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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO  
DISCLOSEABLE TRANSACTION  
ACQUISITION OF PROPERTY BY JUDICIAL AUCTION**

Reference is made to the announcement of the Company dated 10 November 2017 in relation to the acquisition of the Property at the Judicial Auction (the “**Announcement**”). Unless otherwise stated, terms used in this announcement shall have the same meaning as those used in the Announcement.

In addition to the information provided in the Announcement, the Company would like to provide further information in relation to the Acquisition and make clarification as follows.

**CONSIDERATION**

The Consideration was determined after taking into account the Company's internal projections in relation to the profitability of its investments on the Property.

It is expected that the works in relation to the Construction In Progress can be resumed in January 2018, and that such works will be completed in December 2018. Subject to the actual progress of the Construction In Progress, the Company expects to resale the Property in 2019, and the proceeds of the Consideration will be recovered in 2020.

The Company expects that the average sales price of the Property in 2019 will be RMB19,300 per square meter, which was determined after making reference to the price level of comparable industrial parks in Shenzhen, the PRC. Hence, it is expected that the revenue derived from the sales of the Property will be approximately RMB592 million. After deducting the costs in developing the Property, including, amongst others, the Consideration, construction costs (including preliminary expenses), professional

expenses, clearance costs, sales expenses, financial expenses, management expenses and sales tax, it is expected that the profit before tax and profit after tax derived from the sales of the Property will be approximately RMB151 million and RMB76 million respectively. Therefore, the Company's return on its investment will be 22%.

Based on the foregoing, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company clarifies that it made reference to the valuation report of the Property on the Benchmark Date in determining whether the initial bidding price of the Judicial Auction (instead of the Consideration) is fair and reasonable.

## **REASONS AND BENEFITS OF THE ACQUISITION**

It was disclosed in the Announcement that the Company may lease or resell the Property to raise its returns from the Property. The Board would like to clarify that the Company will only be looking into the possibility of reselling the Property.

## **SIGNIFICANT RISK WARNING**

It was disclosed in the Announcement under the section headed "Significant Risk Warning" that there are certain risks associated with the Acquisition (the "Associated Risks").

In evaluating the Associated Risks, the Board has considered the following:

- (i) If the risk of uncompensated recovery of Land Use Rights and Construction In Progress by the Shenzhen Planning and Land Resources Committee exists, such authority shall be obliged to terminate the Judicial Auction in advance;
- (ii) As of the date of this announcement, only the distraint imposed by the Shenzhen Intermediate People's Court and the Shenzhen Municipality Futian People's Court remain effective;
- (iii) The term that all natural risks of the Property are to be borne by the Company is a normal commercial term;
- (iv) The Company arranged for on-site inspections of the Property prior to the Judicial Auction and did not notice any major defects; and confirmed that the location and area of the Land Use Rights and area of the Construction In Progress is approximately equal to the information disclosed by the Shenzhen Enterprise Insolvency Association; and

- (v) Apart from the requirement in relation to permitted industries for acquisition of the title to the Property, the Company satisfies all the qualification requirements. In order to meet the requirements in relation to permitted industries, the Company has commenced the procedures to amend its articles of association at a general meeting in order to expand its business scope.

Based on the foregoing, the Board considers that the Associated Risks will not have a material impact on the Acquisition.

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

Shenzhen, the PRC

5 December 2017

*As at the date of this announcement, 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. Jiang Baijun, Dr. Guo Wanda and Mr. Chan Shiu Yuen Sammy 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.*

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