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**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)**

**CONNECTED TRANSACTION  
THE NANJING BAODE SHARE TRANSFER AGREEMENT**

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On 12 February 2014, the Company entered into the Nanjing Baode Share Transfer Agreement with Powerleader Investment pursuant to which the Company agreed to sell, and Powerleader Investment agreed to purchase, 99% equity interest in Nanjing Baode for a consideration of RMB49.5 million. Upon the completion of the Nanjing Baode Share Transfer Agreement, Nanjing Baode will cease to be a subsidiary of the Company.

**GEM LISTING RULES IMPLICATIONS**

Powerleader Investment is a substantial Shareholder and is owned by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively, both of whom are directors of Company. Accordingly, Powerleader Investment is a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As each of the asset ratio and consideration ratio as defined in the GEM Listing Rules in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is exempt from the independent shareholders' approval requirement and is only subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

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The principal terms of the Nanjing Baode Share Transfer Agreement are summarised below:

**Date**

12 February 2014

**Parties**

Vendor: the Company

Purchaser: Powerleader Investment

**Assets to be disposed of**

99% equity interests in Nanjing Baode

**Conditions precedent**

Completion of the Nanjing Baode Share Transfer Agreement is conditional upon (i) the Company having obtained approval from the relevant regulatory authorities and (if required) statutory authorisation and (ii) the Transaction having complied with the relevant provisions of the GEM Listing Rules in the relation to connected transactions.

**Consideration**

The consideration is RMB49.5 million and shall be payable by Powerleader Investment to the Company within 15 business days upon the signing of the Nanjing Baode Share Transfer Agreement.

Within 30 business days upon the Company's receipt of the consideration, the Company (or its nominee) shall assist Powerleader Investment to effect the registration of the change in equity interest in Nanjing Baode with the relevant industry and commerce registration department (工商登記部門) in the PRC and in completing the transfer of such equity interest.

Upon the completion of the Nanjing Baode Share Transfer Agreement, Nanjing Baode will cease to be a subsidiary of the Company.

**Basis of the consideration**

The consideration of RMB49.5 million was arrived at by the Company and Powerleader Investment after arm's length negotiations with reference to the net asset value of Nanjing Baode as at 30 June 2013 and its business operations in recent years.

The original investment cost of the 99% equity interests in Nanjing Baode to the Company was RMB49.5 million.

**Termination**

The Nanjing Baode Share Transfer Agreement may be terminated by mutual agreement between Powerleader Investment and the Company. In addition, if the consideration is not paid by Powerleader Investment to the Company within 60 days after the due date, the Company shall be entitled to terminate the Nanjing Baode Share Transfer Agreement and seek compensation from Powerleader Investment for the losses suffered by it as a result.

## Information on Nanjing Baode

Nanjing Baode is a company established in the PRC with limited liability and has a registered capital of RMB50 million. The equity interest in Nanjing Baode is owned as to 99% by the Company.

The principal scope of business of Nanjing Baode as registered with the relevant office of Administration of Industry and Commerce is research and development in cloud computing technology and manufacture of related products.

The following is the financial information of Nanjing Baode for the years ended 31 December 2011 (audited) and 31 December 2012 (audited) and the six months ended 30 June 2013 (unaudited) respectively, which were prepared in accordance with the applicable accounting standards in the PRC:

	<b>For the six months ended 30 June 2013 (unaudited) RMB'000<sup>#</sup></b>	<b>For the year ended 31 December 2012 (audited) RMB'000<sup>#</sup></b>	<b>For the year ended 31 December 2011 (audited) RMB'000<sup>#</sup></b>
Net profits before taxation	-181.98	-234.26	-93.90
Net profits after taxation	-181.98	-234.26	-93.90
Net asset value	49,489.46	29,671.84	29,906.10

## Reasons for and benefits of the Sale

The Directors considered that the Sale would reduce expenditure in fixed assets since the Group's funding of the construction of a research building of Nanjing Baode would be terminated after the Sale, and would therefore allow more financial resources to be used in research and development projects at the Group's Shenzhen base.

The Directors estimated that upon completion of the Nanjing Baode Share Transfer Agreement, the Company is expected to record a gain from the Sale of approximately RMB505,000, such gain having been arrived at by reference to the terms of the Sale and the estimated book carrying value of Nanjing Baode in the Company's accounts at completion.

The estimated net proceeds from the Sale are intended to be used as general working capital of the Group.

The Directors (including the independent non-executive Directors) considered that the Nanjing Baode Share Transfer Agreement and the Transaction are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Li and Ms. Zhang are Directors and Powerleader Investment is owned by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively, they had abstained from voting on the Board resolutions in respect of the Nanjing Baode Share Transfer Agreement.

## **GEM LISTING RULES IMPLICATIONS**

Powerleader Investment is a substantial Shareholder and is owned by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively, both of whom are directors of Company. Accordingly, Powerleader Investment is a connected person of the Company and the Transaction constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As each of the asset ratio and consideration ratio as defined in the GEM Listing Rules in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is exempt from the independent shareholders' approval requirement and is only subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

## **INFORMATION ON THE GROUP AND POWERLEADER INVESTMENT**

The principal business of the Group is the provision of cloud computing products and related solutions and services, which mainly includes (i) Cloud Infrastructure as a Service (IaaS) — comprising provision of equipment such as cloud servers and cloud storage and their related solutions (such as research and development and production of differentiated cloud equipment, overall solutions design of cloud infrastructure in relation to systems integration in cloud projects and its implementation, after sales and technical support services) under the Company's own brand name “宝德 Powerleader”; (ii) Cloud Module as a Service (MaaS) — comprising research and development, design, manufacturing and sale of cloud computing equipment related components under the Company's own brand name “宝德 Powerleader”, agency distribution of key components of cloud computing equipment and provision of related value added services (such as components combination solution design (i.e. providing optimised component options when clients select key components of cloud computing equipments) and compatibility test); and (iii) Software as a Service and Platform as a Service (SaaS and PaaS) — comprising development of cloud computing software and platforms and provision of related services (such as system maintenance and software update services).

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

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Company”	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 on GEM;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Mr. Li”	Mr. Li Ruijie, a non-executive Director;
“Ms. Zhang”	Ms. Zhang Yunxia, an executive Director and the chairman of the Board;
“Nanjing Baode”	南京宝德雲計算技術有限公司 (Nanjing Baode Cloud Computing Technology Co., Ltd.*), a limited liability company established in the PRC;
“Nanjing Baode Share Transfer Agreement”	the share transfer agreement dated 12 February 2014 entered into between Powerleader Investment and the Company in respect of the Sale;
“Powerleader Investment”	深圳市宝德投資控股有限公司 (Powerleader Investment Holding Company Limited*), a limited liability company established in the PRC and wholly owned by Mr. Li and Ms. Zhang as to 87.5% and 12.5% respectively;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale”	the sale of 99% equity interests in Nanjing Baode from the Company to Powerleader Investment pursuant to the Nanjing Baode Share Transfer Agreement;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules;
“Transaction”	the transaction contemplated under the Nanjing Baode Share Transfer Agreement; and
“%”	per cent.

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

Shenzhen, the PRC, 12 February 2014

*As at the date hereof, the Board comprises a total of 9 Directors, including Ms. Zhang Yunxia, Mr. Dong Weiping and Mr. Ma Zhumao as executive Directors, Mr. Li Ruijie, Mr. Sun Wei and Mr. Li Donglei as non-executive Directors and Mr. Jiang Baijun, Dr. Guo Wanda and Mr. Chan Shiu Yuen Sammy as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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*\* For identification purposes only*

*# all figures have been rounded to the nearest thousand.*