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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY BY JUDICIAL AUCTION**

THE ACQUISITION

Reference is made to the announcement of the Company dated 6 November 2017. On 1 November 2017, the Company was successful in the bidding of the Property at the Judicial Auction.

On 10 November 2017, the Company, the Shenzhen Enterprise Insolvency Association and the Bankruptcy and Liquidation Administrator entered into the Auction Completion Confirmation. Pursuant to the Auction Completion Confirmation, the parties confirmed that the Company is the successful bidder in respect of the acquisition of the Property at the Consideration of RMB194,608,288.84 at the Judicial Auction. The Judicial Auction which was bidden in the name of the Company was jointly participated by the Company and Shenzhen Shenshang in the proportion of 60% and 40% respectively. The Consideration paid was contributed by the Company and Shenzhen Shenzhang as to approximately 60% and 40% respectively.

GEM LISTING RULES IMPLICATIONS

As one of the percentage ratios of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

SIGNIFICANT RISK WARNING

- (i) Constructions attached to the Land Use Rights are yet to be completed, and is overdue for more than two years. Pursuant to the contract entered into between the Guangming Management Bureau of the Shenzhen Planning and Land Resources Committee* (深圳市規劃和國土資源委員會光明管理局) and the Seller, there exists a risk of uncompensated recovery of the Land Use Rights and Construction In Progress by the Shenzhen Planning and Land Resources Committee* (深圳市規劃和國土資源委員會). The Company shall assume the risk of uncompensated recovery of the Land Use Rights;

- (ii) The Land Use Rights have been sealed up by the Shantou Municipality Chaoyang People's Court* (汕頭市潮陽區人民法院), the Shenzhen Intermediate People's Court, the Shenzhen Municipality Futian People's Court* (深圳市福田區人民法院) and relevant overseas courts, and have been pledged in favour of the Shenzhen Zhongxinqu subbranch of Hua Xia Bank Co., Limited* (華夏銀行股份有限公司深圳中心區支行). The un-sealing and un-pledging procedures are in process, and the Company shall assume the risk of the Land Use Rights not being transferred in time;
- (iii) From the date of Completion, all natural risks including damage and loss and legal risks of the Property are to be borne by the Company;
- (iv) Upon Completion, as the Construction In Progress is yet to be completed, the contractor is yet to withdraw from the site and claims from the Bankruptcy and Liquidation Administrator site management fees (including salary, rental, and equipment maintenance), which the Bankruptcy and Liquidation Administrator does not recognise, such claims will be borne by the Company;
- (v) As to whether procedures including review and planning of the Property is in compliance with relevant land laws, statutes, regulations and requirements of the Shenzhen Planning and Land Resources Committee, the Company will lodge its own enquiry with the relevant competent authorities and assume any risks arising hereof;
- (vi) The Property will be delivered on as-is basis. The Bankruptcy and Liquidation Administrator does not assume warranty of defects of the Property. The Bankruptcy and Liquidation Administrator auctions and delivers on as-is basis and the risks shall be assumed by the Company;
- (vii) The location and area of the Land Use Rights and area of the Construction In Progress shall be as approved by the relevant competent authorities. Risks of the location and area of the Land Use Rights and area of the Construction In Progress being inconsistent with the approved location and area shall be assumed by the Company;
- (viii) The land use and the transfer of land use rights of the Property have certain restrictions, the Company shall assume the risk that the Company may not meet the policy requirements or the related restrictions which will result in the failure in changing ownership of or transferring the Property; and
- (ix) Upon Completion, if there are any arrears of tax due to historical reason, or any taxes (including but not limited to land value-added tax, sales tax and surcharges, stamp duty, deed tax, land premium, land use rights charges, water and electricity charges) which arise from the change of ownership of the Property shall be borne by the Company.

The Company and Shenzhen Shenzhang agreed that their respective percentage interest in the Property are 60% and 40%; and the rights and obligations arising from the participation in the Judicial Auction would be jointly borne by the Company and Shenzhen Shenshang.

Shareholders and potential investors are kindly advised to take note of investment risks.

GENERAL

Reference is made to the announcement of the Company dated 6 November 2017. On 1 November 2017, the Company was successful in the bidding of the Property at the Judicial Auction.

On 10 November 2017, the Company, the Shenzhen Enterprise Insolvency Association and the Bankruptcy and Liquidation Administrator entered into the Auction Completion Confirmation. Pursuant to the Auction Completion Confirmation, the parties confirmed that the Company is the successful bidder in respect of the acquisition of the Property at the Consideration of RMB194,608,288.84 at the Judicial Auction. The Judicial Auction which was bidden in the name of the Company was jointly participated by the Company and Shenzhen Shenshang in the proportion of 60% and 40% respectively.

DETAILS OF THE JUDICIAL AUCTION

Date of the Judicial Auction

The Judicial Auction was conducted between 30 October and 1 November 2017. The Company participated in the Judicial Auction on 30 October 2017 and succeeded in the bidding on 1 November 2017.

Parties to the Judicial Auction

Bidder: bidden in the name of the Company, the bidding was jointly participated by the Company and Shenzhen Shenshang in the proportion of 60% and 40% respectively.

Seller: Shenzhen Ruihua Construction Co., Ltd.* (深圳市瑞華建設股份有限公司), a company that has entered bankruptcy and liquidation procedures

Asset Disposal Court: Guangdong Province Shenzhen Intermediate People's Court

Pursuant to the Authorisation of Internet Auction of Assets of Insolvency issued by the Guangdong Province Shenzhen Intermediate People's Court, the Asset Disposal Court appointed the Shenzhen Enterprise Insolvency Association* (深圳市企業破產學會) to conduct the internet auction.

Bankruptcy and Liquidation Administrator: Beijing King & Wood Mallesons (Shenzhen), appointed by the Asset Disposal Court to legally perform its duty to dispose the Seller's assets

The Bankruptcy and Liquidation Administrator has appointed the Shenzhen Enterprise Insolvency Association to conduct a public auction between 30 October 2017 to 1 November 2017 (excluding extensions of time) on the Shenzhen Enterprise Insolvency Association's* Taobao Internet Auction Platform for Assets of Insolvency* (淘寶網破產財產網絡拍賣平台). The Shenzhen Enterprise Insolvency Association was the supervisory unit for the Judicial Auction.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Shenzhen Shenshang, the Asset Disposal Court, Shenzhen Enterprise Insolvency Association, the Seller and the Bankruptcy and Liquidation Administrator and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ON THE PROPERTY

The Property comprises:

- (i) The land use rights of the land located on the east side of Longda Expressway* (龍大高速) and the south side of No.5 Road* (五號路) in the Guangming High-Tech Industrial Development Zone* (光明高新區), land no. A621-0042, with land use area of 13,184.20 square meters (specific figures subject to final approval by the relevant competent authorities) (the "**Land Use Rights**"). The land use is designated as general industrial use, with a lease of 50 years, from 24 August 2010 to 23 August 2060. On the Benchmark Date, the Land Use Rights has a book value and appraisal value of RMB45,593,902.94 and RMB50,099,960.00 respectively; and
- (ii) The construction in progress on the abovementioned land, which has obtained the Shenzhen Municipality Construction and Land Use Planning Permit* (深圳市建設用地規劃許可證), the Shenzhen Municipality Construction Project Planning Permit* (深圳市建設工程規劃許可證), and Building Construction Permit* (建築工程施工許可證); the plan is for 9 floors above ground and 1 floor below ground, with gross floor area of 41,996.68 square meters. On the Benchmark Date, the constructed floor area was 31,726.84 square meters; currently, piling works, the basement and the 6th floor main structure is completed (the "**Construction In Progress**"). On the Benchmark Date, the Construction In Progress has a book value and appraisal value of RMB38,686,494.35 and RMB49,208,328.84 respectively.

CONSIDERATION AND PAYMENT TERMS

Full payment of the Consideration of RMB194,608,288.84 has been made by the Company in the following manner:

- (i) the refundable earnest deposit for the Judicial Auction of RMB10 million paid by the Company to the Asset Disposal Court on the date of participation in the Judicial Auction (i.e. 1 November 2017) was used to settle part of the Consideration; and
- (ii) the balance of the Consideration of RMB184,608,288.84 was paid in cash by the Company to the designated account of the Shenzhen Enterprise Insolvency Association* as appointed by the Asset Disposal Court on 7 November 2017.

The Consideration was determined after taking into account the following: (i) the initial bidding price of the Judicial Auction of approximately RMB99.31 million; (ii) the total appraised value of the Property of approximately RMB99.31 million based on the valuation report on the Property on 31 May 2017 as assessed by an independent valuer on the Benchmark Date using the replacement of cost method and subject to bankruptcy liquidation; and (iii) the Group's view on the property market in Shenzhen, Guangdong Province, the PRC.

The Consideration paid was contributed by the Company and Shenzhen Shenshang as to approximately 60% and 40% respectively.

The portion of the Consideration contributed by the Company was funded by the Group's internal resources and/or bank borrowings.

COMPLETION

The Completion shall take place upon the payment of the balance of the Consideration to the designated account of the Shenzhen Enterprise Insolvency Association* as appointed by the Asset Disposal Court and the registration of change of ownership of the Property, which is expected to be completed on or before 30 April 2018.

INFORMATION ON THE PARTIES TO THE JUDICIAL AUCTION

The Group's principal business operations is the provision of cloud computing and related solutions and services, including (i) Cloud Infrastructure as a Service (IaaS) — provision of cloud server and cloud storage related equipment as well as related solutions; (ii) Cloud Module as a Service (MaaS) — provision of R&D, 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; and (iii) Software and Platform as a Service (SaaS & PaaS) — provision of development and services of cloud computing related software and platform.

Shenzhen Shenshang is a company incorporated in the PRC which engages in financial services, largescale project investment, high-tech development and production, industrial park development and construction.

The Asset Disposal Court is a district court located in Shenzhen Municipality, Guangdong Province, the PRC, and is a government body of the PRC.

Shenzhen Ruihua Construction Co., Ltd.* is a company incorporated in the PRC and which has entered bankruptcy and liquidation procedures. Its scope of operations is various types of building façades, metal roofing, photovoltaic (PV) modules, PV constructions, PV roofing, solar PV and heating products, design of doors and windows, process production (separate application of license), construction and the sale of relevant products and relevant technical services; building renovation and furnishing professional contractor grade 2 (may undertake indoor and outdoor renovation and furnishing work of buildings with construction cost below RMB12million); steel structure professional contractor grade 2 (operation is subject to the competent authorities of construction and administration issuing certification); electrical and mechanical equipment installation professional contractor grade 3; light steel structure design qualification grade A; ordinary road cargo transport (road transport license valid till 31 March 2015); domestic commercial and supplies distribution (excluding franchise, proprietary, and exclusive merchandise); import and export business (specifics subject to S.M.J.Z.Z.No.[2001] 0827); establishing enterprises (specific items reported separately).

The Bankruptcy and Liquidation Administrator is Beijing King & Wood Mallesons (Shenzhen), appointed by the Asset Disposal Court to legally perform its duty to dispose the Seller's assets.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is designated for general industrial use. The Company currently plans to use the Land as the Group's research and development and production base, so as to provide more space to accommodate the Group's future business development and mitigate the Group's

risks of increasing rental expenses in future. However, if the Company needs to increase its sources of operating income in the future and encounters an opportunity to raise its returns from the Property, the Company may lease or resell the Property.

Based on the foregoing, the Directors consider that the terms of the Acquisition are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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- (ii) The Land Use Rights have been sealed up by the Shantou Municipality Chaoyang People's Court*, the Shenzhen Intermediate People's Court, the Shenzhen Municipality Futian People's Court* and relevant overseas courts, and have been pledged in favour of the Shenzhen Zhongxinqu subbranch of Hua Xia Bank Co., Limited*. The un-sealing and un-pledging procedures are in process, and the Company shall assume the risk of the Land Use Rights not being transferred in time;
- (iii) From the date of Completion, all natural risks including damage and loss and legal risks of the Property are to be borne by the Company;
- (iv) Upon Completion, as the Construction In Progress are yet to be completed, the contractors are yet to withdraw from the site and claims from the Bankruptcy and Liquidation Administrator site management fees (including salary, rental, and equipment maintenance), which the Bankruptcy and Liquidation Administrator does not recognise, such claims will be borne by the Company;
- (v) As to whether procedures including review and planning of the Property is in compliance with relevant land laws, statutes, regulations and requirements of the Shenzhen Planning and Land Resources Committee, the Company will lodge its own enquiry with the relevant competent authorities and assume any risks arising hereof;
- (vi) The Property will be delivered on as-is basis. The Bankruptcy and Liquidation Administrator does not assume warranty of defects of the Property. The Bankruptcy and Liquidation Administrator auctions and delivers on as-is basis and the risks shall be assumed by the Company;
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- (ix) Upon Completion, if there are any arrears of tax due to historical reason, or any taxes (including but not limited to land value-added tax, sales tax and surcharges, stamp duty, deed tax, land premium, land use rights charges, water and electricity charges) which arise from the change of ownership of the Property shall be borne by the Company.

The Company and Shenzhen Shenzhang agreed that their respective percentage interest in the Property are 60% and 40%; and the rights and obligations arising from the participation in the Judicial Auction would be jointly borne by the Company and Shenzhen Shenshang.

Shareholders and potential investors are kindly advised to take note of investment risks.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the meanings as set forth below:

“Acquisition”	the acquisition by the Company of 60% of the Property from the Seller through the Judicial Auction
“Asset Disposal Court”	the Guangdong Province Shenzhen Intermediate People’s Court
“Auction Completion Confirmation”	the completion confirmation entered into by the Shenzhen Enterprise Insolvency Association, the Bankruptcy and Liquidation Administrator and the Company on 10 November 2017 confirming the Company’s winning bid of the Property
“Bankruptcy and Liquidation Administrator”	Beijing King & Wood Mallesons (Shenzhen)* (北京市金杜(深圳)律師事務所)
“Benchmark Date”	20 March 2017, the benchmark date of the valuation of the Property
“Board”	the board of directors of the Company
“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, and whose H shares are currently listed on the GEM (Stock Code: 8236)
“Completion”	the completion of the Acquisition
“Consideration”	the total consideration for the acquisition of the Property by the Company and Shenzhen Shenshang from the Seller through the Judicial Auction
“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 together with its subsidiaries
“Judicial Auction”	the judicial auction of the Property held as authorised by the Asset Disposal Court between 10:00 a.m. 30 October 2017 to 10:00 a.m. 1 November 2017 on the Shenzhen Enterprise Insolvency Association’s Taobao Internet Auction Platform for Assets of Insolvency
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Shenzhen Ruihua Construction Co., Ltd.* (深圳市瑞華建設股份有限公司), a company incorporated in the PRC and whom has entered bankruptcy and liquidation procedures.
“Shareholders”	shareholders of the Company
“Shenzhen Shenshang”	Shenzhen Shenshang Holding Group Co., Ltd.* (深圳市深商控股集團股份有限公司), a company incorporated in the PRC
“%”	percentage

By order of the Board
Powerleader Science & Technology Group Limited*
(宝德科技集團股份有限公司)
Zhang Yunxia
Chairman

Shenzhen, the PRC
10 November 2017

As at the date hereof, the Board comprises a total of 8 Directors, including Ms. Zhang Yunxia, Mr. Dong Weiping and Mr. Ma Zhumao as executive Directors, Mr. Li Ruijie, and Mr. Xu Yueming as non-executive Directors and Mr. Chan Shiu Yuen Sammy, Dr. Guo Wanda and Mr. Jiang Baijun as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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 purposes only