Company shall be entitled to terminate the Merger Agreement if Speed Top has breached any of its representations, warranties or undertakings under the Merger Agreement or such obligations as contemplated under other agreements executed in relation to the Merger which has material adverse impact on the Merger and such breach is not remedied within 30 days after the date on which a written notice has been served by the Company to Speed Top.

### 5. Representations and Warranties

#### *Representations and warranties given by Speed Top*

Certain representations and warranties given by Speed Top as set out in the Merger Agreement are summarised as follows:

- (i) Speed Top is a limited liability company duly established and validly subsisting under the laws of the PRC and has the requisite powers and authorisations to carry out its operating business and own its existing assets.
- (ii) The executive director of Speed Top has reviewed and approved the Merger Agreement and the transactions contemplated thereunder and has passed effective resolutions.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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- (iii) Shareholders of Speed Top have approved the Merger Agreement and the transactions contemplated thereunder and have passed effective shareholders' resolutions.
- (iv) Speed Top has the power to execute the Merger Agreement and to perform its obligations contemplated thereunder. Save and except for the relevant approvals set out under the paragraphs headed "*Conditions to effect the Merger Agreement*" in the letter from the board of Speed Top of this Composite Document, the Merger Agreement shall, upon signing of the Merger Agreement by Speed Top, constitute legally binding obligations against Speed Top.
- (v) Speed Top has sufficient funds to pay the Cancellation Price and all costs and expenses in relation to the Merger.
- (vi) The execution of the Merger Agreement and the performance of obligations contemplated thereunder by Speed Top (i) will not contravene any requirements under its business licence, articles of association or other similar organisational documents; (ii) will not violate any relevant laws or any authorities and approvals granted by the government; and (iii) will not violate or constitute any breach of any other agreements to which it is a party (or by which it is bound).
- (vii) All documents and materials provided by Speed Top to the Company are true, accurate, complete and valid in all material aspects, and there is no aspect which contains concealment, omission, falseness or is misleading.
- (viii) All the representations and warranties given by Speed Top in the Merger Agreement are true, accurate and complete commencing from the date of execution of the Merger Agreement up to the Implementation Date.

### ***Representations and warranties given by the Company***

Certain representations and warranties given by the Company as set out in the Merger Agreement are summarised as follows:

- (i) The Company is a joint stock company duly established and validly subsisting under the laws of the PRC and has the requisite powers and authorisations to carry out its operating business and own its existing assets.
- (ii) As at the date of the Merger Agreement, the total number of Shares in issue was 243,000,000 Shares (comprising 60,750,000 H Shares and 182,250,000 Domestic Shares), all of which were duly authorised, issued and had been paid up in full.
- (iii) The Board has reviewed and approved the Merger Agreement and the transactions contemplated thereunder and has passed effective resolutions.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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- (iv) The Company has the power to execute the Merger Agreement and to perform the obligations contemplated thereunder. Save and except for the relevant approvals as set out under the paragraphs headed “*Conditions to effect the Merger Agreement*” in the letter from the board of Speed Top of this Composite Document, the Merger Agreement shall, upon signing of the Merger Agreement by the Company, constitute legally binding obligations against the Company.
- (v) The execution of the Merger Agreement and the performance of obligations contemplated thereunder by the Company (a) will not contravene its business licence, Articles or other similar organisational documents; (b) will not violate any relevant laws or any authorisations and approvals granted by government; and (c) will not violate or constitute any breach of any other agreements to which it is a party (or by which it is bound).
- (vi) As at the Implementation Date, the financial statements of the Group have been in all material respects prepared in accordance with all applicable accounting requirements and the relevant laws, and have fairly reflected the status of its financial position, operation and cash flow during the relevant period.
- (vii) As at the Implementation Date, the Group has legal ownership and/or right to use the movable, immovable or intangible assets owned, occupied or used by it, and such assets are not subject to pledge, charge, lien, other security interests or third party interest not being disclosed to Speed Top.
- (viii) As at the Implementation Date, save and except for those circumstances which have been publicly disclosed on the websites of the Stock Exchange and the Company and/or any circumstances which have been duly disclosed to Speed Top in writing, neither the Group has any other liabilities (including contingent liabilities), nor is it a guarantor, indemnitor or other obligator of other liabilities.
- (ix) As at the Implementation Date, there is no major litigation, arbitration or administrative penalties ongoing, unsettled or foreseeable against the Company.
- (x) As at the Implementation Date, all taxes payable or due by the Group have been paid in a timely manner. There is no outstanding or potential tax investigation or administrative penalties against the Group.
- (xi) As at the Implementation Date, every activity conducted by the Group is in all material respects in compliance with the valid laws of the PRC and the requirements of relevant governmental departments, and there is no violation of any requirements of the laws of the PRC which may constitute a material adverse change to the Company.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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- (xii) As at the Implementation Date, save and except for those circumstances which have been publicly disclosed in the websites of the Stock Exchange and the Company and/or any circumstances which have been duly disclosed to Speed Top in writing, the Company has complied with all legal requirements relating to the employment or engagement of employees, and there is no unsettled disputes, arbitration or litigation involving employees nor any delay in payment of compulsory social insurance and housing provision fund for its employees.
- (xiii) Save and except for the circumstances where third party consent is required under the laws of the PRC, no third party consent that may affect the implementation of the Merger or constitute actual impediments to the Merger (including but not limited to those consents from creditor bank, lessor or counterparties to any agreement to which the Company is a party) shall be obtained by the Company.
- (xiv) All documents and materials provided by the Company to Speed Top are true, accurate, complete and valid in all material aspects, and there is no aspect which contains concealment, omission, falseness or is misleading.
- (xv) All the representations and warranties given by the Company in the Merger Agreement are true, accurate and complete commencing from the date of execution of the Merger Agreement and up to the Implementation Date.

### **6. Transition Period**

During the transition period from the date of the Merger Agreement (i.e. 25 September 2020) up to and including the Implementation Date, the Company shall (i) operate its principal business in ordinary course of business in the manner consistent with its previous practices, and (ii) use its best endeavours to maintain all the assets of its principal business in good condition and maintain good relationship with customers, employees and other relevant parties for the benefit of the Company.

Save and except for any acts as required under the applicable laws, rules, regulations, the Takeovers Code or the GEM Listing Rules, any party to the Merger Agreement or its representative shall not, without prior written consent of the other party, publish any news or announcements or make any relevant filings in relation to the transactions contemplated under the Merger Agreement. For those announcements or filings published or made in accordance with the requirements of the applicable laws, any party who intends to publish an announcement or make any relevant filing shall, prior to such announcement or filing being published or made, uses its reasonable endeavours to negotiate with the other party in relation to such publication or filing and uses its reasonable efforts to give effect to the opinions or suggestions made by the other party provided that such opinions and suggestions are not in contrary of any applicable laws or comments raised by the relevant regulatory bodies. Speed Top and the Company shall procure its associates to comply with the aforesaid provisions.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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During the transition period, the Company shall not carry out any of the followings without the written consent of Speed Top:

- (i) merge with any companies by the Company or its subsidiaries;
- (ii) substantially increase the remuneration of any employees, managements or directors, or devise any share incentive schemes;
- (iii) cease any business operation, or make any change to the nature of any of the Company's principal business, or carry out any business not in the ordinary course of business;
- (iv) devise or amend any business plan or budget, not in the ordinary course of business;
- (v) carry out any restructuring of the Company or its subsidiaries;
- (vi) enter into any contracts or commitments or provide any loans, guarantees and indemnities, not in the ordinary course of business,;
- (vii) acquire, sell, lease or otherwise dispose of any assets, not in the ordinary course of business;
- (viii) initiate any litigations, arbitrations or legal proceedings or enter into any settlements in relation thereto which may have a significant impact on the principal business of the Company;
- (ix) incorporate new subsidiaries, acquire any third parties' shares or purchase any other securities not related to its principal business; or
- (x) issue new shares or securities.

All accrued but undistributed profits of both Speed Top and the Company up to the Implementation Date shall be shared among the shareholders of Speed Top after the Merger in proportion to their shareholding in Speed Top.

### **7. Tax**

Whether or not the transactions contemplated under the Merger Agreement are completed or not, unless the Merger Agreement otherwise requires, Speed Top and the Company shall bear all statutory taxes incurred from the execution and performance of the Merger Agreement in accordance with the requirements of the relevant laws and there shall not be obligations existed between the parties thereto for any payment, deduction or advancement by one party on behalf of the other party. Costs shall be borne by the party who incurs them where no relevant laws specify.

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## SUMMARY OF OTHER TERMS AND CONDITIONS AND IMPORTANT INFORMATION OF THE MERGER AGREEMENT

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### **8. Amendments**

All amendments, supplement, deletion or modification to the Merger Agreement shall be made in writing and shall only be effective upon signing by each parties to the Merger Agreement or its representative(s).

### **9. Governing Laws and disputes resolution**

The execution, validity, performance, interpretation and disputes resolution of the Merger Agreement shall be governed by the laws of the PRC.

Any disputes arising from or in connection with the Merger Agreement shall be resolved by negotiation between the parties to the Merger Agreement in good faith. Should the dispute have not been resolved by the parties thereto within 30 days from the date on which such dispute arises, any party thereto shall be entitled to submit such disputes to Shenzhen Court of International Arbitration for arbitration in Shenzhen pursuant to the available arbitration rules.

## 1. SUMMARY OF FINANCIAL INFORMATION OF POWERLEADER

The following is a summary of financial information of the Company in respect of (i) each of the three years ended 31 December 2017, 2018 and 2019 as extracted from the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019, (ii) the six months ended 30 June 2020 as extracted from the interim report of the Company for the six months ended 30 June 2020 and (iii) the nine months ended 30 September 2020 as extracted from the third quarterly results report of the Company for the nine months ended 30 September 2020, as revised or supplemented by the supplemental announcements or clarification announcements published by the Company from time to time.

The auditors' reports issued by the auditors of the Company, ShineWing Certified Public Accountants (Special General Partnership), in respect of the audited financial statements of the Company for each of the three years ended 31 December 2017, 2018 and 2019 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

There is no item of any income or expenses which are material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2017, 2018 and 2019 and for the nine months ended 30 September 2020.

### Summary of the financial information extracted from the consolidated income statements of the Company

	For the nine months ended 30 September 2020 <i>RMB'000</i> (unaudited)	For the six months ended 30 June 2020 <i>RMB'000</i> (unaudited)	For the year ended 31 December		
			2019 <i>RMB'000</i> (audited)	2018 <i>RMB'000</i> (audited)	2017 <i>RMB'000</i> (audited)
Operating income	2,666,971	1,785,099	3,915,024	3,464,848	3,818,882
Profit before tax	106,781	57,808	174,933	62,325	231,418
Income tax expenses	10,097	9,423	15,928	17,060	12,160
<b>Net profit attributable to:</b>					
Shareholders of the parent company	55,215	19,870	113,237	31,077	218,934
Minority interests	41,469	28,515	45,767	14,188	324
<b>Total comprehensive income attributable to: (net loss is denoted as “( )”)</b>					
Shareholders of the parent company	55,215	19,870	215,916	(1,191)	313,250
Minority interests	41,469	28,515	45,767	14,188	324
<b>Earnings per share:</b>					
Basic earnings per share ( <i>RMB</i> )	0.227	0.082	0.466	0.128	0.901
<b>Dividends:</b>					
Dividends ( <i>RMB</i> )	—	—	—	—	—
Dividends per share ( <i>RMB</i> )	—	—	—	—	—

**Summary of the financial information extracted from the consolidated balance sheets of the Company**

	As at 30 June 2020 <i>RMB'000</i> (unaudited)	As at 31 December 2019 <i>RMB'000</i> (audited)	As at 31 December 2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (audited)
Total assets	5,051,158	4,579,753	3,550,332	3,251,436
Total liabilities	2,913,002	2,489,982	2,139,944	1,989,472
Total equity attributable to shareholders of the parent company	1,693,560	1,673,690	1,291,038	1,227,308
Minority interests	444,597	416,082	119,349	34,657

**2. AUDITED FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2019**

Details of the audited financial information of the Company for the year ended 31 December 2019 are disclosed in the annual report of the Company for the financial year ended 31 December 2019 (as revised or supplemented by the supplemental announcements of the Company dated 22 June 2020, 2 July 2020 and 24 September 2020) and is incorporated by reference into this Composite Document.

The said annual report (together with the said supplemental announcements) is available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.powerleader.com.cn](http://www.powerleader.com.cn)).

**3. UNAUDITED FINANCIAL INFORMATION OF THE COMPANY FOR THE SIX MONTHS ENDED 30 JUNE 2020 AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

Details of the unaudited financial information of the Company for the six months ended 30 June 2020 and for the nine months ended 30 September 2020 are disclosed in the interim report of the Company for the six months ended 30 June 2020 and the third quarterly results report of the Company for the nine months ended 30 September 2020 respectively, and are incorporated by reference into this Composite Document.

The said interim report and quarterly results report of the Company are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.powerleader.com.cn](http://www.powerleader.com.cn)).

#### 4. MATERIAL CHANGE

The Board confirms that, as at the Latest Practicable Date, they are not aware of any material change in the financial or trading position or outlook of the Company since 31 December 2019, being the date to which the latest audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

#### 5. INDEBTEDNESS STATEMENT

The indebtedness of the Group as at 31 August 2020 is set out in the following table:

	<i>RMB million</i>
Non-current	407.11
Lease Liability	127.91
Long-term borrowings	279.20
Less: borrowings due within one year	—
Sub-total	—
<b>Current liabilities</b>	<b>1,874.14</b>
Short-term borrowings due within one year	1,347.57
Lease Liability due within one year	9.57
Bill payables	<u>517.00</u>
<b>Total</b>	<b><u><u>2,281.25</u></u></b>

The details of such bank borrowings and other borrowings that are secured, guaranteed or unsecured are set out as below:

	<i>RMB million</i>
Secured	1,162.63
Guaranteed	1,118.62
Unsecured	<u>—</u>
<b>Total</b>	<b><u><u>2,281.25</u></u></b>

As at 31 August 2020, the bank credit facilities available to the Group were about RMB2,253.50 million in total, out of which about RMB283.90 million was unutilized.

Save as disclosed in above, as at 31 August 2020, the Group does not have debt securities, outstanding mortgage, collaterals, debentures, loan capitals, bank overdrafts, loans, liabilities under acceptances or other similar indebtedness, or any finance lease or hire purchase commitments or responsibilities under any guarantee or other material contingent liabilities, that are issued but outstanding and statutory or otherwise set out but unissued.

## 6. RESPONSIBILITY STATEMENT

The information in this Composite Document relating to the Company has been supplied by the Powerleader Directors. This Composite Document, for which the Powerleader Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Company. The Powerleader Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document, other than those relating to Speed Top, Powerleader Investment and Powerleader Asset Management, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this Composite Document, other than those expressed by the directors of Speed Top, Powerleader Investment and Powerleader Asset Management in their respective capacity as their respective directors, have been arrived at after due and careful consideration and there are no facts not contained in this Composite Document, the omission of which would make any statement herein or this Composite Document misleading.

The information in this Composite Document relating to Speed Top has been supplied by the director of Speed Top. This Composite Document, for which the director of Speed Top accepts full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code for the purpose of giving information with regard to Speed Top. The director of Speed Top accepts full responsibility for the accuracy of the information contained in this Composite Document, other than those relating to the Company, Powerleader Investment and Powerleader Asset Management, and confirm, having made all reasonable enquiries, that to the best of her knowledge and belief, opinions expressed in this Composite Document, other than those expressed by the directors of the Company, Powerleader Investment and Powerleader Asset Management in their capacity as their respective directors, have been arrived at after due and careful consideration and there are no facts not contained in this Composite Document, the omission of which would make any statement herein or this Composite Document misleading.

The information in this Composite Document relating to Powerleader Investment has been supplied by the directors of Powerleader Investment. This Composite Document, for which the directors of Powerleader Investment collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code for the purpose of giving information with regard to Powerleader Investment. The directors of Powerleader Investment jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document, other than those relating to the Company, Speed Top and Powerleader Asset Management, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this Composite Document, other than those expressed by the directors of the Company, Speed Top and Powerleader Asset Management in their capacity as their respective directors, have been arrived at after due and careful consideration and there are no facts not contained in this Composite Document, the omission of which would make any statement herein or this Composite Document misleading.

The information in this Composite Document relating to Powerleader Asset Management has been supplied by the director of Powerleader Asset Management. This Composite Document, for which the director of Powerleader Asset Management accepts full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Takeovers Code for the purpose of giving information with regard to Powerleader Asset Management. The director of Powerleader Asset Management accepts full responsibility for the accuracy of the information contained in this Composite Document, other than those relating to the Company, Speed Top and Powerleader Investment, and confirm, having made all reasonable enquiries, that to the best of her knowledge and belief, opinions expressed in this Composite Document, other than those expressed by the directors of the Company, Speed Top and Powerleader Investment in their capacity as their respective directors, have been arrived at after due and careful consideration and there are no facts not contained in this Composite Document, the omission of which would make any statement herein or this Composite Document misleading.

## 7. SHARE CAPITAL OF POWERLEADER

As at the Latest Practicable Date,

- (a) the registered share capital of the Company was RMB243,000,000.
- (b) the issued share capital of the Company comprised 60,750,000 H Shares and 182,250,000 Domestic Shares.
- (c) all Shares ranked *pari passu* with each other in all respects as regards rights in respect of capital, dividends (except that payment of dividend will be made in RMB to the Domestic Shareholders and in Hong Kong dollars to H Shareholders) and voting.
- (d) there were no outstanding options, warrants or conversion rights affecting the Shares in issue.

The Company has not issued any Shares since 31 December 2019, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.

**8. MARKET PRICES**

The table below shows the closing prices of the H Shares as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period, (ii) on the Last Trading Day, and (iii) on the Latest Practicable Date:

<b>Date</b>	<b>Closing Price per H Share</b>
29 April 2020	HK\$2.65
29 May 2020	HK\$2.30
30 June 2020	HK\$3.40
31 July 2020	HK\$3.35
31 August 2020	HK\$3.98
25 September 2020 (being the Last Trading Day)	HK\$3.42
30 September 2020	Not applicable as trading of H Shares was suspended
30 October 2020	HK\$3.46
17 November 2020 (being the Latest Practicable Date)	HK\$3.43

During the Relevant Period, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$4.25 on 7 July 2020 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$2.18 on 18 May 2020.

**9. DISCLOSURE OF INTERESTS**

For the purpose of this paragraph headed “*Disclosure of Interests*”, (i) “interested” has the same meaning as ascribed to it in Part XV of the SFO and (ii) “shareholding(s) in the Company” means the Shares and convertible securities, warrants, options and derivatives in respect of the Shares.

### 9.1. Shareholdings and Dealings in Shares of Powerleader

The table below sets out the shareholdings in the Company in which the Powerleader Directors are interested as at the Latest Practicable Date:

Powerleader Directors	Class of Shares	Capacity	Number of Shares	Approximate % of total issued Domestic Shares	Approximate % of total issued share capital
Mr. Li Ruijie	Domestic Shares	Interest of controlled corporation	102,184,500 (Note 1)	56.07%	42.05%
Ms. Zhang Yunxia	Domestic Shares	Interest of controlled corporation	102,184,500 (Note 1)	56.07%	42.05%

*Note:*

- Such Domestic Shares are held by Powerleader Investment, which is owned as to approximately 37.34%, 57.33% and 5.33% by Mr. Li, Powerleader Asset Management and Ms. Zhang respectively. Powerleader Asset Management is in turn wholly owned by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively.

Save as disclosed in this section headed “*Disclosure of Interests*”,

- none of the Powerleader Directors was interested in any shareholding in the Company as at the Latest Practicable Date, or had dealt for value in any shareholding in the Company during the Relevant Period.
- none of the subsidiaries of the Company, pension fund of the Company or its subsidiaries, or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding the exempt principal traders and exempt fund managers) owned or controlled any shareholding in the Company as at the Latest Practicable Date, or had dealt for value in any shareholding in the Company during the period commencing from the date of the Joint Announcement up to and including the Latest Practicable Date.

- (c) save for the Proposal and save as disclosed in this Composite Document, there had been no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associates” under the Takeovers Code during the period commencing from the date of the Joint Announcement up to and including the Latest Practicable Date.
- (d) none of the fund managers (other than exempt fund managers) connected with the Company managed on a discretionary basis any shareholding in the Company as at the Latest Practicable Date, or had dealt for value in any shareholding in the Company on a discretionary basis during the period commencing from the date of the Joint Announcement up to and including the Latest Practicable Date.
- (e) save for Mr. Li and Ms. Zhang who, in respect of their beneficial shareholdings in the Company as disclosed above, intends to vote in favour of the Proposal at the EGM, there is no Powerleader Director who has beneficial shareholdings in the Company.
- (f) none of the Company or the Powerleader Directors has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold, any shareholding in the Company as at the Latest Practicable Date.

## **9.2. Shareholdings and Dealings in Shares by Speed Top**

- (a) As at the Latest Practicable Date, Speed Top and a party acting in concert with it, namely, Powerleader Investment, a holding company of Speed Top, owned an aggregate of 102,184,500 Domestic Shares (representing approximately 56.07% of the total issued Domestic Shares and approximately 42.05% of the total issued Shares). Save for the direct shareholding of Powerleader Investment in the Company and its interests in the Shares as set out immediately above, neither Speed Top nor parties acting in concert with it or their respective directors owned, controlled or had direction over any voting rights or rights in any Shares nor owned, controlled or had direction over any options, derivatives, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of the Shares.
- (b) No interest in the Shares was managed on a discretionary basis by fund managers and principal traders (other than exempt fund managers and principal traders) connected with Speed Top during the period commencing from the date of the Joint Announcement and ending on the Latest Practicable Date.

- (c) As at the Latest Practicable Date, no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between Speed Top or parties acting in concert with it or associates of Speed Top and any other person.
- (d) As at the Latest Practicable Date, save for the Irrevocable Undertakings, neither Speed Top nor parties acting in concert with it has received any irrevocable commitment from any persons who owned or controlled the Shares or convertible securities, warrants, options or derivatives in respect of the Shares to accept or reject the Proposal.
- (e) As at the Latest Practicable Date, save for the Proposal, there were no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between a person who owned or controlled the Shares or convertible securities, warrants, options or derivatives in respect of the Shares and Speed Top or parties acting in concert with it.
- (f) As at the Latest Practicable Date, neither Speed Top nor parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (g) None of Speed Top or parties acting in concert with it or their respective directors had dealt for value in any Shares or any convertible securities, warrants, options or derivative in respect of the Shares during the Relevant Period.

### 9.3. Shareholdings and Dealings in Shares of Speed Top

As at the Latest Practicable Date, Speed Top was owned, among others, as to 66.50% by Powerleader Investment and as to 3.50% by Ms. Zhang. Powerleader Investment was in turn owned as to approximately 37.34% by Mr. Li, as to approximately 57.33% by Powerleader Asset Management and as to approximately 5.33% by Ms. Zhang respectively. Powerleader Asset Management was owned as to 87.5% by Mr. Li and as to 12.5% by Ms. Zhang respectively.

Save as disclosed in this section headed “*Disclosure of Interests*”,

- (a) as at the Latest Practicable Date, Powerleader and the Powerleader Directors were not interested within the meaning of Part XV of the SFO in the shares of Speed Top, or any convertible securities, warrants, options and derivatives in respective of the shares of Speed Top.
- (b) during the Relevant Period, Powerleader and the Powerleader Directors had not dealt for value in the shares of Speed Top, or any convertible securities, warrants, options and derivatives in respective of the shares or securities of Speed Top.

**9.4. Other Interests**

As at the Latest Practicable Date,

- (a) no benefit was to be given to any of the Powerleader Directors as compensation for loss of office or otherwise in connection with the Proposal.
- (b) there was no agreement or arrangement between any Powerleader Directors and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal.
- (c) save for the Merger Agreement, the Consideration Arrangement Agreement and the respective transactions contemplated thereunder, there was no material contract entered into by Speed Top in which any of the Powerleader Directors has a material personal interest.

**10. OTHER ARRANGEMENT IN CONNECTION WITH THE PROPOSAL**

As at the Latest Practicable Date:

- (a) save for the Merger Agreement, the Consideration Arrangement Agreement, the Irrevocable Undertakings and the respective transactions contemplated thereunder, there is no agreement, arrangement or understanding (including any compensation arrangement) existed between Speed Top or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposal;
- (b) there is no agreement, arrangement or understanding between Speed Top and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal and Speed Top had no intention to transfer, charge or pledge any of the Shares to be acquired pursuant to the Proposal to any other person which may result in the transfer of voting rights attaching to the Shares;
- (c) save for the Merger Agreement and the transactions contemplated thereunder, there is no agreement or arrangement to which Speed Top is party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (d) save for the Irrevocable Undertakings, the Consideration Arrangement Agreement and the respective transactions contemplated thereunder, after reasonable enquiries that could be made by Speed Top prior to the Latest Practicable Date, Speed Top is not aware of any understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder and (ii)(a) Speed Top and any person acting in concert with it or (b) the Company, its subsidiaries or associated companies;

- (e) none of Speed Top and parties acting in concert with it has entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company; and
- (f) save as disclosed in the letter from the board of Speed Top, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of Speed Top which might be material to the Proposal.

## 11. POWERLEADER DIRECTORS' SERVICE CONTRACTS

Save as disclosed in this section headed “*Powerleader Directors' Service Contracts*”, as at the Latest Practicable Date, there was no service contract with the Company or any of its subsidiaries or associated companies in force for the Powerleader Directors which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Joint Announcement, (ii) was continuous contracts with a notice period of 12 months or more, or (iii) was fixed term contracts with more than 12 months to run irrespective of the notice period:

Name of Powerleader Director	Annual Remuneration
Ms. Zhang Yunxia ( <i>Note 1, 2, 4</i> )	RMB240,000.00
Mr. Dong Weiping ( <i>Note 1, 2, 4</i> )	RMB420,000.00
Mr. Li Ruijie ( <i>Note 1, 2, 4</i> )	RMB60,000.00
Mr. Chan Shiu Yuen Sammy ( <i>Note 1, 3, 4</i> )	RMB60,000.00
Dr. Guo Wanda ( <i>Note 1, 3, 4</i> )	RMB60,000.00
Mr. Jiang Baijun ( <i>Note 1, 3, 4</i> )	RMB60,000.00

*Notes:*

- (1) Each of the service contracts was entered into for a term of three years commencing from 27 June 2019 and expiring on the date of the annual general meeting of the Company to be held in 2022, subject to the right of termination as stipulated in the relevant service contract.
- (2) Pursuant to the relevant service contracts, Ms. Zhang, Mr. Dong Weiping and Mr. Li are entitled to annual management bonuses, the amounts of which are to be determined by the Board from time to time with reference to the performance results of the Group and its associated companies.
- (3) Pursuant to the relevant service contracts, Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun are not entitled to any discretionary bonus.
- (4) Pursuant to the relevant service contracts, the annual remunerations for each Powerleader Director shall be determined with reference to the market remuneration standards.

## 12. MATERIAL CONTRACTS

During the period commencing from the date which is two years before the date of the Joint Announcement up to and including the Latest Practicable Date, the Group has entered into the following material contracts (not being entered into in the ordinary course of business carried on or intended to be carried on by members of the Group):

- (a) the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020);
- (b) the disposal of 5,270,000 A shares of Shenzhen ZQGAME Co. Ltd.\* (深圳中青寶互動網絡股份有限公司) (“**Zqgame**”), being an associated company of the Company, by the Company on the Shenzhen Stock Exchange for the consideration of RMB74,412,400 on 11 December 2019, further details of which were set out in the Company’s announcement dated 11 December 2019;
- (c) the capital contribution agreement dated 26 July 2019 entered into between Shenzhen Powerleader Computing System Limited\* (深圳市寶德計算機系統有限公司) (“**Powerleader Computing**”), being a non-wholly owned subsidiary of the Company, 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)), Guizhou Cultural Travel Equity Investment Fund (Limited Partnership)\* (貴州文旅股權投資基金(有限合夥)) and Madam Xu Zhuying (徐珠英) as investors, pursuant to which such investors agreed to make capital contribution in the aggregate amount of RMB100,000,000 to Powerleader Computing resulting in a deemed disposal of approximately 3.10% of the equity interest in Powerleader Computing by the Company and further details were set out in the Company’s announcement dated 26 July 2019; and
- (d) the capital contribution agreement dated 29 March 2019 entered into between Powerleader Computing and Leshan Gaoxin Investment Development (Group) Limited\* (樂山高新投資發展(集團)有限公司) as investor, pursuant to which such investor agreed to make capital contribution to Powerleader Computing in the amount of RMB300,000,000 resulting in a deemed disposal of approximately 12% of the equity interest in Powerleader Computing by the Company and further details were set out in the Company’s announcement and circular dated 29 March 2019 and 10 May 2019 respectively.

## 13. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Powerleader Directors to be pending or threatened by or against any member of the Group.

#### 14. QUALIFICATIONS AND CONSENTS

The following are the names and qualifications of the experts whose letters, opinions or advice are contained or referred to in this Composite Document:

Altus Capital Limited	The Independent Financial Adviser to the Independent Board Committee, a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Deheng Law Offices (Shenzhen)	PRC legal advisers to Speed Top
Guotai Junan Capital Limited	The financial adviser to Speed Top, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letters, opinions and/or reports and references to its name, qualification and logo in the form and context in which they respectively appear.

#### 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) 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), (ii) on the website of the Company at [www.powerleader.com.cn](http://www.powerleader.com.cn) and (iii) on the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document up to the earlier of (a) the date on which the conditions to the implementation of the Merger is fulfilled (or waived, where applicable) and (b) the date on which the Proposal lapses or is terminated:

- (a) the Articles;
- (b) the articles of association of Speed Top;
- (c) the annual reports of the Company for the two financial years ended 31 December 2018 and 2019, and the announcements of the Company in relation to such annual reports dated 6 May 2019, 22 June 2020, 2 July 2020 and 24 September 2020;
- (d) the first quarterly results report of the Company for the three months ended 31 March 2020;
- (e) the interim report of the Company for the six months ended 30 June 2020;

- (f) the third quarterly results report of the Company for the nine months ended 30 September 2020;
- (g) the letter from the board of Speed Top, the text of which is set out on pages 11 to 32 of this Composite Document;
- (h) the letter from the Board of Powerleader, the text of which is set out on pages 33 to 42 of this Composite Document;
- (i) the letter from the Independent Board Committee, the text of which is set out on pages 43 to 44 of this Composite Document;
- (j) the letter from the Independent Financial Adviser, the text of which is set out on pages 45 to 61 of this Composite Document;
- (k) the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020);
- (l) the Consideration Arrangement Agreement;
- (m) the Irrevocable Undertakings;
- (n) the PRC legal opinion issued by Deheng Law Offices (Shenzhen) as referred to in this Composite Document;
- (o) the service contracts of the Powerleader Directors as referred to in the section headed “*Powerleader Directors’ Service Contracts*” in this Appendix;
- (p) the material contracts of the Group as referred to in sub-paragraph (a), (c) and (d) of the section headed “*Material Contracts*” in this Appendix;
- (q) the written consents as referred to in the section headed “*Qualifications and Consents*” in this Appendix; and
- (r) this Composite Document.

## 16. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the Board comprises six directors, including Ms. Zhang and Mr. Dong Weiping as executive directors, Mr. Li as non-executive director and Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun as independent non-executive directors.
- (b) The registered office and principal place of business in Hong Kong of the Company are 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 and Unit 102, 1/F, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

- (c) The registered office of Speed Top is situated at Room 405, 4th Floor, Yanfa Zhongxin, Guanlan Gaoxinyuanqu, Guanlan Street, Longhuaxinqu, Shenzhen, the People's Republic of China.
- (d) The sole director of Speed Top is Ms. Zhang.
- (e) The principal members of Speed Top's concert group include Speed Top, Powerleader Investment, the Company, Powerleader Asset Management, Ms. Zhang and Mr. Li. Details of the principal members of Speed Top's concert group are as follows:

Name	Address	Director(s)
Speed Top	Registered office and principal place of business: Room 405, 4th Floor, Yanfa Zhongxin, Guanlan Gaoxinyuanqu, Guanlan Street, Longhuaxinqu, Shenzhen, the People's Republic of China	Ms. Zhang
The Company	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 People's Republic of China  Principle place of business in Hong Kong: Unit 102, 1/F, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong	Ms. Zhang Mr. Dong Weiping Mr. Li Mr. Chan Shiu Yuen Sammy Dr. Guo Wanda Mr. Jiang Baijun

<b>Name</b>	<b>Address</b>	<b>Director(s)</b>
Powerleader Investment	Registered office and principal place of business: 10th Floor, Tower C, Futian Science & Technology Plaza, No. 1006 Shennan Road, Futian District, Shenzhen, the People's Republic of China	Ms. Zhang Mr. Li Mr. Wang Li
Powerleader Asset Management	Registered office and principal place of business: Room 201, Building A, Comprehensive office building of Qianhai Shenzhen Hong Kong Cooperation Zone Administration Bureau, No.1 Liyu Men Street, Qianwan 1st Road, Qianhai Shenzhen Hong Kong Cooperation Zone, Shenzhen, the People's Republic of China (Settled in Shenzhen Qianhai Business Secretary Co., Ltd.)	Ms. Zhang
Ms. Zhang	202 Dormitory, Shenzhen Experimental School, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	
Mr. Li	Room 707, Block 2, Lianhua North Village, No. 1116 Lianhua Road, Futian District, Shenzhen City, Guangdong Province, the People's Republic of China	

- (f) The registered office of Guotai Junan Capital is 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
- (g) The registered office of the Independent Financial Adviser is 21 Wing Wo Street, Central, Hong Kong.
- (h) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (i) The English text of this Composite Document and the proxy forms shall prevail over the Chinese text.



## 宝德科技集团股份有限公司

### POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED\*

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

**(Stock Code: 8236)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Powerleader Science & Technology Group Limited\* 宝德科技集团股份有限公司 (the “**Company**”) 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 Friday, 11 December 2020 at 2:00 p.m., for the purposes of considering and, if thought fit, passing the following resolution by way of poll by more than two-thirds of the Shareholders present and voting at the EGM.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite document dated 20 November 2020 jointly issued by the Company and 深圳市速必拓网络科技有限公司 (Shenzhen Speed Top Network Technology Co., Ltd.\*) (“**Speed Top**”) of which this notice forms part.

#### SPECIAL RESOLUTION

“**THAT** subject to the passing of the same resolution below by (i) the Independent Domestic Shareholders at the Domestic Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders that are cast either in person or by proxy at such meeting and with the number of votes cast against the resolution by the Independent Domestic Shareholders being not more than 10% of all the Domestic Shares held by the Independent Domestic Shareholders and (ii) the Independent H Shareholders at the H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at such meeting and with the number of votes cast against the resolution by the Independent H Shareholders being not more than 10% of all the H Shares held by the Independent H Shareholders:

- (a) the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020) and the execution and performance thereof by the Company, the Proposal, the Merger and the respective transactions contemplated thereunder and in connection therewith be approved, ratified and/or confirmed (as the case may be); and

- (b) any one of the Powerleader Directors be authorised to do all such acts or things, to execute and sign all such other documents, and take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement or in connection with the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder.”

By order of the Board of  
宝德科技集团股份有限公司  
(Powerleader Science & Technology Group Limited\*)  
**Dong Weiping**  
*Director*

Shenzhen, the PRC  
20 November 2020

**Notes:**

- (1) The registers of members of the Company will be closed from 7 December 2020 to 11 December 2020 (both days inclusive) during which no transfer of Shares will be registered. H Shareholders and Domestic Shareholders whose names appeared on the registers of members of the Company on 11 December 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.
- (2) In order to be valid, the signed form of proxy must be deposited by hand or by post at the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for H Shareholders 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, Huaifu Sub-district, Futian District, Shenzhen, the PRC (for Domestic Shareholders only) 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 notarised 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 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) The EGM is expected to last for one hour. Shareholders or their proxies attending the meeting shall be responsible for their own travel and accommodation expenses.

(6) The registered address of the Company is as follows:

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

Tel: (86-755) 2988 0829

Fax: (86-755) 2988 0829

Postal Code: 518031

Contact person: Mr. Dong Weiping

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

\* *For identification purposes only*



## 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)**

### NOTICE OF DOMESTIC SHARE CLASS MEETING

**NOTICE IS HEREBY GIVEN** that a class meeting of the Independent Domestic Shareholders of Powerleader Science & Technology Group Limited\* 宝德科技集團股份有限公司 (the “**Company**”) 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 Friday, 11 December 2020 at 3:00 p.m. (or immediately after the conclusion of the EGM to be convened and held on the same date at the same place), for the purposes of considering and, if thought fit, passing the following resolution by way of poll by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders that are cast either in person or by proxy at the meeting and with the number of votes cast against the resolution by the Independent Domestic Shareholders being not more than 10% of all the Domestic shares held by the Independent Domestic Shareholders.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite document dated 20 November 2020 jointly issued by the Company and 深圳市速必拓網絡科技有限公司 (Shenzhen Speed Top Network Technology Co., Ltd.\*) (“**Speed Top**”) of which this notice forms part.

#### **SPECIAL RESOLUTION**

“**THAT** subject to the passing of the same resolution below by (i) the Shareholders at the EGM by way of poll by more than two-thirds of the Shareholders present and voting at the EGM and (ii) the Independent H Shareholders at the H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at such meeting and with the number of votes cast against the resolution by the Independent H Shareholders being not more than 10% of all the H Shares held by the Independent H Shareholders:

- (a) the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020) and the execution and performance thereof by the Company, the Proposal, the Merger and the respective transactions contemplated thereunder and in connection therewith be approved, ratified and/or confirmed (as the case may be); and

- (b) any one of the Powerleader Directors be authorised to do all such acts or things, to execute and sign all such other documents, and take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement or in connection with the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder.”

By order of the Board of  
宝德科技集团股份有限公司  
(Powerleader Science & Technology Group Limited\*)  
**Dong Weiping**  
*Director*

Shenzhen, the PRC  
20 November 2020

**Notes:**

- (1) The registers of members of the Company will be closed from 7 December 2020 to 11 December 2020 (both days inclusive) during which no transfer of Shares will be registered. Domestic Shareholders whose names appeared on the registers of members of the Company on 11 December 2020 are entitled to attend and vote at the Domestic Share Class Meeting and may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder.
- (2) In order to be valid, the signed form of proxy must be deposited by hand or by post at the Company’s registered office 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 PRC not less than 24 hours before the time for holding the Domestic Share Class Meeting or any adjournment thereof. If the proxy form is signed by a person under a power of attorney or other authority, a notarised 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 Domestic Shareholders to attend and vote at the Domestic Share Class Meeting. In such event, the proxy form will be deemed to have been revoked.
- (4) Domestic Shareholders or their proxies shall produce their identity documents when attending the Domestic Share Class Meeting.
- (5) The Domestic Share Class Meeting is expected to last for one hour. Domestic Shareholders or their proxies attending the meeting shall be responsible for their own travel and accommodation expenses.

(6) The registered address of the Company is as follows:

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

Tel: (86-755) 2988 0829

Fax: (86-755) 2988 0829

Postal Code: 518031

Contact person: Mr. Dong Weiping

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

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POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED\*

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**(Stock Code: 8236)**

**NOTICE OF H SHARE CLASS MEETING**

**NOTICE IS HEREBY GIVEN** that a class meeting of the Independent H Shareholders of Powerleader Science & Technology Group Limited\* 宝德科技集團股份有限公司 (the “**Company**”) 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 Friday, 11 December 2020 at 4:00 p.m. (or immediately after the conclusion of the Domestic Share Class Meeting to be convened and held on the same date at the same place), for the purposes of considering and, if thought fit, passing the following resolution by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the meeting and with the number of votes cast against the resolution by the Independent H Shareholders being not more than 10% of all the H shares held by the Independent H Shareholders.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite document dated 20 November 2020 jointly issued by the Company and 深圳市速必拓網絡科技有限公司 (Shenzhen Speed Top Network Technology Co., Ltd.\*) (“**Speed Top**”) of which this notice forms part.

**SPECIAL RESOLUTION**

“**THAT** subject to the passing of the same resolution below by (i) the Shareholders at the EGM by way of poll by more than two-thirds of the Shareholders present and voting at the EGM and (ii) the Independent Domestic Shareholders at the Domestic Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the Domestic Shares held by the Independent Domestic Shareholders that are cast either in person or by proxy at such meeting and with the number of votes cast against the resolution by the Independent Domestic Shareholders being not more than 10% of all the Domestic Shares held by the Independent Domestic Shareholders:

- (a) the Merger Agreement (as amended and supplemented by a supplemental agreement entered into between the same parties on 19 October 2020) and the execution and performance thereof by the Company, the Proposal, the Merger and the respective transactions contemplated thereunder and in connection therewith be approved, ratified and/or confirmed (as the case may be); and

- (b) any one of the Powerleader Directors be authorised to do all such acts or things, to execute and sign all such other documents, and take all such steps as he/she may consider necessary, desirable, appropriate or expedient to implement or in connection with the Proposal, the Merger Agreement, the Merger and the respective transactions contemplated thereunder.”

By order of the Board of  
宝德科技集團股份有限公司  
(Powerleader Science & Technology Group Limited\*)  
Dong Weiping  
Director

Shenzhen, the PRC  
20 November 2020

**Notes:**

- (1) The registers of members of the Company will be closed from 7 December 2020 to 11 December 2020 (both days inclusive) during which no transfer of Shares will be registered. H Shareholders whose names appeared on the registers of members of the Company on 11 December 2020 are entitled to attend and vote at the H Share Class Meeting and may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Shareholder.
- (2) In order to be valid, the signed form of proxy must be deposited by hand or by post at the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the H Share Class Meeting or any adjournment thereof. If the proxy form is signed by a person under a power of attorney or other authority, a notarised 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 H Shareholders to attend and vote at the H Share Class Meeting. In such event, the proxy form will be deemed to have been revoked.
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