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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)**

**MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE SHENZHEN IDC BUSINESS  
AND THE VALUE-ADDED CLOUD SERVICES BUSINESS**

**DISPOSAL OF THE SHENZHEN IDC BUSINESS AND THE VALUE-ADDED CLOUD SERVICES BUSINESS**

On 1 September 2016, the Company and Zqgame entered into the Agreement, pursuant to which the Company conditionally agreed to sell, and Zqgame conditionally agreed to purchase, the entire equity interests in Baoteng Internet. The cash consideration in the sum of RMB500,000,000 will be paid in three instalments, (i) 25% of the consideration, being RMB125,000,000, shall be paid within 3 Business Days after signing of the Agreement, (ii) 26% of the consideration, being RMB130,000,000, shall be paid within 30 days after the Completion and (iii) the balance of the consideration, being RMB245,000,000, shall be paid in instalments within 30 days after the issue of the audit report of Baoteng Internet for the years 2017, 2018 and 2019 respectively.

Baoteng Internet together with its wholly-owned subsidiary, Powerleader Data Service are engaged in the Shenzhen IDC Business, including customization of data center, rental service of data center rack and the Value-added Cloud Services Business. The Group will carry out an internal restructuring to transfer the Shenzhen IDC Business carried on by the Group (other than those already under Baoteng Internet and Powerleader Data Service) to Baoteng Internet, so that Baoteng Internet can operate the Shenzhen IDC Business independently after Completion. The CDN Business carried on by Baoteng Internet will be retained by the Group and will not be sold to Zqgame under the Disposal.

On 1 September 2016, the Company and Zqgame also entered into the Profit Guarantee Compensation Agreement, pursuant to which the Company will guarantee that the net profit of Baoteng Internet for the three financial years ending 31 December 2017, 2018 and 2019 in aggregate will not be lower than RMB110,361,605.80. The Company is required to make the Profit Guarantee Compensation to Zqgame if the actual net profit of Baoteng Internet in aggregate falls short of the aforesaid guarantee net profit during the Compensation Period. The Company will also be required to pay a separate Asset Impairment Compensation to Zqgame in addition to the Profit Guarantee Compensation if the value of asset impairment of Baoteng Internet at the end of the Compensation Period is larger than the total Profit Guarantee Compensation paid by the Company. If however the actual net profit of Baoteng Internet achieves or exceeds the net profit guaranteed by the Company during the Compensation Period, the Company will not be required to pay the Asset Impairment Compensation to Zqgame.

### **GEM LISTING RULES IMPLICATIONS**

As one of the percentage ratios in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular of the Company containing further details of the Disposal, the notice convening the EGM together with proxy form and reply slip and any other information as required by the GEM Listing Rules is expected to be despatched to the Shareholders on or before 23 September 2016.

## **I. THE AGREEMENT**

On 1 September 2016, the Company and Zqgame entered into the Agreement, pursuant to which the Company conditionally agreed to sell, and Zqgame conditionally agreed to purchase the entire equity interests of Baoteng Internet, a wholly-owned subsidiary of the Group, which directly wholly-owns Powerleader Data Service.

### **Date**

1 September 2016

### **Parties**

Vendor:	The Company
Purchaser:	Zqgame, the A shares of which are listed on the Shenzhen Stock Exchange

Powerleader Investment, the controlling shareholder of the Company, holds approximately 27.28% of the total issued shares of Zqgame, and the Company holds approximately 15.24% of the total issued shares of Zqgame.

Mr. Li Ruijie and Madam Zhang Yunxia, being Directors are also the directors of Zqgame. Mr. Ma Zhumao, an executive director of the Company, is the chairman of the supervisory committee of Zqgame. Mr. Xu Yueming, a non-executive director of the Company, is the secretary to the board of directors and the chief financial officer of Zqgame. Mr. Wang Li, a vice president of the Company, is a director of Zqgame.

Save as disclosed above and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Zqgame and each of the controlling shareholders, directors, supervisors and substantial shareholders of Zqgame are third parties independent of the Company and its connected persons.

#### **Assets to be disposed of**

Pursuant to the Agreement, the Company has conditionally agreed to sell the entire equity interests of Baoteng Internet (which wholly-owns Powerleader Data Service) to Zqgame.

The Group carries on the Shenzhen IDC Business and the Guangzhou IDC Business. Baoteng Internet together with its wholly-owned subsidiary, Powerleader Data Service are engaged in the Shenzhen IDC Business, including customization of data center, rental service of data center rack and the Value-added Cloud Services Business, comprising the provision of value-added services on public cloud computing to customers of the Shenzhen IDC Business such as connection to public cloud, public cloud platform, and public cloud management. Baoteng Internet also carries on the CDN Business.

The Guangzhou IDC Business comprises two phases. The construction of the first phase data centre rooms of the Guangzhou IDC Business (“**1st Phase Guangzhou Data Centre**”) has completed, while the construction of the second phase data centre rooms has not yet commenced. The 1st Phase Guangzhou Data Centre is a large-scale investment and required huge capital investment, and has commenced operation for less than one year. The 1st Phase Guangzhou Data Centre was completed for a relatively short period, and has not yet generated any profit. The Directors take the view that the consideration for disposal of the Guangzhou IDC Business at this stage would be underestimated. The Directors thus consider that the conditions of Guangzhou IDC Business are not mature for disposal and decided to retain it in the Group.

#### **Transfer of Subject Assets and Retained Assets before Completion by way of internal restructuring**

The Company agrees to transfer the Subject Assets related to the Shenzhen IDC Business held by the Group (other than those already held under Baoteng Internet and Powerleader Data Service) at nil consideration to Baoteng Internet pursuant to an internal restructuring of the Group before Completion to ensure that Baoteng Internet can operate the Shenzhen IDC Business independently after the Completion. The Subject Assets to be transferred include (among other things) business and customers resources, operational data, business records, equipment, inventories, monetary capital, human resources, intellectual property rights such as patents, trademarks, software copyrights, uncompleted orders, sales contracts, procurement contracts and the corresponding sale proceeds, relevant account receivables and debts.

The Company and/or its subsidiary(ies) and Baoteng Internet will enter into asset transfer agreements to effect the aforementioned transfer of the Subject Assets before Completion.

As the CDN Business carried on by Baoteng Internet will be retained by the Group and will not be sold to Zqgame under the Disposal, Zqgame and the Company agrees that the Retained Assets related to the CDN Business held by Baoteng Internet shall be transferred at nil consideration to the Company and/or its subsidiary(ies). The Retained Assets to be transferred include (among other things) business and customers resources, operational data, business records, equipment, inventories, monetary capital, human resources, intellectual property rights such as patents, trademarks, software copyrights, uncompleted orders, sales contracts, procurement contracts and the corresponding sale proceeds, relevant account receivables and debts.

The Company and Baoteng Internet will enter into asset transfer agreements to effect the aforementioned transfer of Retained Assets before Completion.

Accordingly, under the Disposal, the Group will be disposing of the Shenzhen IDC Business and the Value-added Cloud Services Business, comprising part of the IaaS Business of the Group, to Zqgame.

The audited book value of the Shenzhen IDC Business and the Value-added Cloud Services Business, based on PRC accounting standards, was approximately RMB170,523,000 as at 30 June 2016.

The following is the financial information of Baoteng Internet, assuming that the Subject Assets had been injected into Baoteng Internet and the Retained Assets had been disposed of by Baoteng Internet, for the six months ended 30 June 2016 (audited) and the two years ended 31 December 2014 (audited) and 31 December 2015 respectively (audited), which was prepared in accordance with the applicable accounting standards in the PRC under a special audit:

	<b>For the six months ended 30 June 2016 (audited)</b>	<b>For the year ended 31 December 2015 (audited)</b>	<b>For the year ended 31 December 2014 (audited)</b>
Total assets	approximately RMB170,523,000	approximately RMB81,615,000	approximately RMB79,987,000
Net profit/loss	approximately RMB3,699,000	approximately RMB677,000	approximately RMB(2,328,000)
Total revenue	approximately RMB20,616,000	approximately RMB27,608,000	approximately RMB4,764,000

Baoteng Internet is a direct wholly-owned subsidiary of the Group held by the Company. Upon Completion, the Group will no longer hold any equity interest in Baoteng Internet or Powerleader Data Service, Baoteng Internet and Powerleader Data Service will cease to be subsidiaries of the Group and their financial results will cease to be consolidated into the Group's financial results.

### **Consideration**

The cash consideration in the sum of RMB500,000,000 will be paid in three instalments, (i) 25% of the consideration, being RMB125,000,000, shall be paid within 3 Business Days after the signing of the Agreement; (ii) 26% of the consideration, being RMB130,000,000, shall be paid within 30 days after the Completion; and (iii) the balance of the consideration, being RMB245,000,000 shall be paid in instalments as follows: at the

end of the years 2017, 2018 and 2019, a registered accountant, as agreed by the Company and Zqgame, will perform audit of the actual net profit of Baoteng Internet for the relevant year and issue an audit report. Within 30 days after the issue of such audit report in each of 2017 and 2018, Zqgame will pay a portion of the consideration which is calculated by: (the actual net profit of Baoteng Internet for the corresponding year ÷ the total guaranteed net profit during the Compensation Period) x 49% x total consideration of the Disposal. If Baoteng Internet incurs loss in any of the years in 2017 and 2018, Zqgame will not pay the corresponding portion of consideration of that year. Within 30 days after the issue of the audit report for 2019, Zqgame will pay the balance of the remaining portion of the consideration (if any) to the Company.

### **Basis of Consideration**

The consideration of the Disposal was arrived at after commercial and arm's length negotiations between the Group and Zqgame and was determined with reference to the valuation of the entire shareholder's interest in Baoteng Internet at RMB501,660,100 as at the Benchmark Date by Vocation (Beijing) International Assets Appraisal Co., Ltd., an independent valuer using the income approach.

As the valuation on Baoteng Internet referred to above was prepared using the income approach, it is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules. The following are the details of the principal assumptions, including commercial assumptions, upon which the valuation report was based:

The principal assumptions used in the valuation of Baoteng Internet were as follows:

#### *(i) General assumptions*

1. there is no material change in the current relevant laws, regulations and policies in the PRC;
2. there is no material change in the macroeconomic situation policies of the PRC and the basic policies related to the industry;
3. there is no material change in current bank interest rates, exchange rates, taxation policies and etc. in the PRC;
4. under the circumstances where the title to the ownership of Baoteng Internet is certain, Baoteng Internet will maintain its operations as a prerequisite;
5. there is no material change in the business model of Baoteng Internet;
6. there is no material change in the accounting policies and accounting methods of Baoteng Internet;
7. there is no material change in the political, economic and social environment in the location where Baoteng Internet situates;
8. there is no material change in the macro-environment of the industry and basic policies in the industry which Baoteng Internet operates in, which means that the sales market will not have a sharp decline due to the change in the macro-environment or the sales market will not shrink due to intervention policy;

9. there are no other force majeure events or unforeseeable factors that result in other significant impact to Baoteng Internet and the external environment;
10. the general information, ownership information, policy documents and other relevant documents relating to the business operations of Zqgame and Baoteng Internet are assumed to be true and valid; the assets and liabilities within the scope of valuation are assumed to be true and complete, there are no defects in their title and ownerships and there is no other restriction in transaction matters;
11. the continued use of assets is assumed, which means the assets being assessed will continue with their existing use, the conditions of use such as manner, scale, frequency and environmental conditions are legal, and the assets will be used continuously and effectively within the foreseeable period of use, without any significant change.

*(ii) Special Assumptions*

1. Baoteng Internet complies with all the relevant laws and regulations in the PRC, and there will be no material non-compliance which will affect its development and revenue;
2. the purchase, acquisition and construction process of Baoteng Internet's assets are assumed to be in compliance with all the relevant laws and regulations in the PRC;
3. there will be no major change in the senior management and the research & development staff involved in Baoteng Internet's business which is in the scope of valuation, and Baoteng Internet will continue to operate based on its current model;
4. Baoteng Internet is assumed that it will not experience material difficulties in collecting receivables (i.e. bad debts);
5. Baoteng Internet is assumed to be not facing any serious technical failure which will affect it from continuing to use its tangible assets, and it is assumed that its key components and materials do not face any potential material defects in terms of quality and quantity;
6. in the foreseeable operating period, the non-recurring profit/loss that Baoteng Internet may encounter, including but not limited to the disposal of long term equity investment, fixed assets, construction-in-progress, intangible assets, the profit/loss of other long-term investments, and non-operating income are not taken into consideration;
7. the cash flow to equity of Baoteng Internet is generated during the interim period of each projection period;
8. the data in relation to Baoteng Internet's future income projections (cash flow projections) is provided by Baoteng Internet's senior management, and they shall bear the responsibility. The valuer's responsibility is to conduct reasonable analysis and judgment based on the aforementioned projections, and taking into account factors such as the operation status, development plans and resource

allocation of Baoteng Internet. The valuer's analysis should not be treated as a guarantee regarding the achievability of the future income projection (cash flow projection);

9. Baoteng Internet's Shenzhen IDC Business and the Value-added Cloud Services Business are transferred from the Company to Baoteng Internet. Being a "High and New Technology Enterprise", the Company enjoys a preferential income tax rate of 15%. After the transfer of the Subject Assets, Baoteng Internet will apply for the qualification of "High and New Technology Enterprise". According to the feasibility analysis of the application to be a "High and New Technology Enterprise" provided by Baoteng Internet, the valuation is based on the assumption that Baoteng Internet possesses the "High and New Technology Enterprise" qualification and enjoys the preferential income tax rate of 15% in 2017. From 2017 and onwards, the valuation was conducted based on the income tax rate of 15%.

The Company will apply to the Stock Exchange for a waiver from strict compliance with the requirements of Rule 19.62 of the GEM Listing Rules with respect to the abovementioned valuation on Baoteng Internet which is regarded as a profit forecast.

#### **Taking Effect of the Agreement**

The Agreement shall take effect subject to the fulfillment of the following conditions (the effective date being the date of fulfillment of the last of these conditions):

- (a) the approval of the Disposal by the board of directors and shareholders of Zqgame;
- (b) the approval of the Disposal by the Board and the Shareholders;
- (c) the approval of or agreement to the Disposal by the Shenzhen Stock Exchange and other competent authorities (if necessary); and
- (d) the Company having complied with requirements under applicable laws, regulations and rules in relation to the Disposal, including the requirement of sufficient level of operations or assets to warrant the continued listing of its shares under Rule 17.26 of the GEM Listing Rules (if necessary).

None of the above conditions is waivable by the Company or Zqgame.

The Company and Zqgame have agreed that if the Agreement fails to take effect, the Company will refund to Zqgame the portion of the consideration received from Zqgame plus bank interest over the same period, which is calculated by bank lending interest rate for the same period quoted at the time of payment of such portion of consideration by Zqgame raised by 10%.

#### **Completion**

Completion shall take place on a date to be agreed by the Company and Zqgame after the above conditions of the Agreement have been fulfilled.

## **Non-competition undertakings**

The Company together with Powerleader Investment are controlling shareholders of Zqgame. In order to resolve the competition between the Group and Zqgame in the IDC Business after Completion as required by the China Securities Regulatory Commission, the Company has given a non-competition undertaking as part of the arrangement under the Disposal. The Company has undertaken that with respect to the Guangzhou IDC Business, after the Completion and when the conditions for Guangzhou IDC Business to be injected into Zqgame are met and when there are no actual obstacles to such injection, the Company may carry out negotiations with Zqgame and after reaching and entering into formal agreements inject the Guangzhou IDC Business into Zqgame; and the Company may also terminate the Guangzhou IDC Business or transfer it to an unrelated third party to resolve the competition issue.

As Speedtop (which is owned by Powerleader Investment and Madam Zhang Yunxia as to 50% each) holds the business qualifications licence to carry on IDC business, Powerleader Investment, Mr. Li Ruijie and Madam Zhang Yunxia and Speedtop have given a non-competition undertaking that Speedtop will not carry out IDC Business other than in cooperation with Zqgame, and the revenue of Speedtop in relation to IDC Business (apart from the portion necessary for daily operations) shall belong to Zqgame, and when the conditions for Speedtop to be injected into Zqgame are met and when there are no actual obstacles to such injection, Speedtop will be injected into Zqgame through methods such as acquisition by cash or assets reorganisation. Powerleader Investment, Mr. Li Ruijie, Madam Zhang Yunxia and Speedtop have also undertaken that within 3 years after the Completion, if the competition issue has not been resolved and Zqgame has no intention to acquire Speedtop, Speedtop will terminate its IDC Business or transfer it to an unrelated third party to resolve the competition issue.

Each of the Company, Powerleader Investment, Madam Zhang Yunxia and Mr. Li Ruijie has also undertaken that save for the above, after the Completion and during the time when it/he/she remains to be the controlling shareholder(s) or the de facto controller(s) of Zqgame, it/he/she shall not carry on or participate in any business that is in competition with the businesses carried out by Zqgame as at the date of the Agreement or the Shenzhen IDC Business by way of self-operation, joint venture, cooperation, etc..

## **Profit and Loss in respect of the Disposal during the Relevant Period**

The Company and Zqgame further agreed that:

1. During the Relevant Period, Baoteng Internet will not declare any dividends;
2. During the Relevant Period, apart from the costs and taxes payable regarding the Disposal which shall be borne by the Company and/or Zqgame according to the law or as agreed, the profits of Baoteng Internet will belong to Zqgame and the Company will compensate Zqgame in cash for the loss from the operation of Baoteng Internet; and
3. Within 30 Business Days after the date of Completion, an accountancy firm with securities business qualification as recognized by the Company and Zqgame, will perform audit on Baoteng Internet for the Relevant Period and shall issue an audit report as confirmation.



## **Profit Guarantee Compensation Agreement**

### *Date*

1 September 2016

### *Parties*

- (1) The Company
- (2) Zqgame

### *Profit Guarantee*

The Company guaranteed to Zqgame that the audited net profit attributable to shareholders of Baoteng Internet after deducting extraordinary items in the consolidated accounts for the financial years ending 31 December 2017, 2018 and 2019 (the “**Compensation Period**”) in aggregate will not be lower than RMB110,361,605.80. The guarantee net profit amounts during the Compensation Period were determined with reference to the net profit attributable to shareholders of Baoteng Internet after deducting extraordinary items in its consolidated accounts based on the valuation of Baoteng Internet using the income approach.

### *Profit Guarantee Compensation*

Pursuant to the Profit Guarantee Compensation Agreement, a registered accountant, as agreed by the Company and Zqgame, will perform audit of Baoteng Internet at the end of the Compensation Period. After the registered accountant has issued an audit report as confirmation, if the actual net profit of Baoteng Internet cannot achieve the guarantee net profit at the end of the Compensation Period, the Company will pay the Profit Guarantee Compensation in cash to Zqgame after the end of the Compensation Period. In that event, the cash compensation under the Profit Guarantee Compensation is calculated as follows:

(the guaranteed net profit during the Compensation Period – the actual cumulative net profit as at the end of the Compensation Period) ÷ the guaranteed net profit during the Compensation Period x the total consideration of the Disposal

### *Asset Impairment Compensation*

At the end of the Compensation Period, an accountancy firm with securities business qualification as recognized by the Company and Zqgame, will perform an asset impairment test on Baoteng Internet for the Compensation Period and issue its audit opinion. If the amount of asset impairment of Baoteng Internet at the end the Compensation Period is larger than the total Profit Guarantee Compensation paid by the Company, the Company will be required to pay the Asset Impairment Compensation in cash to Zqgame in addition to the Profit Guarantee Compensation. The cash compensation under Asset Impairment Compensation is calculated by: the amount of asset impairment of Baoteng Internet as at the end of the Compensation Period – the cash compensation amount previously paid under the Profit Guarantee Compensation.

If however the actual net profit of Baoteng Internet achieves or exceeds the guaranteed net profit during the Compensation Period, the Company will not be required to pay the Asset Impairment Compensation to Zqgame.

## **II. REASONS FOR AND BENEFITS EXPECTED TO ACCRUE FROM THE DISPOSAL**

Due to adjustments in the Company's business structure and the direction of the Group's future development plans, the Disposal will aid the Group's internal reorganization, such that the Company can focus its efforts on the development of its MaaS Business after the Disposal and to achieve its target of becoming China's leading cloud module business supplier.

The businesses of the Company and Zqgame are highly complementary since Zqgame's operations requires the rental of a large amount of servers and storage systems to manage the data of the games it operates, the Shenzhen IDC Business can provide the data storages and maintenance services it requires. Through the Disposal, strategic integration between the Company and Zqgame will be formed which will be advantageous for both parties to form an integrated value-chain of "Software + Hardware + Service".

Moreover, the Shenzhen IDC Business requires huge capital investment and high maintenance costs and part of the initial capital put in was funded by bank loans which increased the Group's gearing ratio. The Company intends to use the net proceeds from the Disposal as general working capital and for repayment of bank loans. The Disposal will allow the Company to replenish its general working capital and improve its liquidity. The Company expects that the Disposal will facilitate improvement to the financial structure of the Group, reduction of its financial costs, and enhancement of the efficiency of the Group's resources allocation, The Disposal will be beneficial to the Group in focusing on the development of the remaining core business and will suit the development needs of the Company.

Based on the above reasons and benefits, the Board considers that the terms of the Disposal are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **III. INFORMATION ON BAOTENG INTERNET**

Baoteng Internet is a company incorporated in the PRC with limited liability and has a registered capital of RMB10,000,000. The equity interests in Baoteng Internet is owned as to 100% by the Company before the Completion.

The business scope of Baoteng Internet covers information technology products, communication technology products, consumer electronics and research & development and sales of the software and hardware of Internet technology products, as well as property management.

The audited net assets of Baoteng Internet, based on PRC accounting standards, is approximately RMB6,764,000 as at 30 June 2016.

The following is the financial information of Baoteng Internet for the years ended 31 December 2014 (audited) and 31 December 2015 (audited) respectively, which were prepared in accordance with the applicable accounting standards in the PRC:

	<b>For the year ended 31 December 2015 (audited)</b>	<b>For the year ended 31 December 2014 (audited)</b>
Net profits before taxation	approximately RMB(163,000)	approximately RMB291,000
Net profits after taxation	approximately RMB(163,000)	approximately RMB291,000

The Company is expected to gain RMB490,500,000 from the Disposal, and such gain is calculated by reference to the total consideration to be received under the Disposal less the long-term equity investments in Baoteng Internet and Powerleader Data Service, being RMB9,500,000 and RMB0 respectively.

#### **IV. INFORMATION ON POWERLEADER DATA SERVICE**

Powerleader Data Service is a company incorporated in the PRC with limited liability and has a registered capital of RMB10,000,000. The equity interests in Powerleader Data Service is owned as to 100% by Baoteng Internet.

The business scope of Powerleader Data Service is data technology, computer hardware and software, network technology including technology development, technical consulting, technology transfer and technical services.

Powerleader Data Service was incorporated in May 2016, the audited net assets of Powerleader Data Service, based on PRC accounting standards, is RMB0 as at 30 June 2016.

The following is the financial information of Powerleader Data Service for the years ended 31 December 2014 (audited) and 31 December 2015 (audited) respectively, which were prepared in accordance with the applicable accounting standards in the PRC:

	<b>For the year ended 31 December 2015 (audited)</b>	<b>For the year ended 31 December 2014 (audited)</b>
Net profits before taxation	RMB0	RMB0
Net profits after taxation	RMB0	RMB0

## V. INFORMATION ON THE GROUP AND ZQGAME

### The Group

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; (ii) Cloud Module as a Service (MaaS) — comprising research and development, design, manufacturing and sale of cloud computing equipment related components, agency distribution of key components of cloud computing equipment and provision of related value added services; 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.

### Zqgame

The businesses carried on by Zqgame as at the date of the Agreement are the development, publication and operation of cloud-based, webpage, mobile and other types of games in the network entertainment industry.

The audited net assets of Zqgame, based on PRC accounting standards, was approximately RMB1,034,632,000 as at 31 December 2015.

## VI. GEM LISTING RULES IMPLICATIONS

As one of the percentage ratios in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular of the Company containing further details of the Disposal, the notice convening the EGM together with proxy form and reply slip and any other information as required by the GEM Listing Rules is expected to be despatched to the Shareholders on or before 23 September 2016.

## VII. DEFINITIONS

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

“Agreement”	the conditional agreement dated 1 September 2016 entered into between the Company and Zqgame in relation to the Disposal
“Asset Impairment Compensation”	the compensation to be made by the Company to Zqgame if the value of asset impairment of Baoteng Internet is greater than total compensation amount paid under the Profit Guarantee Compensation, details of which are set out in the section headed “Profit Guarantee Compensation Agreement — Asset Impairment Compensation” in this announcement

“Baoteng Internet”	Shenzhen Baoteng Internet Technology Limited* (深圳市宝腾互聯科技有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
“Benchmark Date”	30 June 2016, the valuation date of the Baoteng Internet
“Board”	the board of directors of the Company
“Business Day”	a day on which commercial banks are generally opened for business in the PRC (excluding Sundays and statutory holidays)
“CDN Business”	the business of static page acceleration, dynamic pages acceleration, file transfer acceleration, streaming media acceleration and related value-added services
“Company”	Powerleader Science & Technology Group Limited* (宝德科技集團股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H Shares are currently listed on GEM (Stock Code: 8236)
“Compensation Period”	the three financial years ending 31 December 2017, 2018 and 2019
“Completion”	completion of the Disposal in accordance with the terms of the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in Baoteng Internet by the Company to Zqgame in accordance with the terms of the Agreement and the Profit Guarantee Compensation Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Disposal
“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
“Guangzhou IDC Business”	the IDC Business situated at Guangzhou Luogang Internet Data Center* (廣州蘿崗互聯網數據中心), Enterprises Accelerator C7 Building, No.11 Kaiyuan Road, Luogang District, Science Park, Guangzhou carried on by the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IaaS Business”	Cloud Infrastructure as a Service — provision of cloud server and cloud storage equipment as well as related solutions
“IDC Business”	internet data center business

“MaaS Business”	Cloud Module as a Service — provision of research and development, design, manufacturing and sale of cloud computing equipment related components as well as cloud computing equipment, key components agency distribution and related value-added services
“Powerleader Data Service”	Shenzhen Powerleader Data Service Limited* (深圳市宝德數據服務有限公司), formerly known as Shenzhen Powerleader Cloud Computing Technology Limited* (深圳市宝德雲計算技術有限公司), a company incorporated in the PRC with limited liability and is a direct wholly-owned subsidiary of Baoteng Internet
“Powerleader Investment”	Powerleader Investment Holding Company Limited* (深圳市宝德投資控股有限公司), holding approximately 42.05% of the Company’s shares, and is directly and indirectly held as to 87.5% and 12.5% by Mr. Li Ruijie and Madam Zhang Yunxia and respectively
“PRC”	the People’s Republic of China
“Profit Guarantee Compensation Agreement”	a profit guarantee compensation agreement dated 1 September 2016 entered into by the Company and Zqgame
“Profit Guarantee Compensation”	the compensation to be made by the Company to Zqgame for failure to achieve the profit guarantee in respect of Baoteng Internet, details of which are set out in the section headed “Profit Guarantee Compensation Agreement” in this announcement
“Relevant Period”	the period from the day after the Benchmark Date up to and including the date of Completion, but for the purpose of calculating the profit or loss of Baoteng Internet, the period commencing after the Benchmark Date up to the last day of the month before the date of Completion
“Retained Assets”	the assets, rights, interests and obligations of Baoteng Internet to be transferred to the Group, details of which are set out in the section headed “The Agreement — Transfer of Subject Assets and Retained Assets before Completion by way of internal restructuring”
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS & PaaS Business”	Software and Platform as a Service — provision of development and services of cloud computing related software and platform
“Shareholder(s)”	the shareholder(s) of the Company

“Shenzhen IDC Business”	the IDC Business situated at Shenzhen Guanlan Internet Data Center* (深圳觀瀾互聯網數據中心), No. 3 Guanyi Road, Guanlan Hi-tech Industrial Park, Longhua District, Shenzhen carried on by the Group, including customization of data center, rental service of data center rack
“Speedtop”	Shenzhen Speed Top Network Technology Company Limited* (深圳市速必拓網絡科技有限公司), a company incorporated in the PRC with limited liability, and is owned by Powerleader Investment and Madam Zhang Yunxia as to 50% each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Assets”	the assets, rights, interests and obligations of Shenzhen Internet Data Center of the Group (other than those already held under Baoteng Internet and Powerleader Data Service) to be transferred to Baoteng Internet, details of which are set out in the section headed “The Agreement — Transfer of Subject Assets and Retained Assets before Completion by way of internal restructuring”
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Value-added Cloud Services Business”	the provision of value-added services on public cloud computing to customers of the Shenzhen IDC Business
“Zqgame”	Shenzhen ZQGAME Co. Ltd.* (深圳中青寶互動網絡股份有限公司), a limited company incorporated in PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 300052). Zqgame is an associated company of the Group, of which the Company and Powerleader Investment hold approximately 15.24% and 27.28% of the total issued shares respectively
“%”	per cent

By order of the Board  
**Zhang Yunxia**  
(張雲霞)  
*Chairman*

Shenzhen, the PRC  
1 September 2016

*As at the date of this announcement, the executive directors of the Company are Ms. Zhang Yunxia, Mr. Dong Weiping and Mr. Ma Zhumao; the non-executive directors are Mr. Li Ruijie Mr. Sun Wei and Mr. Xu Yueming and independent non-executive directors are Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from its date of publication and the Company’s website at [www.powerleader.com.cn](http://www.powerleader.com.cn).*

*\* For identification purpose only*