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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF TENANCY AGREEMENTS WITH BAOTENG INTERNET**

The Company entered into the Agreement with Zqgame on 1 September 2016 for the disposal of entire equity interests of Baoteng Internet to Zqgame. Completion took place on 29 June 2017.

Upon Completion, Baoteng Internet became a subsidiary of Zqgame, and the Company ceased to have interest in Baoteng Internet apart from an indirect interest through its shareholding in Zqgame. Powerleader Investment, the controlling shareholder of the Company, holds approximately 27.86% of the total issued shares of Zqgame, and the Company holds approximately 15.24% of the total issued shares of Zqgame. Zqgame is a 30%-controlled company held by Powerleader Investment. As Powerleader Investment being a substantial shareholder of the Company is a connected person of the Company, Zqgame being an associate of Powerleader Investment is also a connected person of the Company under Rule 20.07(4) under the GEM Listing Rules. Thus, transactions between the Group and Baoteng Internet being a subsidiary of Zqgame constitute connected transactions of the Company.

The Company leases certain premises at Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, the PRC to Baoteng Internet. The Tenancy Agreements for the aforesaid continuing transactions entered into by the Company and Baoteng Internet for a fixed period with fixed terms have become continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules from Completion. The particulars of the Tenancy Agreements are disclosed in this announcement pursuant to Rule 20.58 of the GEM Listing Rules.

Reference is made to the announcements of the Company dated 1 September 2016, 22 November 2016 and 1 March 2017 respectively and the circular of the Company dated 9 June 2017 regarding, among other things, a major and connected transaction of the Company for the disposal of the Shenzhen IDC business and the value-added cloud services business.

The Company entered into the Agreement with Zqgame on 1 September 2016 for the disposal of the entire equity interest of Baoteng Internet to Zqgame. Completion of the Agreement took place on 29 June 2017. Upon Completion, Baoteng Internet became a subsidiary of Zqgame, and the Company ceased to have interest in Baoteng Internet apart from an indirect interest through its shareholding in Zqgame.

The Company leases certain premises at Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, the PRC to Baoteng Internet. The Tenancy Agreements for such leases being agreements with Baoteng Internet for a fixed period with fixed terms have become continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules from Completion. The particulars of the Tenancy Agreements are disclosed in this announcement pursuant to Rule 20.58 of the GEM Listing Rules.

PRINCIPAL TERMS OF THE TENANCY AGREEMENTS

Baoteng Internet IDC Phase 1 Tenancy Agreement

Date:	1 July 2016
Parties:	the Company as landlord Baoteng Internet as tenant
Premises:	1/F to 4/F, Internet Data Centre Phase 1, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 6,156 sq.m. for office use and IDC Business carried on by Baoteng Internet
Term:	Three years commencing from 1 July 2016 and ending on 30 June 2019
Rent:	Rent (exclusive of management fee, water supply charges, electricity charges, internet charges and all other public utilities charges, which shall be borne by the tenant during the term of the tenancy) payable on a monthly basis during the term is RMB191,880
Annual caps:	It is anticipated the rental and other charges payable by Baoteng Internet to the Company under Baoteng Internet IDC Phase 1 Tenancy Agreement will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2017	2,302,560
2018	2,302,560
2019	1,151,280

Baoteng Internet IDC Phase 2 Tenancy Agreement

Date: 1 July 2016

Parties: the Company as landlord
Baoteng Internet as tenant

Premises: 1/F to 3/F, Internet Data Centre Phase 2, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 4,508.45 sq.m. for office use and the IDC Business carried on by Baoteng Internet

Term: Three years commencing from 1 July 2016 and ending on 30 June 2019

Rent: Rent (exclusive of management fee, water supply charges, electricity charges, internet charges and all other public utilities charges, which shall be borne by the tenant during the term of the tenancy) payable on a monthly basis during the term is RMB139,900

Annual caps: It is anticipated the rental and other charges payable by Baoteng Internet to the Company under Baoteng Internet IDC Phase 2 Tenancy Agreement will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2017	1,678,800
2018	1,678,800
2019	839,400

Baoteng Internet Registered Office Tenancy Agreement

Date: 1 July 2016

Parties: the Company as landlord
Baoteng Internet as tenant

Premises: Room 401, 4/F, Powerleader Technology Research and Development Building, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC as the registered office address of Baoteng Internet

Term: Three years commencing from 1 July 2016 and ending on 30 June 2019

Rent: Rent (inclusive of management fee, air-conditioning charges, water supply charges, electricity charges and all other public utilities charges) payable on a monthly basis during the term is RMB2,857.20

Annual caps: It is anticipated the rental and other charges payable by Baoteng Internet to the Company under Baoteng Internet Registered Office Tenancy Agreement will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2017	32,286.40
2018	32,286.40
2019	17,143.20

Aggregate Annual Caps under the Tenancy Agreements

Based on the aforementioned annual caps under the Baoteng Internet IDC Phase 1 Tenancy Agreement, Baoteng Internet IDC Phase 2 Tenancy Agreement and Baoteng Internet Registered Office Tenancy Agreement, it is anticipated that the aggregate amount of rental and other charges payable by Baoteng Internet to the Company under the Tenancy Agreements will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2017	4,015,646.40
2018	4,015,646.40
2019	2,007,823.20

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

The Company and Baoteng Internet entered into the Tenancy Agreements as Baoteng Internet requires office space and premises to meet its operation needs for its IDC Business. The terms of the Tenancy Agreements were reached on an arm's length basis with reference to properties of similar size, terms, location and the prevailing market conditions in the vicinity at the time of entering into the Tenancy Agreements. Having considered the foregoing, the Directors, including the independent non-executive Directors, consider that the Tenancy Agreements are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As the Tenancy Agreements were entered into prior to the Completion when Baoteng Internet was a wholly-owned subsidiary of the Company, approval of the Tenancy Agreements by the Board with any materially interested Directors abstaining from voting was not required.

GEM LISTING RULES IMPLICATIONS

After the Completion, Baoteng Internet has become a wholly owned subsidiary of Zqgame. Powerleader Investment, the controlling shareholder of the Company, holds approximately 27.86% of the total issued shares of Zqgame, and the Company holds approximately 15.24% of the total issued shares of Zqgame. Zqgame is a 30%-controlled company held by Powerleader Investment. As Powerleader Investment, being a substantial shareholder of the Company, is a connected person of the Company, Zqgame being an associate of Powerleader Investment is also a connected person of the Company under Rule 20.07(4) under the GEM Listing Rules. Accordingly, Baoteng Internet, as a wholly owned subsidiary of Zqgame, is a

connected person of the Company. Hence, the Tenancy Agreements entered into by the Company and Baoteng Internet for a fixed period with fixed terms have become continuing connected transactions of the Company from Completion.

INFORMATION ON 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.

INFORMATION ON BAOTENG INTERNET

Baoteng Internet is a company incorporated in the PRC with limited liability, the equity interest of which is entirely owned by Zqgame. 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.

DEFINITIONS

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

“30%-controlled company”	has the meaning ascribed to it under Rule 20.06(1) of the GEM Listing Rules
“Agreement”	the conditional agreement dated 1 September 2016 entered into between the Company and Zqgame in relation to the disposal of the entire equity interest in Baoteng Internet by the Company to Zqgame
“Baoteng Internet”	Shenzhen Baoteng Internet Technology Limited* (深圳市宝騰互聯網科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Zqgame
“Baoteng Internet IDC Phase 1 Premises”	1/F to 4/F, Internet Data Centre Phase 1, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC
“Baoteng Internet IDC Phase 1 Tenancy Agreement”	the tenancy agreement dated 1 July 2016 entered into between the Company as landlord and Baoteng Internet as tenancy in respect of the leasing of Baoteng Internet IDC Phase 1 Premises
“Baoteng Internet IDC Phase 2 Premises”	1/F to 3/F, Internet Data Centre Phase 2, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC

“Baoteng Internet IDC Phase 2 Tenancy Agreement”	the tenancy agreement dated 1 July 2016 entered into between the Company as landlord and Baoteng Internet as tenancy in respect of the leasing of Baoteng Internet IDC Phase 2 Premises
“Baoteng Internet Registered Office Premises”	Room 401, 4/F, Powerleader Technology Research and Development Building, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC
“Baoteng Internet Registered Office Tenancy Agreement”	the tenancy agreement dated 1 July 2016 entered into between the Company as landlord and Baoteng Internet as tenancy in respect of the leasing of Baoteng Internet Registered Office
“Board”	the board of Directors
“Company”	Powerleader Science & Technology Limited* (宝德科技集团股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on GEM (Stock Code: 8236)
“Completion”	completion of the disposal of the entire equity interest in Baoteng Internet by the Company to Zqgame in accordance with the terms of the conditional agreement dated 1 September 2016 entered into between the Company and Zqgame
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Hong Kong Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“IDC Business”	internet data center business
“Powerleader Investment”	Powerleader Investment Holding Company Limited* (深圳市宝德投资控股有限公司), a company incorporated in the PRC holding approximately 42.05% of all of the Company’s H shares, and is directly and indirectly held as to 87.5% and 12.5% by Mr. Li Ruijie and Madam Zhang Yunxia respectively
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“Tenancy Agreements”	collectively, the Baoteng Internet IDC Phase 1 Tenancy Agreement, the Baoteng Internet IDC Phase 2 Tenancy Agreement and the Baoteng Internet Registered Office Tenancy Agreement

“Zqgame” Shenzhen ZQGAME Co Ltd* (深圳中青宝互动网络股份有限公司), a company incorporated in the 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 held approximately 15.24% of the total issued shares at the date of this announcement

“%” per cent

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

Shenzhen, the PRC
22 August 2017

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 for at least 7 days from its date of publication and the Company’s website at www.powerleader.com.cn.

* For identification purpose only