

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



**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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO FURTHER CAPITAL CONTRIBUTION  
AND DEEMED DISPOSAL OF POWERLEADER COMPUTING**

Reference is made to the Company's announcement dated 27 December 2017 in relation to the First Round Capital Contribution.

On 24 May 2018, the Company, Powerleader VC (a wholly owned subsidiary of the Company), the First Round Investors and the Second Round Investors have entered into the Second Round Capital Contribution Agreement with Powerleader Computing, pursuant to which the Second Round Investors agreed to make capital contributions of RMB135,595,000 to Powerleader Computing, of which RMB6,432,800 will be applied to the registered capital of Powerleader Computing, while the remainder of RMB129,162,200 will be applied to the capital reserve of Powerleader Computing. The aggregate capital contributions made by the First Round Investors and the Second Round Investors to Powerleader Computing amount to RMB172,045,000, in exchange for approximately 20.01% of the enlarged equity interest in Powerleader Computing in aggregate.

As at the date of this announcement, the Company owns as to 27.75% interest in Powerleader Computing, Powerleader VC owns as to 64.76% of the equity interest in Powerleader Computing, and the First Round Investors own as to 7.49% of the equity interest in Powerleader Computing. Upon the completion of the Second Round Capital Contribution, the Company, Powerleader VC, the First Round Investors and the Second Round Investors will own as to approximately 24.00%, 55.99%, 6.47%, and 13.54% of the equity interest in Powerleader Computing respectively. The registered capital of Powerleader Computing will increase from RMB41,076,600 to RMB47,509,400. As the Company and Powerleader VC own as to approximately 79.99% interest in Powerleader Computing in aggregate, Powerleader Computing will continue to be an indirect non-wholly owned subsidiary of the Company.

### **GEM LISTING RULES IMPLICATIONS**

Immediately prior to the Second Round Capital Contribution, the Group owns as to 92.51% of the equity interest in Powerleader Computing. The Second Round Capital Contribution will result in the Group's interest in Powerleader Computing diluted from 92.51% to approximately 79.99%. Pursuant to Rule 19.29 of the GEM Listing Rules, the relevant dilution will be a deemed disposal of the Company's interest in a subsidiary. As one of the applicable percentage ratios of the Second Round Capital Contribution is more than 5% but less than 25%, the deemed disposal under the Second Round Capital Contribution constitutes a discloseable transaction of the Company. As the Second Round Capital Contribution is conducted within 12 months of the First Round Capital Contribution, the Second Round Capital Contribution is subject to aggregation with the First Round Capital Contribution pursuant to Rule 19.22 of the GEM Listing Rules. One of the applicable percentage ratios of the aggregated Second Round Capital Contribution and First Round Capital Contribution remains less than 25% and the Second Round Capital Contribution is a deemed disposal constituting a discloseable transaction of the Company and is therefore subject to the announcement requirements under Chapter 19 of the GEM Listing Rules.

Reference is made to the Company's announcement dated 27 December 2017 in relation to the First Round Capital Contribution.

The Board announces that on 24 May 2018, the Second Round Capital Contribution Agreement has been entered into to contribute fresh capital to Powerleader Computing (an indirect non-wholly owned subsidiary of the Company engaged in businesses related to the provision of servers, storage and solutions).

## **THE SECOND ROUND CAPITAL CONTRIBUTION AGREEMENT**

Date: 24 May 2018

Parties:

- (1) the Company;
- (2) Powerleader VC (a wholly owned subsidiary of the Company);
- (3) Baojie Hechuang (one of the First Round Investors);
- (4) Baoyun Gongchuang (one of the First Round Investors);
- (5) Baolun Jiechuang (one of the First Round Investors);
- (6) Baolong Huichuang (one of the First Round Investors);
- (7) Baocheng Yuanchuang (one of the Second Round Investors);
- (8) Baocheng Yuchuang (one of the Second Round Investors);
- (9) Baocheng Xiangchuang (one of the Second Round Investors); and
- (10) Powerleader Computing.

Mr. Ma Zhumao (the Company's former executive director) holds as to 29.61% of the equity interest in Baojie Hechuang (a limited partnership incorporated in the PRC). Mr. Xu Yueming (the Company's former non-executive director) holds as to 22.12% of the equity interest in Baoyun Gongchuang (a limited partnership incorporated in the PRC). Mr. Xing Funeng (the Company's employee supervisor) holds as to 13.45% of the equity interest in Baocheng Yuanchuang (a limited partnership incorporated in the PRC). Ms. Shu Ling (chairman of the Company's Supervisory Board) holds as to 15.85% of the equity interest in Baocheng Yuchuang (a limited partnership incorporated in the PRC). Save for the aforementioned, to the best of the knowledge, information and belief of the Directors after having made reasonable inquiries, Baojie Hechuang, Baoyun Gongchung, Baolun Jiechuang, Baolong Huichuang, Baocheng Yuanchuang, Baocheng Yuchuang and Baocheng Xiangchuang and their ultimate beneficial owners are all third parties independent of the Company and connected persons of the Company.

### **SUBJECT MATTER**

Pursuant to the Second Round Capital Contribution Agreement, Baocheng Yuanchuang, Baocheng Yuchuang and Baocheng Xiangchuang agreed to make capital contributions of RMB52,405,000, RMB52,640,000 and RMB30,550,000 to Powerleader Computing respectively. The total capital contributions amount to RMB135,595,000, of which

RMB6,432,800 will be applied to the registered capital of Powerleader Computing, while the remainder of RMB129,162,200 will be applied to the capital reserve of Powerleader Computing.

The Second Round Investors shall pay their respective entire amounts of capital contributions to Powerleader Computing within thirty working days from the date of signing of the Second Round Capital Contribution Agreement.

As at the date of this announcement, the Company owns as to 27.75% of the equity interest in Powerleader Computing, Powerleader VC owns as to 64.76% of the equity interest in Powerleader Computing, and the First Round Investors own as to 7.49% of the equity interest in Powerleader Computing. Upon the completion of the Second Round Capital Contribution, the Company, Powerleader VC, the First Round Investors and the Second Round Investors will own as to approximately 24.00%, 55.99%, 6.47%, and 13.54% of the equity interest in Powerleader Computing respectively. The registered capital of Powerleader Computing will increase from RMB41,076,600 to RMB47,509,400. As the Company and Powerleader VC own as to approximately 79.99% interest in Powerleader Computing in aggregate, Powerleader Computing will continue to be an indirect non-wholly owned subsidiary of the Company.

#### **BASIS OF THE CONSIDERATION**

The aggregate contribution amount of RMB135,595,000 (comprising RMB6,432,800 as registered capital of Powerleader Computing, and the remainder of RMB129,162,200 as capital reserve of the Powerleader Computing) of the Second Round Investors were determined after arm's length negotiations among the parties to the Second Round Capital Contribution Agreement. In the process of determining such amount, the Board has made reference to the assessed value of the entire shareholders' interest of Powerleader Computing, being RMB863,521,100 as assessed by the independent valuer, Shenzhen Pengxin Appraisal Limited\* (深圳市鵬信資產評估土地房地產估價有限公司), using the income approach on the benchmark date as at 31 December 2017. The consideration for the Second Round Capital Contribution is approximately the sum of the aforementioned assessed value and the amount of Second Round Capital Contribution, calculated according to the proportionate ownership percentage in Powerleader Computing of the Second Round Investors.

As the aforementioned valuation of Powerleader Computing was conducted using the income approach, the relevant valuation is regarded as a profit forecast under Rule 19.61 of the GEM Listing Rules. Details of the assessment benchmark assumptions and assessment conditions assumptions made in the valuation report are as follows:

- (i) The assessment benchmark assumptions made in the valuation of Powerleader Computing are as follows:

**1. Transaction benchmark assumptions**

It is assumed that Powerleader Computing or all assessed assets are in the process of a market transaction on the assessment benchmark date, and the professional asset valuer simulates the market and conducts the corresponding estimation or measurement based on the market conditions and the transaction conditions of Powerleader Computing or all assessed assets etc. on the assessment benchmark date.

**2. Open market benchmark assumptions**

It is assumed that the transaction market of Powerleader Computing or all assessed assets on the assessment benchmark date is an open market. An open market refers to a transaction market that meets at least the following conditions: (1) there are a sufficient number of buyers in the market whose positions are equal, and all buyers are voluntary, rational and possess sufficient professional knowledge; (2) there are a sufficient number of vendors in the market whose positions are equal, and all vendors are voluntary, rational and possess sufficient professional knowledge; (3) the positions of all buyers and vendors in the market are equal; (4) all trading rules of the market are clear and open; (5) all buyers and vendors in the market are sufficiently informed and can obtain identical and sufficient information in relation to the transaction; (6) all transaction actions in the market are freely conducted within sufficient time and are not conducted under compulsion or unrestricted conditions.

**3. Ongoing operation/continuous usage benchmark assumption**

It is assumed that the economic body corresponding to Powerleader Computing on the basis of its operating team, financial structure, business model, market condition, etc. on the benchmark date is an ongoing operation according to its existing operating goals; it is assumed that all assets and liabilities corresponding to Powerleader Computing are in continuous usage according to current usage and method, scale, frequency, condition etc. of usage.

- (ii) The assessment condition assumptions made in the valuation of Powerleader Computing are as follows:

**1. Assumption of external conditions of assessment**

It is assumed that there are no material changes to the relevant laws and regulations and policies and national macroeconomic conditions of the PRC, and no material changes to the political, economic and social environment of the regions where the parties to the transaction are located in; it is assumed that no material changes occur in relation to interest rates, foreign exchange rates, tax benchmark and tax rate, policy levies, financing conditions, etc.; it is assumed that there is no force majeure and unforeseeable factors causing material adverse impact on companies; it is assumed that all licenses, usage permits, letters of consent or other legal or administrative authorisation documents issued by the relevant local and national government agencies, private organisations or groups required by Powerleader Computing which the estimation of the assessed value is based on have already been or can be freely obtained or renewed; it is assumed that all operating activities of Powerleader Computing can be conducted in accordance with the provisions of the relevant laws and regulations and the relevant industrial standards and relevant rules of production and operation safety.

**2. Assumption of information necessary to the valuation provided by Powerleader Computing and/or relevant parties**

It is assumed that information necessary to the valuation (including but not limited to appraisal information reported in the asset appraisal breakdown, assets and liabilities of Powerleader Computing and within its corresponding scope of appraisal or operating data and information relating to Powerleader Computing, relevant financial reports and information and other important information) provided by the Company and/or relevant parties (referring to units and its working staff having the responsibility and obligation to provide information necessary to the appraisal in accordance with the relevant laws and regulations of the PRC, relevant provisions of appraisal standards and requirements of economic actions corresponding to the purpose of appraisal, including but not limited to: the property right holder or actual controller of Powerleader Computing; Powerleader Computing and its related parties; actual owners, users, controllers, managers, debtors, debtees etc. related to the assets and liabilities of Powerleader Computing and within its corresponding scope of appraisal) are factual, complete, legal and effective.



**3. Assumption of information obtained from sources other than Powerleader Computing and relevant parties**

It is assumed that information obtained from sources other than Powerleader Computing and relevant parties can reasonably reflect the corresponding market transaction logic, or market transaction trends, or market operating conditions, or market operating trends, etc. All standards and parameters etc. relating to prices referred to in the appraisal have been factually disclosed in the asset appraisal report.

**4. Assumption relating to legal ownership of Powerleader Computing and its relevant important assets**

Unless otherwise stated, described or considered in the asset appraisal report, the obtaining, usage, holding, etc. of Powerleader Computing and all assets of Powerleader Computing are assumed to be in compliance with the provisions of the laws, regulations and regulatory documents of the PRC, i.e. their legal ownership is clear.

**5. Other conditions assumed**

- (1) Powerleader Computing's future operations and management team will be diligent, and its corporate management will be competent in its role, and Powerleader Computing continues to maintain its current operating management model. It is also assumed that the existing management, operating scope, business orientation and technical team is relatively stable, or that a changed management, operating scope, business orientation, and technical team has no material impact on Powerleader Computing; the valuation is only based on increase in operating capacity foreseeable on the assessment benchmark date or in the near future. It does not take into account future expansion of operating capacity due to possible circumstances such as management and operating strategy and continuing increment in investment; R&D capability and technological advancement of the company maintaining current levels after the benchmark date; products or services of the company maintaining current market competition positions. It is assumed that the obtaining and use of Powerleader Computing's operating site remains consistent with that on the benchmark date and no changes occur.
- (2) Future operating data, future income forecast etc. relating to Powerleader Computing in the valuation were all provided by Powerleader Computing. The valuers used the industrial conditions gathered by them, consolidated with historical operating conditions of Powerleader Computing, to conduct a rational analysis on the forecast information.

A letter from ShineWing Certified Public Accountants (Special General Partnership), the reporting accountant of the Company, confirming that it has reviewed the accounting policies and calculations for the profit forecast, is set out in Appendix I to this announcement. A letter from the Board, confirming that it has made the profit forecast after due and careful enquiry, is also set out in Appendix II to this announcement.

The following are the qualifications of Shenzhen Pengxin Appraisal Limited and ShineWing Certified Public Accountants (Special General Partnership):

<b>Name</b>	<b>Qualification</b>
Shenzhen Pengxin Appraisal Limited	Asset Valuer
ShineWing Certified Public Accountants (Special General Partnership)	Certified Public Accountants

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of Shenzhen Pengxin Appraisal Limited and ShineWing Certified Public Accountants (Special General Partnership) is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither of Shenzhen Pengxin Appraisal Limited and ShineWing Certified Public Accountants (Special General Partnership) has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of Shenzhen Pengxin Appraisal Limited and ShineWing Certified Public Accountants (Special General Partnership) has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this announcement.

## **INFORMATION ON THE PARTIES TO THE SECOND ROUND CAPITAL CONTRIBUTION AGREEMENT**

The Group is principally engaged in the provision of cloud computing and related solutions and services, including (i) provision of servers, storage and solutions; (ii) distribution of electronic equipment and accessories (non-server/storage); (iii) Guangzhou IDC business; (iv) industrial park development, operations and property management; and (v) industrial investment (non-server/storage).

Powerleader VC is a company incorporated in the PRC, and is an indirect wholly owned subsidiary of the Company. Its business scope is venture capital operations; venture capital consultation operations; advising other organisations such as venture capital firms or individuals in venture capital operations, providing startup management services for startup firms.



Baojie Hechuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 49 shareholders, all of whom are employees of Powerleader Computing and/or its subsidiaries.

Baoyun Gongchuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 49 shareholders, all of whom are employees of Powerleader Computing and/or its subsidiaries.

Baolun Jiechuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 34 shareholders, all of whom are employees of Powerleader Computing and/or its subsidiaries.

Baolong Huichuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 34 shareholders, all of whom are employees of Powerleader Computing and/or its subsidiaries.

Baocheng Yuanchuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 7 shareholders, 3 of whom are employees of the Company.

Baocheng Yuchuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 10 shareholders, 2 of whom are employees of the Company.

Baocheng Xiangchuang is a limited partnership incorporated in the PRC. Its business scope is corporate management advisory and business information advisory (projects requiring statutory approval may only commence business activity upon receiving approval from the authorities). It has a total of 7 shareholders.

Powerleader Computing is a company incorporated in the PRC, it and its subsidiaries is mainly engaged in the provision of servers, storage and solutions.

The following table sets out the audited consolidated financial information of Powerleader Computing and its subsidiaries for the two financial years ended 31 December 2016 and 31 December 2017:

	<b>As of</b> <b>31 December</b> <b>2016</b> <i>(RMB)</i>	<b>As of</b> <b>31 December</b> <b>2017</b> <i>(RMB)</i>
Net profit before tax	128,256,958.35	4,619,150.91
Net profit after tax	110,615,387.73	4,348,420.37

The audited consolidated net asset value of Powerleader Computing and its subsidiaries as at 31 December 2017 is RMB324,440,469.73.

## **REASON AND BENEFITS OF ENTERING INTO THE SECOND ROUND CAPITAL CONTRIBUTION AGREEMENT**

The principal business of Powerleader Computing continues to develop rapidly. As at 31 December 2017, its operating revenue was RMB3,151,366,041.35, representing a growth of approximately 196% over the operating revenue of RMB1,064,658,966.68 last year. The rapid development of the principal business of Powerleader Computing raises demand on its production capacity, inventory management, market expansion etc., which requires Powerleader Computing to further prepare sufficient funds to satisfy the fund requirements brought by the scale of business. The proceeds from the Second Round Capital Contribution are intended to replenish the working capital of Powerleader Computing, so that the gearing ratio of Powerleader Computing will be lowered, thereby optimising the financial structure of Powerleader Computing while maintaining the continuing stable development of the various businesses of Powerleader Computing.

The Directors consider that the Second Round Capital Contribution Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

Immediately prior to the Second Round Capital Contribution, the Group owns as to 92.51% of the equity interest in Powerleader Computing. The Second Round Capital Contribution will result in the Group's interest in Powerleader Computing diluted from 92.51% to approximately 79.99%. Pursuant to Rule 19.29 of the GEM Listing Rules, the relevant dilution will be a deemed disposal of the Company's interest in a subsidiary. As one of the applicable percentage ratios of the Second Round Capital Contribution is more than 5% but less than 25%, the deemed disposal under the Second Round Capital Contribution constitutes a discloseable transaction of the Company. As the Second Round Capital Contribution is conducted within 12 months of the First Round Capital Contribution, the Second Round Capital Contribution is subject to aggregation with the

First Round Capital Contribution pursuant to Rule 19.22 of the GEM Listing Rules. One of the applicable percentage ratios of the aggregated Second Round Capital Contribution and First Round Capital Contribution remains less than 25% and the Second Round Capital Contribution is a deemed disposal constituting a discloseable transaction of the Company and is therefore subject to the announcement requirements under Chapter 19 of the GEM Listing Rules.

## DEFINITIONS

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

“Baocheng Xiangchuang”	Tianjin Baocheng Xiangchuang Business Management Partners (LP)* (天津宝誠祥創企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Baocheng Yuanchuang”	Tianjin Baocheng Yuanchuang Business Management Partners (LP)* (天津宝誠淵創企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Baocheng Yuchuang”	Tianjin Baocheng Yuchuang Business Management Partners (LP)* (天津宝誠煜創企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Baojie Hechuang”	Tianjin Baojie Hechuang Business Management Partners (LP)* (天津宝傑合創企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Baolong Huichuang”	Tianjin Baolong Huichuang Business Management Partners (LP)* (天津慧創企業企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Baolun Jiechuang”	Tianjin Baolun Jiechuang Business Management Partners (LP)* (天津宝倫捷創企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Baoyun Gongchuang”	Tianjin Baoyun Gongchuang Business Management Partners (LP)* (天津宝雲共創企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Board”	the Board of Director(s)
“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 listed on the GEM (Stock Code: 8236)

“Director(s)”	the director(s) of the Company
“First Round Capital Contribution”	the capital contribution made by the First Round Investors to Powerleader Computing pursuant to the terms of the First Round Capital Contribution Agreement in the aggregate amount of RMB36,450,000
“First Round Capital Contribution Agreement”	the capital contribution agreement dated 27 December 2017 entered into between the Company, Powerleader VC and the First Round Investors with Powerleader Computing in relation to the capital contribution made by the First Round Investors to Powerleader Computing in the aggregate amount of RMB36,450,000
“First Round Investors”	the investors referred to in the First Round Capital Contribution Agreement, namely Baojie Hechuang, Baoyun Gongchuang, Baolun Jiechuang and Baolong Huichuang
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Powerleader Computing”	Shenzhen Powerleader Computing System Limited* (深圳市宝德計算機系統有限公司), a company incorporated in the PRC with limited liability
“Powerleader VC”	Khorgas Powerleader Venture Capital Limited* (霍爾果斯宝德創業投資有限公司), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Round Capital Contribution”	the capital contribution made by the Second Round Investors to Powerleader Computing pursuant to the terms of the Second Round Capital Contribution Agreement in the aggregate amount of RMB135,595,000

“Second Round Capital Contribution Agreement”	the capital contribution agreement dated 24 May 2018 entered into between the Company, Powerleader VC, the First Round Investors and the Second Round Investors with Powerleader Computing in relation to the capital contribution made by the Second Round Investors to Powerleader Computing in the aggregate amount of RMB135,595,000
“Second Round Investors”	the investors referred to in the Second Round Capital Contribution Agreement, namely Baocheng Yuanchuang, Baocheng Yuchuang and Baocheng Xiangchuang
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

Shenzhen, the PRC  
24 May 2018

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

*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](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 purposes only

## **APPENDIX I — LETTER FROM SHINEWING CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)**

*The following is the text of a report received from ShineWing Certified Public Accountants (Special General Partnership), Certified Public Accountants, the PRC, prepared for the purpose of inclusion in this announcement.*

### **ACCOUNTANT’S REPORT ON THE CALCULATIONS OF THE DISCOUNTED ESTIMATED FUTURE CASH FLOW METHOD IN CONNECTION WITH THE VALUATION OF POWERLEADER COMPUTING SYSTEM LIMITED**

XYZH/2018SZA30171

24 May 2018

#### **To the Directors of Powerleader Science & Technology Group Limited**

We were commissioned by Powerleader Science & Technology Group Limited\* (宝德科技集团股份有限公司) (hereafter referred to as the Company) to review the discounted estimated future cash flow method in the valuation report (Pengxin Zi Ping Bao Zi [2018] No.035) of the value of all shareholders’ interests (the “**Valuation**”) in Powerleader Computing System Limited\* (深圳市宝德计算机系统有限公司) (“**Powerleader Computing**”), an indirect wholly owned subsidiary of Powerleader Science & Technology Group Limited\* (宝德科技集团股份有限公司) (the “**Company**”) prepared by Shenzhen Pengxin Appraisal Limited\* (深圳市鹏信资产评估土地房地产估价有限公司) as at 31 December 2017. The Valuation relates to further capital contribution and deemed disposal of partial interests of Powerleader Computing, details of which are set out in the Company’s announcement dated 24 May 2018 (the “**Announcement**”). In accordance with Rule 19.61 of the Rules Governing the Listing of Securities of GEM on the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), the Valuation made based on discounted estimated future cash flow method is regarded as a profit forecast.

#### **1. Directors’ Responsibility for the Discounted Estimated Future Cash Flow Method**

The directors of the Company are responsible for the preparation of the discounted estimated future cash flow method in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted estimated future cash flow method for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



## 2. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the **Code of Ethics for Professional Accountants** issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies Hong Kong Standard on Quality Control 1 **Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements** issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## 3. Certified Accountants’ Responsibility

Our responsibility is to express an opinion on whether the arithmetical accuracy of the calculations of the discounted estimated future cash flow method on which the Valuation is based is accurate and to report solely to you as required by Rule 19.62(2) of the GEM Listing Rules, and for no other purpose. We do not assume any responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) **Assurance Engagements Other Than Audits or Reviews of Historical Financial Information** issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the calculations of the discounted estimated cash flow method has been properly prepared in accordance with the Assumptions. Our work does not constitute any valuation of the project.

As the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company has been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which may not occur and thus cannot be confirmed and verified in the same way as past results. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

#### **4. Opinion**

Based on the foregoing, in our opinion, the calculations of the discounted estimated future cash flow method have been properly prepared in all material respects in accordance with the Assumptions.

ShineWing Certified Public Accountants  
(Special General Partnership) Shenzhen Branch

\* *for identification purposes only*

## APPENDIX II — LETTER FROM THE BOARD

The Stock Exchange of Hong Kong Limited,  
11/F, One International Finance Centre,  
1 Harbour View Street,  
Central, Hong Kong

24 May 2018

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER CAPITAL CONTRIBUTION AND DEEMED DISPOSAL OF POWERLEADER COMPUTING SYSTEM LIMITED**

Reference is made to the announcement of the Company dated 24 May 2018 (the “**Announcement**”) and the valuation on the value of all shareholders’ interests in Shenzhen Powerleader Computing System Limited\* (深圳市宝德計算機系統有限公司) (a company incorporated in the People’s Republic of China) by Shenzhen Pengxin Appraisal Limited\* (深圳市鵬信資產評估土地房地產估價有限公司) (the “**Valuer**”) as at 31 December 2017 (the “**Valuation**”). Unless otherwise stated, capitalized terms used in this letter shall have the same meaning as those used in the Announcement.

We understand that, in accordance with Rule 19.61 of the GEM Listing Rules, the income approach adopted by the Valuer has rendered the Valuation a profit forecast (the “**Profit Forecast**”) under the GEM Listing Rules.

We have reviewed and discussed with the Valuer the basis and assumptions of the Valuation. We have also considered the letter dated 24 May 2018 issued by ShineWing Certified Public Accountants to us in relation to the arithmetical accuracy of the calculations of the discounted estimated future cash flow method, on which the Valuation is based.

We hereby confirm that the Profit Forecast has been made after due and careful enquiry.

By Order of the Board  
**Li Ruijie**  
*Director*

\* *for identification purposes only*