

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)

**CONTINUING CONNECTED TRANSACTION
ANNUAL CAP AMOUNT EXCEEDED
REVISION OF ANNUAL CAP AMOUNTS
AND IMPORT AGENCY FRAMEWORK AGREEMENT**

Reference is made to the announcement dated 21 November 2016 by Powerleader Science & Technology Group Limited* (宝德科技集团股份有限公司) (the “**Company**”) (the “**Announcement**”) relating to, inter alia, the Import Agency Framework Agreement entered into between the Company and G-Speed, pursuant to which the Company and its subsidiaries (collectively, the “**Group**”) engaged G-Speed as the import agent to provide services for the import of Materials from suppliers outside the PRC (including Hong Kong) from the period commencing from the date of the Import Agency Framework Agreement to 31 October 2019. The relevant members of the Group shall pay G-Speed the Agency Fee incurred in acting as their import and logistics agent (the “**Arrangement**”). Unless otherwise stated, terms used herein shall have the same meanings as those used in the Announcement.

EXCEEDING THE 2017 ANNUAL CAP

On 21 November 2016, the Company entered into the Import Agency Framework Agreement with G-Speed in relation to the Arrangement for a term up to 31 October 2019. Please refer to the Announcement for details.

The Group is principally engaged in the sale of cloud servers, cloud storage and other related equipment and solutions, the agency distribution of key components of cloud computing equipment, and the development of cloud computing related software and platforms and other related services. As such, the Group is required to purchase server raw materials and products from outside the PRC for agency distribution. The Group has been engaging G-speed to provide services for import clearance and settlement of amounts payable to suppliers outside the PRC. The Import Agency Framework

Agreement entered into between the Company and G-Speed facilitates the timely supply of server raw materials and products for agency distribution by the Group. The Group set the annual cap for the Arrangement for the year ended 31 December 2017 at RMB4,000,000 (the “**Original 2017 Annual Cap**”).

In 2017, the actual aggregate transaction amount of the Arrangement was RMB5,708,830.56 (the “**Actual 2017 Amount**”) which exceeded the Original 2017 Annual Cap by RMB1,708,830.56. The Original 2017 Annual Cap was exceeded mainly due to the substantial growth in the Group’s server business in 2017, leading to a considerable increase in the purchase of server raw materials and products from outside the PRC for agency distribution. This was only discovered in the course of the Company’s preparation for the Group’s consolidated financial statements for the year ended 31 December 2017 after the end of the year 2017. The Company has taken steps to strengthen its compliance system to prevent a recurrence of similar incidents in the future.

REVISION OF ANNUAL CAPS

As the Actual 2017 Amount exceeded the Original 2017 Annual Cap, the Company is required to re-comply with the announcement requirements under Chapter 20 of the GEM Listing Rules. As at the date of this announcement, the Board has approved the revision of the annual caps of the Arrangement for each the two years ended 31 December 2018 and 31 October 2019 (the “**Revised Annual Caps**”) as follows:

	1 January 2018 to 31 December 2018	1 January 2019 to 31 October 2019
	<i>RMB</i>	<i>RMB</i>
Original annual caps of the Arrangement	5,000,000	6,000,000
Revised Annual Caps of the Arrangement	9,000,000	9,000,000

The Revised Annual Caps were arrived at after taking into consideration that the Agency Fee payable to G-Speed from 1 January 2018 to 31 December 2018 is expected to grow by 60% and the Agency Fee payable to G-Speed from 1 January 2019 to 31 October 2019 is expected to grow by 20%.

As at the date of this announcement, the original annual cap of the Arrangement for the year ended 31 December 2018 has not been exceeded.

The Directors (including the independent non-executive Directors) are of the view that the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPORT AGENCY FRAMEWORK SUPPLEMENTAL AGREEMENT

On 13 March 2018, the Company and G-Speed entered into the Import Agency Framework Supplemental Agreement, revising the Agency Fee rate charged by G-Speed under the Import Agency Framework Agreement from 0.5% to 0.3%, while other terms of the Import Agency Framework Agreement remain unchanged. The material terms of the revised Import Agency Framework Agreement are set out as follows:

- Parties : (1) the Company; and
(2) G-Speed
- Term : From 21 November 2016 to 31 October 2019
- Subject matter : Pursuant to the Import Agency Framework Agreement, members of the Group may engage G-Speed from time to time as the import agent for the import and delivery of Materials from outside the PRC (including Hong Kong) to designated locations in Shenzhen, the PRC. The logistics and customs declaration services provided by G-Speed include payment of price for the purchased Materials to the suppliers outside the PRC, transportation of the Materials across the border, customs declaration and clearance, handling of government applications, payment of value-added tax, tariffs and other customs duties and taxes to the PRC customs and handling of transit insurance for the Materials on behalf of the relevant members of the Group.

The relevant members of the Group shall pay G-Speed the Agency Fee incurred in acting as their import and logistics agent (as defined below) and G-Speed shall pay the import prices of the Materials to the specified suppliers, and import duties and value-added taxes to the PRC customs on their behalf.

- Consideration : For its provision of the import agency services, G-Speed will charge an agency fee equal to 0.3% of the after-tax import price (the “Agency Fee”) calculated by the following formula:

$$\text{Agency Fee} = \text{import price} \times \text{exchange rate} \times (1 + \text{tariff rate}) \times (1 + \text{value-added tax rate}) \times 0.3\%$$

The minimum amount of the Agency Fee for each import agency transaction shall be RMB150.

The Agency Fee is inclusive of the loading charges, freight charges, transit insurance, Hong Kong export declaration charges, Shenzhen import declaration charges, equipment interchange receipt fee, vehicle inspection fee, bank charges (Hong Kong) and delivery charges within Shenzhen incurred by G-Speed in association with the importation and delivery of the Materials from Hong Kong to the designated locations in Shenzhen.

The rate of the Agency Fee was determined after arm's length negotiations by the Company and G-Speed with reference to the market rates of comparable companies engaging in similar services.

REASONS AND BENEFITS FOR ENTERING INTO THE IMPORT AGENCY FRAMEWORK SUPPLEMENTAL AGREEMENT

G-speed is rated class AA by the Shenzhen customs which is the highest rating recognized by the PRC customs for enterprises engaging in import and export businesses. The Group is required to purchase server raw materials and products from outside the PRC for agency distribution. The Group has been engaging G-speed to provide services for import clearance and settlement of amounts payable to suppliers outside the PRC. The revision of the Import Agency Framework Agreement with G-Speed, which reduces the Agency Fee rate from 0.5% to 0.3%, will reduce Agency Fee expenses of the Group.

The Directors (including the independent non-executive Directors) are of the view that the revised Import Agency Framework Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 20.52 of Chapter 20 of the GEM Listing Rules, as the Original 2017 Annual Cap was exceeded, the Company is required to re-comply with the announcement requirement. As the applicable percentage ratios of the Revised Annual Caps exceed 0.1% but are lower than 5%, the revised Import Agency Framework Agreement with the Revised Annual Caps is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

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
13 March 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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 document 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