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**THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in Powerleader Science & Technology Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**深圳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)**

**CONNECTED TRANSACTIONS  
ACQUISITIONS OF EQUITY INTERESTS IN EX-CHANNEL  
AND  
DISPOSAL OF EQUITY INTERESTS IN MINI CREDIT**

**Independent Financial Adviser to the Independent Board Committee  
And the Independent Shareholders**



**Kingsway Capital Limited**

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A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular.

A letter from Kingsway Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 26 of this circular.

A notice convening the extraordinary general meeting of the Company to be convened and held at 4th Floor, Research and Development Building, Powerleader Technology Research and Production Base, Guanlan Hi-Tech Industrial Park, Bao'an District, Shenzhen, the PRC on 3 May 2011 (Tuesday) at 3 p.m. is set out on pages 31 to 33 of this circular. Whether or not you are able to attend the above meeting or any adjournment thereof, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meetings, or any adjourned meeting, should you so wish.

This circular, 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: (i) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this circular misleading.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for a minimum period of 7 days from the date of its posting.*

\* For identification purposes only

10 March 2011

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## CHARACTERISTICS OF GEM

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### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 17 February 2011 in relation to the Ex-Channel Acquisitions and the Mini Credit Disposal
“Board”	the board of Directors
“Company”	深圳宝德科技集團股份有限公司 (Powerleader Science & Technology Group Limited*), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened at 4th Floor, Research and Development Building, Powerleader Technology Research and Production Base, Guanlan Hi-Tech Industrial Park, Bao’an District, Shenzhen, the PRC on 3, May 2011 (Tuesday) at 3 p.m., to consider, among other things, the ordinary resolutions to be proposed to approve the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder
“EGM Notice”	the notice dated 10 March 2011 for convening the EGM as set out on pages 31 to 33 of this circular
“Ex-Channel”	Ex-Channel Group Limited (宝通集團有限公司), a company incorporated in Hong Kong with limited liability and an 80% indirectly owned subsidiary of the Company prior to the completion of Ex-Channel Share Transfer Agreements
“Ex-Channel Acquisitions”	the acquisitions of an aggregate of 20% equity interests in the registered capital of Ex-Channel by Powerleader HK under the Ex-Channel Share Transfer Agreements, the particulars of which are set out in the section headed “THE EX-CHANNEL ACQUISITIONS” in this circular
“Ex-Channel Share Transfer Agreements”	the Ex-Channel Share Transfer Agreement A and the Ex-Channel Share Transfer Agreement B
“Ex-Channel Share Transfer Agreement A”	the share transfer agreement dated 17 February 2011 entered into between Powerleader HK and Mr. Dong Weiping for the acquisition of 10% equity interest in Ex-Channel

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## DEFINITIONS

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“Ex-Channel Share Transfer Agreement B”	the share transfer agreement dated 17 February 2011 entered into between Powerleader HK and TPL for the acquisition of 10% equity interest in Ex-Channel
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM and amendments thereto from time to time
“Group”	the Company and its subsidiaries from time to time
“H Shares”	the overseas listed foreign share(s) of nominal value of RMB0.10 each in the share capital of the Company which are listed on GEM and subscribed for and traded in HK\$
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the transactions under the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement
“Independent Shareholders”	Shareholders other than the connected person(s) who is/are interested in the relevant transactions
“Independent Third Parties”	person(s) or company(ies) which is/are independent of the Company or any of its connected persons
“Kingsway”	Kingsway Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Ex-Channel Acquisitions and the Mini Credit Disposal
“Latest Practicable Date”	8 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Mini Credit”	深圳市潮商小額貸款公司 (Mini Credit of Shenzhen Chaoshang Commerce Chamber Co., Ltd.*), a company established in the PRC with limited liability

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## DEFINITIONS

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“Mini Credit Disposal”	the disposal of approximately 30.07% equity interest in the registered capital of Mini Credit by the Company to Powerleader Investment under the Mini Credit Share Transfer Agreement, the particulars of which are set out in the section headed “THE MINI CREDIT DISPOSAL” in this circular
“Mini Credit Share Transfer Agreement”	the share transfer agreement dated 17 February 2011 entered into between the Company and Powerleader Investment for the disposal of approximately 30.07% equity interest in Mini Credit
“Powerleader HK”	Powerleader Science & Technology (H.K.) Limited (宝德科技(香港)有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Powerleader Investment”	深圳市宝德投资控股有限公司 (Powerleader Investment Holding Company Limited*), a limited liability company established in the PRC and a substantial shareholder of the Company holding approximately 45.26% shareholding interest in the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TPL”	Top Pioneer Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.
“*”	for identification only



深圳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)**

*Executive Directors:*

Mr. Li Ruijie (*Chairman*)  
Mr. Dong Weiping (*Chief Executive*)  
Ms. Zhang Yunxia  
Mr. Ma Zhumao

*Non-executive Directors:*

Mr. Sun Wei  
Mr. Wang Lixin  
Mr. Li Donglei

*Independent Non-executive Directors:*

Dr. Guo Wanda  
Mr. Jiang Baijun  
Mr. Chan Shiu Yuen Sammy

*Registered Office:*

Room 43A, 43rd Floor, Block C  
Electronic Science &  
Technology Building  
Shennan Road Central  
Futian District  
Shenzhen  
The PRC

*Principal place of business  
in Hong Kong:*

Unit 105, 1/F,  
Sunbeam Centre,  
27 Shing Yip Street,  
Kwun Tong,  
Kowloon, Hong Kong

10 March 2011

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS  
ACQUISITIONS OF EQUITY INTERESTS IN EX-CHANNEL  
AND  
DISPOSAL OF EQUITY INTERESTS IN MINI CREDIT**

**1. INTRODUCTION**

Reference is made to the Announcement in relation to the Ex-Channel Acquisitions and the Mini Credit Disposal. Pursuant to the requirements under the GEM Listing Rules, the Company will seek the approval of the Independent Shareholders in relation to, inter alia, each of the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information regarding the Ex-Channel Acquisitions and the Mini Credit Disposal, and to seek your approval by way of ordinary resolutions for the above matters at the EGM to be held on 3 May 2011. The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the Ex-Channel Acquisitions and the Mini Credit Disposal are fair and reasonable and in the interests of the Shareholders as a whole. Kingsway has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular and a letter from Kingsway is set out on pages 15 to 26 of this circular.

### 2. THE EX-CHANNEL ACQUISITIONS

#### **The Ex-Channel Share Transfer Agreement A**

*Date:*

17 February 2011

*Parties: Vendor:* Dong Weiping

*Purchaser:* Powerleader HK, a wholly-owned subsidiary of the Company

*Interest to be acquired by Powerleader HK:*

10% equity interest in Ex-Channel

*Condition Precedent:*

The transfer of equity interests under the Ex-Channel Share Transfer Agreement A is conditional upon the passing of a resolution at a general meeting of the Company by the Independent Shareholders (if required) and approvals from the relevant authority(ies).

*Consideration:*

The consideration is HK\$8,800,000, which shall be payable by Powerleader HK to Mr. Dong Weiping in cash within 15 business days after the fulfillment of the condition precedent.

*Basis of the Consideration:*

The consideration was determined by the parties to the Ex-Channel Share Transfer Agreement A after arm's length negotiations with reference to the net asset value of Ex-Channel as of 31 December 2010.

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## LETTER FROM THE BOARD

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### **The Ex-Channel Share Transfer Agreement B**

*Date:*

17 February 2011

*Parties: Vendor:* TPL, a company wholly-owned by Mr. Li Ruijie

*Purchaser:* Powerleader HK

*Interest to be acquired by Powerleader HK:*

10% of equity interests in Ex-Channel

*Condition Precedent:*

The transfer of equity interests under the Ex-Channel Share Transfer Agreement B is conditional upon passing of a resolution at a general meeting of the Company by the Independent Shareholders (if required) and approvals from the relevant authority(ies).

*Consideration:*

The consideration is HK\$8,800,000, which shall be payable by Powerleader HK to TPL in cash within 15 business days after the fulfillment of the condition precedent.

*Basis of the Consideration:*

The consideration was determined by the parties to the Ex-Channel Share Transfer Agreement B after arm's length negotiations with reference to the net asset value of Ex-Channel as of 31 December 2010.

*Information on Ex-Channel:*

Ex-Channel is a limited company incorporated in Hong Kong in 2003 and has an authorized share capital of HK\$30,000,000 divided into 30,000,000 shares of HK\$1.00 each. The principal scope of business of Ex-Channel includes trading of platform and accessory products and distribution of value added products.

As at the date of the Announcement, Ex-Channel is owned by Powerleader HK as to 80%, Mr. Dong Weiping as to 10% and TPL as to 10%. Upon completion of the Ex-Channel Acquisitions, the Group will own 100% equity interests in Ex-Channel.

The net asset value of Ex-Channel is approximately RMB74,723,000 as of 31 December 2010.

The original purchase cost of the 10% equity interests in Ex-Channel to Mr. Dong Weiping was HK\$3,000,000, while the original purchase cost of the 10% equity interests in Ex-Channel to TPL was HK\$3,000,000.



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## LETTER FROM THE BOARD

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*Conditions Precedent:*

The disposal of equity interests under the Mini Credit Share Transfer Agreement is conditional upon and subject to the following conditions:

- (a) the other joint venture parties of Mini Credit have accepted and agreed in writing to the Mini Credit Disposal and have waived their respective pre-emption rights;
- (b) all relevant consents or regulatory approvals for the Mini Credit Share Transfer Agreement and the transaction contemplated thereunder have been obtained; and
- (c) the approval from the Independent Shareholders in a general meeting be obtained.

*Consideration:*

The consideration is RMB56,880,000, which shall be payable by Powerleader Investment in cash within 15 business days after the fulfillment of the conditions precedent.

*Basis of the Consideration:*

The consideration was determined by the parties to the Mini Credit Share Transfer Agreement after arm's length negotiations with reference to the operation conditions of Mini Credit after 2010 and its net asset value as of 31 December 2010.

*Information on Mini Credit:*

Reference is made to an announcement of the Company dated 13 January 2010 in relation to the establishment of Mini Credit. Mini Credit is a company established in the PRC with limited liability by the Company and by other joint venture parties on 4 February 2010 and is principally engaged in small loan business. Mini Credit has a registered capital of RMB155,880,000 in which the Company has invested RMB46,880,000, representing approximately 30.07% of the total share capital of Mini Credit.

The net asset value of Mini Credit is approximately RMB162,823,000 as of 31 December 2010.

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## LETTER FROM THE BOARD

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Set out below is a summary of the unaudited profit before and after taxation of Mini Credit prepared in accordance with the generally accepted accounting principles in the PRC for the financial year ended 31 December 2010:

	<b>For the year ended 31 December 2010 RMB'000</b>
Profit before taxation	9,277
Profit after taxation	6,943

Upon completion of the Mini Credit Share Transfer Agreement, the Group will cease to have any shareholding interest in Mini Credit.

### **Reasons for and benefits of entering into the Mini Credit Share Transfer Agreement**

The Board considers that the entering into of the Mini Credit Share Transfer Agreement will effectively allow the Group to focus its financial resources and provide sufficient funding for the strategic development of cloud computing.

The Directors are of the view that the Mini Credit Share Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors estimate that upon completion of the Mini Credit Share Transfer Agreement, the Group is expected to record a gain of approximately RMB7,919,000, which is arrived at by reference to the transfer price of the subject equity interests and the book value of the Company's investments in Mini Credit.

### **Use of proceeds from the Mini Credit Disposal**

The estimated net proceeds from the Mini Credit Disposal are intended to be used for general working capital purposes of the Group.

## **4. REQUIREMENTS UNDER THE GEM LISTING RULES**

Mr. Dong Weiping is a director of the Company and hence is a connected person of the Company. Accordingly, the Ex-Channel Share Transfer Agreement A constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. TPL is wholly-owned by Mr. Li Ruijie, who is a director of the Company. TPL is therefore a connected person of the Company under the GEM Listing Rules and the Ex-Channel Share Transfer Agreement B constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 19.07 of the GEM Listing Rules exceed 5%, the transactions under the Ex-

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## LETTER FROM THE BOARD

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Channel Share Transfer Agreement A and the Ex-Channel Share Transfer Agreement B as aggregated are subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Powerleader Investment is a substantial shareholder of the Company holding approximately 45.26% in the Company and hence is a connected person of the Company. Accordingly, the Mini Credit Share Transfer Agreement constitutes a connected transaction of the Company under the GEM Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 19.07 of the GEM Listing Rules exceed 5%, the transaction under Mini Credit Share Transfer Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

### **5. INDEPENDENT SHAREHOLDERS' APPROVAL**

In view of the above, the Company will seek the approval of the Independent Shareholders in relation to the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and transactions contemplated thereunder.

As at the Latest Practicable Date, Powerleader Investment is a substantial shareholder of the Company holding approximately 45.26% of the entire issued share capital of the Company. Powerleader Investment is held by Mr. Li Ruijie (a director of the Company) and his wife, Ms. Zhang Yunxia (also a director of the Company) as to 87.5% and 12.5% respectively. Powerleader Investment and its associates will be required to abstain from voting on ordinary resolutions in respect of the Ex-Channel Share Transfer Agreement B and the Mini Credit Share Transfer Agreement and the transaction contemplated thereunder.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the transactions under the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

Kingsway has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement.

### **6. EGM AND ACTION TO BE TAKEN**

The EGM Notice is set out on pages 31 to 33 of this circular. The EGM will be held at 4th Floor, Research and Development Building, Powerleader Technology Research and Production Base, Guanlan Hi-Tech Industrial Park, Bao'an District, Shenzhen, the PRC on 3 May 2011 (Tuesday) at 3 p.m.. At the EGM, ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, approve each of the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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Pursuant to Rule 17.47(4) of the GEM Listing Rules, the vote of the Shareholders at the EGM shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return them to the registered address of the Company (for holders of Domestic Shares), or the office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not less than 24 hours before the time for holding of EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting (or any adjournment thereof) should you so wish.

A reply slip for the purpose of informing the Company whether you will be attending (in person or by proxy) the EGM is also despatched to you with this circular. Shareholders who intend to attend the EGM are requested to complete and return the reply slip to the Company not later than 20 days before the date of the EGM (ie. on or before 13 April 2011) in accordance with the Articles of Association of the Company. In the event that the written replies received from the Shareholders indicating that they intend to attend the EGM represent less than half of the total number of Shares with voting rights of that relevant meeting, the Company shall within 5 days thereafter inform its Shareholders by way of an announcement the proposed matters for consideration at the relevant meeting and the date and venue of the relevant meeting. The relevant meeting may be convened after such announcement has been published.

### **7. RECOMMENDATION**

The Directors (including the independent non-executive Directors) are of the view that the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice from Kingsway, the independent financial adviser, considers that the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular and the letter of advice from Kingsway to the Independent Board Committee and Independent Shareholders in connection with the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement and the principal factors and reasons considered by them in arriving such advice set out on pages 15 to 26 of this circular.

### 8. GENERAL

The Group is principally engaged in the design, manufacture and sales of computer servers, sales and distribution of platform and accessories products and leasing of computer servers in Hong Kong and the PRC.

Powerleader HK is principally engaged in investment in establishing entities, development of computer software and hardware systems, purchase and sale of electronic products, computer softwares, hardwares and peripheral devices and import and export of products and technology.

TPL is principally engaged in investment business.

Powerleader Investment is principally engaged in industrial investment business.

As Mr. Dong Weiping has a material interest in the transaction under the Ex-Channel Share Transfer Agreement A, Mr. Dong Weiping has abstained from voting on the board resolution approving the Ex-Channel Share Transfer Agreement A. As Mr. Li Ruijie and Ms. Zhang Yunxia have material interest in the transactions under the Ex-Channel Share Transfer Agreement B and the Mini Credit Share Transfer Agreement, they have abstained from voting on the board resolutions approving the Ex-Channel Share Transfer Agreement B and the Mini Credit Share Transfer Agreement.

Should there be any discrepancies between the Chinese and English versions of this circular, the English version shall prevail.

Yours faithfully,  
By Order of the Board  
**Powerleader Science & Technology Group Limited\***  
**Li Ruijie**  
*Chairman*



深圳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)**

*The Independent Board Committee:*

Dr. Guo Wanda

Mr. Jiang Baijun

Mr. Chan Shiu Yuen Sammy

10 March 2011

*To the Independent Shareholders*

Dear Sir or Madam,

## CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 10 March 2011 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

Having taken into account the advice from Kingsway, the independent financial adviser (the “**Independent Financial Adviser**”), and in particular the principal factors set out in the letter from the Independent Financial Adviser, we consider that the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve each of the Ex-Channel Share Transfer Agreements, the Mini Credit Share Transfer Agreement and the transactions contemplated thereunder.

\* For identification purposes only

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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The letter from the Independent Financial Adviser containing its recommendations to us and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at such recommendations is set out on pages 15 to 26 of this Circular.

Yours faithfully,  
The Independent Board Committee of  
**POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED**  
**Guo Wanda, Jiang Baijun and Chan Shiu Yuen Sammy**  
*Independent non-executive Directors*

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## LETTER FROM KINGSWAY

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*The following is the full text of a letter received from Kingsway setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Ex-Channel Acquisitions and Mini Credit Disposal for inclusion in this Circular.*



**KingswayGroup**

5/F, Hutchison House,  
10 Harcourt Road,  
Central, Hong Kong  
Tel. No.: (852) 2877-1830  
Fax. No.: (852) 2283-7722

10 March 2011

*To the Independent Board Committee and the Independent Shareholders of  
Powerleader Science & Technology Group Limited*

Dear Sirs,

### **CONNECTED TRANSACTIONS ACQUISITIONS OF EQUITY INTERESTS IN EX-CHANNEL AND DISPOSAL OF EQUITY INTERESTS IN MINI CREDIT**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Ex-Channel Acquisitions and Mini Credit Disposal, details of which are set out in the circular (the “**Circular**”) of the Company to the Shareholders dated 10 March 2011, of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of the Company on 17 February 2011 that on even date, Powerleader HK, a wholly-owned subsidiary of the Company, entered into the Ex-Channel Share Transfer Agreement A with Mr. Dong Weiping and Ex-Channel Share Transfer Agreement B with TPL, pursuant to which each of Mr. Dong Weiping and TPL agreed to sell and Powerleader HK agreed to purchase a 10% equity interest in Ex-Channel for a consideration of HK\$8,800,000 subject to the terms of the agreements.

Mr. Dong Weiping is a director of the Company and hence is a connected person of the Company, while TPL is wholly-owned by Mr. Li Ruijie, who is a director of the Company. Accordingly, the Ex-Channel Share Transfer Agreements constitutes connected transactions of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 19.07 of the GEM Listing

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## LETTER FROM KINGSWAY

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Rules exceed 5%, the transactions under the Ex-Channel Share Transfer Agreements as aggregated are subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

On 17 February 2011, the Company and Powerleader Investment entered into the Mini Credit Share Transfer Agreement pursuant to which the Company agreed to sell and Powerleader Investment agreed to purchase approximately 30.07% equity interest in Mini Credit for a consideration of RMB56,880,000 subject to the terms of the agreement.

Powerleader Investment is a substantial shareholder of the Company holding approximately 45.26% in the Company and hence is a connected person of the Company. Accordingly, the Mini Credit Share Transfer Agreement constitutes a connected transaction of the Company under the GEM Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 19.07 of the GEM Listing Rules exceed 5%, the transaction under the Mini Credit Share Transfer Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. Powerleader Investment is held by Mr. Li Ruijie and his wife, Ms. Zhang Yunxia as to 87.5% and 12.5% respectively and both of them are directors of the Company. Powerleader Investment and its associates will be required to abstain from voting on ordinary resolutions in respect of the Ex-Channel Share Transfer Agreement B and the Mini Credit Share Transfer Agreement and the transaction contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the transactions under the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole. We have been appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **BASIS OF OUR OPINION**

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Ex-Channel Acquisitions and the Mini Credit Disposal, we have relied on the information and representations provided to us by the Company, which the Company considered to be complete and relevant.

We have also relied on the information and representations contained in the Letter from the Board (the "**Letter from the Board**") in the Circular and have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Letter from the Board in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have been advised by the Company that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

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## LETTER FROM KINGSWAY

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We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the Group, Mr. Dong Weiping, TPL, and Powerleader Investment, or any of their respective subsidiaries, controlled entities, jointly controlled entities or associates.

### PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Ex-Channel Acquisitions and the Mini Credit Disposal, we have considered the following principal reasons and factors:

#### 1. The Ex-Channel Acquisitions

##### *(i) Background of and reasons for entering into the Ex-Channel Share Transfer Agreements*

The Group is principally engaged in the design, manufacture and sales of computer servers, sales and distribution of platform and accessories products and leasing of computer servers in Hong Kong and the PRC.

As set out in the Letter from the Board, Ex-Channel is a limited company incorporated in Hong Kong in 2003 and has an authorized share capital of HK\$30,000,000 divided into 30,000,000 shares of HK\$1.00 each. The principal scope of business of Ex-Channel includes trading of platform and accessory products and distribution of value added products.

As at the date of the Latest Practicable Date, Ex-Channel is owned by the Company through Powerleader HK as to 80%, Mr. Dong Weiping as to 10% and TPL as to 10%.

As stated in the Letter from the Board, the Board considers that the entering into the Ex-Channel Share Transfer Agreements will allow the Group to own the entire equity interests in Ex-Channel, and hence enhancing the Group's management ability.

According to the annual report of the Company for the year ended 31 December 2009, it is the Group's vision to further specialize, strengthen and enlarge the value-added distribution business of server component solutions. With Intel-based server components product lines as the core, the Group will upgrade and enrich the server component solutions product ranges to satisfy the rising one-stop purchase needs from industrial customers and channel partners. The Group will continue to take great leaps in consolidating and enhancing the core competitive edges, with a view to positioning as the most professional and the most influential server component solutions supplier.

Taken into account the above, we are of the view that the acquisition of further interest in Ex-Channel by the Group is in line with the future development strategy of the Group.

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## LETTER FROM KINGSWAY

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### *(ii) Financial Information of Ex-Channel*

Based on information provided by the Company, we have summarized below for ease of reference information on the financial results of Ex-Channel for the each of the two financial years ended 31 December 2010:

	Year ended 31 December	
	2009 (audited) RMB'000	2010 (unaudited) RMB'000
Revenue	506,455	773,111
Profit/(loss) before taxation	12,796	22,397
Profit/(loss) for the year	10,788	18,702
Net asset value	64,702	74,723

For the year ended 31 December 2009, Ex-Channel's revenue was approximately RMB506.5 million with profit for the year of approximately RMB10.8 million. The net asset value of Ex-Channel was approximately RMB64.7 million as at 31 December 2009.

For the year ended 31 December 2010, Ex-Channel's turnover was approximately RMB773.1 million, representing an increase of approximately 52.7% as compared with that of the preceding year. Ex-Channel had also recorded an increase of approximately 73.4% in profit for year to approximately RMB18.7 million for the year ended 31 December 2010. As at 31 December 2010, the net asset value of Ex-Channel was approximately RMB74.7 million, representing an increase of approximately 15.5% over the net asset value of Ex-Channel as at 31 December 2009.

Given the profit making track record of Ex-Channel and the improving financial performance for the year ended 31 December 2010 over the preceding year, the Directors consider that higher returns can be brought to the Shareholders when Ex-Channel attain a profit in the future.

### *(iii) Comparison of the consideration against market comparables*

As stated in the Letter from the Board, the consideration was determined by the parties to the Ex-Channel Share Transfer Agreements after arm's length negotiations with reference to the net asset value of Ex-Channel as of 31 December 2010.

For the purpose of assessing the consideration for Ex-Channel Acquisitions, we have reviewed and compared the commonly adopted comparable approaches, namely price-to-earnings ratio (the "**P/E Ratio**") and price-to-book ratio (the "**P/B Ratio**") of companies listed on the main board and the GEM of the Hong Kong Stock Exchange which are principally engaged in sale and distribution of information technology

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## LETTER FROM KINGSWAY

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products and provision of information technology services (the “**Comparable Companies**”). We have, on a best effort basis, identified 4 Comparable Companies, including the Company itself, listed on the main board or the GEM of the Hong Kong Stock Exchange as at the Latest Practicable Date:

Company Name	Stock Code	Principal activities	P/E Ratio (Times) <i>(Notes 1 and 2)</i>	P/B Ratio (Times) <i>(Notes 1 and 3)</i>
Digital China Holdings Limited	861	Sale and distribution of general information technology products and systems products; and provision of information technology services.	19.5	3.83
Futong Technology Development Holdings Limited	465	Provision of IT solutions, distribution of enterprise IT products and provision of IT technical support services in the PRC.	7.6	1.23
Inspur International Limited	596	Trading in IT components, manufacture & sale of IT products, solution and provision of outsourcing software services.	7.3	1.29
The Company	8236	Design and development, manufacturing and sale of computer server system solution related hardware and software, value-added platform and related components agency distribution and leasing of servers and network value-added business.	23.5	1.64
		Maximum	23.5	3.83
		Minimum	7.3	1.23
		Average	14.5	2.00
<b>The Ex-Channel Acquisitions</b>			4.0 <sup>(Note 4)</sup>	1.0 <sup>(Note 5)</sup>

*Source:* website of Stock Exchange

*Notes:*

1. based on the closing price of the respective shares on the Latest Practicable Date.
2. based on the profit for the year from the latest published annual reports.
3. based on the net asset value from the latest published annual reports.

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## LETTER FROM KINGSWAY

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4. the P/E Ratio of the Ex-Channel Acquisitions is calculated as the aggregate consideration of HK\$17,600,000 (equivalent to RMB15,043,000) divided by (unaudited profit after taxation of Ex-Channel for the year ended 31 December 2010 of RMB18,702,000 × 20%).
5. the P/B Ratio of the Ex-Channel Acquisitions is calculated as the aggregate consideration of HK\$17,600,000 (equivalent to RMB15,043,000) divided by (the net asset value of Ex-Channel as at 31 December 2010 of RMB74,723,000 × 20%).

As shown in the table above, the P/E Ratio and the P/B Ratio of the consideration of the Ex-Channel Acquisitions of 4.0 times and 1.0 times are below than the respective ratios of the Comparable Companies. We are of the view that compared with the P/E Ratio and the P/B Ratio of Comparable Companies, the consideration for the Ex-Channel Acquisitions is fair and reasonable so far as the Independent Shareholders are concerned.

***(iv) Financial effect of the Ex-Channel Acquisition on the Group***

The following sets out the effect on the financial position of the Group upon completion of the Ex-Channel Acquisitions:

*(a) Net assets value*

According to the interim report of the Group for the six months ended 30 June 2010, the Group's unaudited net asset value attributable the owners of the Company was approximately RMB512,418,000 as at 30 June 2010.

Upon completion of the Ex-Channel Acquisitions, the Group's net asset value attributable to the owners of the Company is expected to remain largely the same as both the value of cash and cash equivalents and the minority interest (i.e. the net asset value attributable to 20% equity interest in Ex-Channel upon completion of the Ex-Channel Acquisitions) will be reduced by the same amount.

*(b) Earnings*

As there is no premium or discount for the consideration of the Ex-Channel Acquisitions over/to net asset value of Ex-Channel Acquisitions, the Group expected that there will not be any material gain or loss as a result of the Ex-Channel Acquisitions.

Upon completion of the Ex-Channel Acquisitions, Ex-Channel will become a wholly-owned subsidiary of the Company and thus its entire earnings, instead of 80% of which, will be attributable to the equity holders of the Company.

Based on the historical profit-making track records of Ex-Channel, we consider that the profitability of the enlarged Group can be enhanced after the completion of the Ex-Channel Acquisitions.

*(c) Gearing*

According to the interim report of the Group for the six months ended 30 June 2010, the gearing ratio of the Group, calculated as a ratio of total bank and other borrowings over net worth was approximately 80.4% as at 30 June 2010.

Upon completion of the Ex-Channel Acquisitions, there will be no effect on the enlarged Group's gearing ratio.

*(d) Cash position*

According to the interim report of the Group for the six months ended 30 June 2010, the cash and cash equivalents of the Group was approximately RMB222,628,000 as at 30 June 2010.

Upon completion of the Ex-Channel Acquisitions, the consideration will be fully settled by cash from the Group's internal resources. Hence, the working capital of the enlarged Group will be reduced by HK\$17,600,000. Taking into account the historical profit-making track record of Ex-Channel, the business strategy of the Group to expand such business and the working capital position of the Group, we are of the view that the reduction in working capital is acceptable.

Taking into consideration of (i) the reasons for entering into the Ex-Channel Share Transfer Agreements are justifiable; (ii) the consideration of the Ex-Channel Acquisitions is not demanding than the Comparable Companies; (iii) the profit making track record of Ex-Channel and the improving financial performance for the year ended 31 December 2010 over the preceding year; and (iv) the positive financial effect on future earning of the Group, we consider that the entering into of the Ex-Channel Share Transfer Agreements are on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

**2. The Mini Credit Disposal**

*(i) Background of and reasons for entering into the Mini Credit Share Transfer Agreement*

As stated in the Letter from the Board, Mini Credit is a company established in the PRC with limited liability by the Company and by other joint venture parties on 4 February 2010 and is principally engaged in small loan business. Mini Credit has a registered capital of RMB155,880,000 in which the Company has invested RMB46,880,000, representing approximately 30.07% of the total share capital of Mini Credit.

Upon the disposal of equity interests under the Mini Credit Share Transfer Agreement, the Company will no longer have any interest in Mini Credit.

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## LETTER FROM KINGSWAY

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The Directors estimate that upon completion of the Mini Credit Share Transfer Agreement, the Group is expected to record a gain of approximately RMB7,919,000, which is arrived at by reference to the consideration of the subject equity interests and the book value of the Company's investments in Mini Credit. The estimated net proceeds from the Mini Credit Disposal are intended to be used for general working capital purposes of the Group.

The Board considers that the entering into of the Mini Credit Share Transfer Agreement will effectively allow the Group to focus its financial resources and provide sufficient funding for the strategic development of cloud computing.

As set out in the Letter from the Board, the Group is principally engaged in the design, manufacture and sales of computer servers, sales and distribution of platform and accessories products and leasing of computer servers in Hong Kong and the PRC, and Mini Credit is principally engaged in small loan business. In view of the different nature of the principal businesses between the Group and Mini Credit, the Directors represented that it does not appear to have created much of the synergy with one another. The mixed business portfolio may also create difficulties for the investors to value the Group. Hence, the Directors consider that the Mini Credit Disposal is appropriate to streamline and consolidate the Group's business activities to remain focus on the strategic development of cloud computing.

Taken into account the above, we are of the view that the disposal of the equity interests in Mini Credit by the Company is in line with the future development strategy of the Group. Therefore, the reasons for entering into the Mini Credit Share Transfer Agreement are justified.

### *(ii) Financial Information of Mini Credit*

Based on the information provided by the Company, we have summarized below for ease of reference information on the financial results of Mini Credit for the financial year ended 31 December 2010:

	<b>Year ended 31 December 2010 RMB'000</b>
Revenue	16,886
Profit/(loss) before taxation	9,278
Profit/(loss) for the year	6,943
Net asset value	162,823

Based on the Group's interim report for the six months ended 30 June 2010, Mini Credit had only obtained a business license on 4 February 2010, and the Company's investment on Mini Credit amounted to RMB46.0 million. Based on the information provided by the Company, Mini Credit had recorded revenue of approximately RMB 16.9 million with profit for the year of approximately RMB6.9 million. The Group's

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## LETTER FROM KINGSWAY

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share of the profit for the year was approximately RMB2.09 million, representing a return on the Group's investment of approximately 4.5% for the year ended 31 December 2010. The Directors represent that the growth prospect of Mini Credit will be stable and consider that the return on the investment may not be attractive, therefore the Mini Credit Disposal is in the interest of the Company and the Shareholders as a whole.

***(iii) Comparison of the consideration against market comparables***

As stated in the Letter from the Board, the consideration for the Mini Credit Disposal is RMB56,880,000, which was determined by the parties to the Mini Credit Share Transfer Agreement after arm's length negotiations with reference to the operation conditions of Mini Credit after 2010 and its net asset value as of 31 December 2010.

For the purpose of assessing the consideration for Mini Credit Disposal, we have reviewed and compared P/E Ratio and the P/B Ratio of companies listed on the main board and the GEM of the Hong Kong Stock Exchange which are principally engaged credit finance services with interest income represents at least 80% of the annual turnover. We have, on a best effort basis, identified 3 comparable companies listed on the main board and the GEM of the Hong Kong Stock Exchange as at the Latest Practicable Date:

<b>Company Name</b>	<b>Stock Code</b>	<b>Principal activities</b>	<b>P/E Ratio (Times) (Notes 1 and 2)</b>	<b>P/B Ratio (Times) (Note 3)</b>
Public Financial Holdings Limited	626	Provision of retail & commercial banking & lending services, stockbroking, letting of investment properties, provision of financing to purchasers of taxi & public light buses, trading of taxi cabs & taxi licences & leasing of taxis.	12.2	0.91
Aeon Credit Service (Asia) Company Limited	900	Provision of consumer credit finance services, include issuance of credit cards, provision of personal loan financing, hire purchase financing for vehicles, household and other consumer products; and insurance broking and agency business.	10.7	1.47

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## LETTER FROM KINGSWAY

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Company Name	Stock Code	Principal activities	P/E Ratio (Times) <i>(Notes 1 and 2)</i>	P/B Ratio (Times) <i>(Note 3)</i>
Credit China Holdings Limited	8207	Provide short-term financing service in Shanghai and provide secured financing and related consultancy services.	117.9 <sup><i>(Note 7)</i></sup>	21.76 <sup><i>(Notes 4 and 7)</i></sup>
		Maximum	12.2	1.47
		Minimum	10.7	0.91
		Average	11.4	1.19
<b>The Mini Credit Disposal</b>			27.2 <sup><i>(Note 5)</i></sup>	1.2 <sup><i>(Note 6)</i></sup>

*Source:* website of the Stock Exchange

*Notes:*

1. based on the closing price of the respective shares on the Latest Practicable Date.
2. based on the profit for year from the latest published annual reports.
3. based on the net asset value from the latest published annual reports.
4. the P/B Ratio of the Credit China Holdings Limited is calculated the market capitalization as at the Latest Practicable Date divided by the net assets value as at 31 July 2010.
5. the P/E Ratio of the Mini Credit Disposal is calculated as the consideration of RMB56,880,000 divided by (unaudited profit after taxation of Mini Credit for the year ended 31 December 2010 of RMB6,943,000 x 30.07%).
6. the P/B Ratio of the Mini Credit Disposal is calculated as the consideration of RMB56,880,000 divided by (the net asset value of Mini Credit as at 31 December 2010 of RMB162,823,000 x 30.07%).
7. the P/E Ratio and P/B Ratio of Credit China Holdings Limited are excluded due to its extremity.

As shown in the table above, the P/E Ratio of the consideration of the Mini Credit Disposal is higher than those of the comparable companies, while the P/B Ratio of the same is within the range of P/B Ratios of comparable companies and slightly higher than their average. We are of the view that compared with the P/E Ratio and the P/B Ratio of comparable companies, the consideration for the Mini Credit Disposal is favourable and fair and reasonable so far as the Independent Shareholders are concerned.

*(iv) Financial effect of the Mini Credit Disposal on the Group*

The following sets out the effect on the financial position of the Group upon completion of the Mini Credit Disposal:

*(a) Net assets value*

Upon completion of the Mini Credit Disposal, the net assets value of the Group is expected to increase by the premium of the consideration over 30.07% of the net asset value attributable to the equity owner of Mini Credit.

*(b) Earnings*

The Group expects to realize an one-off gain of approximately RMB7,919,000 as a result of the Mini Credit Disposal.

Upon the disposal of equity interests under the Mini Credit Share Transfer Agreement, the Company will no longer have any interest in Mini Credit.

*(c) Gearing*

Upon completion of the Mini Credit Disposal, it is expected that the gearing ratio of the enlarged Group, which calculated as a ratio of total bank and other borrowings over net worth of the Group, will be slightly lowered as a result of the increase in net worth after completion.

*(d) Cash position*

Upon completion of Mini Credit Disposal, the working capital of the enlarged Group will be enhanced upon the receipt of net proceeds. The Directors consider that the entering into of the Mini Credit Share Transfer Agreement will effectively allow the Group to focus its financial resources and provide sufficient funding for the strategic development of cloud computing.

Taking into consideration of (i) the reasons for entering into the Mini Credit Share Transfer Agreement are justifiable; (ii) compared with the P/E Ratio and the P/B Ratio of comparable companies, the consideration for the Mini Credit Disposal is favourable and fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the positive financial effect on net asset value, gearing ratio and cash position of the Group, we consider that the entering into of the Mini Credit Share Transfer Agreement are on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM KINGSWAY

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### RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement are entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Ex-Channel Share Transfer Agreements and the Mini Credit Share Transfer Agreement.

Yours faithfully,  
For and on behalf of  
**Kingsway Capital Limited**  
**Chu Tat Hoi**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' interests and short positions in the Shares

As at the Latest Practicable Date, as far as was known to the Directors, the interests or short positions of the directors, supervisors and chief executive of the Company in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to Rules 5.68 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

#### (a) Shares of the Company

Name of Director	Class of shares	Number of domestic shares held by a controlled corporation	Approximate % of the Company's issued domestic shares	Approximate % of the Company's issued share capital
Mr. Li Ruijie	Domestic Shares	1,021,845,000	61.93%	45.26%
Ms. Zhang Yunxia	Domestic Shares	1,021,845,000	61.93%	45.26%

*Note:* Mr. Li Ruijie is the husband of Ms. Zhang Yunxia. They hold in aggregate 1,021,845,000 Domestic Shares through Powerleader Investment Holding Company Limited, which is held by Mr. Li Ruijie and Ms. Zhang Yunxia as to 87.5% and 12.5% respectively.

*(b) Shares in an associated corporation — Ex-Channel Group Limited (Note)*

Name of Director	Beneficial owner	Number of Shares held by a controlled corporation	Total	Approximate % of the issued share capital of Ex-Channel Group Limited
Mr. Li Ruijie	—	3,000,000	3,000,000	10%
Mr. Dong Weiping	3,000,000	—	3,000,000	10%

*Note:* Prior to the completion of the Ex-Channel Share Transfer Agreements, Ex-Channel Group Limited is a 80% indirectly owned subsidiary of the Company.

*(c) Shares in an associated corporation — 深圳市宝腾互聯科技有限公司 (Note 1)*

Name of Director	Number of shares held by a controlled corporation	Approximate % of the issued share capital of 深圳市宝腾互聯科技有限公司
Mr. Li Ruijie ( <i>Note 2</i> )	2,500,000	25%
Ms. Zhang Yunxia ( <i>Note 2</i> )	2,500,000	25%

*Note 1:* 深圳市宝腾互聯科技有限公司 is a 75% directly owned subsidiary of the Company.

*Note 2:* Mr. Li Ruijie is the husband of Ms. Zhang Yunxia. They hold in aggregate 2,500,000 shares through Powerleader Investment Holding Company Limited, which is held by Mr. Li Ruijie and Ms. Zhang Yunxia as to 87.5% and 12.5% respectively.

Save as disclosed above, as at Latest Practicable Date, none of the directors or supervisors of the Company had any interests or short positions in any shares, underlying shares of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

**Substantial Shareholders**

Save as disclosed below, as at Latest Practicable Date, the Directors are not aware of any other interests and short positions in shares and debentures or underlying shares of substantial shareholders of the Company and other persons, which will have to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which will be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

*Long Position in domestic shares of the Company*

	Number of domestic shares	Capacity	Approximate % of the Company's issued domestic shares	Approximate % of the Company's issued share capital
Powerleader Investment Holding Company Limited ( <i>Note</i> )	1,021,845,000	Beneficial owner	61.93%	45.26%

*Note:* Powerleader Investment Holding Company Limited, a company established in the PRC with limited liability, is held by Mr. Li Ruijie and Ms. Zhang Yunxia as to 87.5% and 12.5% respectively and holds in aggregate 1,021,845,000 domestic shares of the Company.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation (other than statutory compensation).

**4. COMPETING INTEREST**

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors nor their respective associates had any interests which competed or may compete with the Company's business.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are of the view that there was no material adverse change in the financial and trading position of the Group since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any asset which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement which is significant in relation to the business of the Company.

## 7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Kingsway Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Kingsway was not interested beneficially or non-beneficially in any Shares or shares in any member of the Group nor does it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, Kingsway does not have any direct or indirect interest in any asset which had been, since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Kingsway has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 10 March 2011 and reference to its name in the form and context in which they respectively appear.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Messrs. Woo Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including 3 May 2011:

- (a) the Ex-Channel Share Transfer Agreement A
- (b) the Ex-Channel Share Transfer Agreement B
- (c) the Mini Credit Share Transfer Agreement

## 9. GENERAL

Save as otherwise stated in this circular, the English text of this circular shall prevail over the Chinese text in the event of inconsistency.



深圳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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Powerleader Science & Technology Group Limited\* (the “Company”) will be held at 4th Floor, Research and Development Building, Powerleader Technology Research and Production Base, Guanlan Hi-Tech Industrial Park, Bao'an District, Shenzhen, the PRC on 3 May 2011 (Tuesday) at 3 p.m. for the purpose of considering and, if thought fit, approving the following ordinary resolutions:

**ORDINARY RESOLUTIONS**

1. **“THAT:**

- (a) the agreement dated 17 February 2011 entered into between Mr. Dong Weiping and Powerleader Science & Technology (H.K.) Limited (“Powerleader HK”) in relation to the acquisition of 10% equity interest in Ex-Channel Group Limited by Powerleader HK (the “Ex-Channel Share Transfer Agreement A”, a copy of which marked “A” has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company (the “Directors”) be and are hereby authorized on behalf of the Company to sign, seal, execute all such other documents and agreements and to do all such acts and things as they may in their discretion consider necessary or desirable or expedient to implement and/or to give effect to the Ex-Channel Share Transfer Agreement A and the transaction thereby contemplated.”

2. **“THAT:**

- (a) the agreement dated 17 February 2011 entered into between Top Pioneer Limited and Powerleader Science & Technology (H.K.) Limited (“Powerleader HK”) in relation to the acquisition of 10% equity interest in Ex-Channel Group Limited by Powerleader HK (the “Ex-Channel Share Transfer Agreement B”, a copy of which marked “B” has been produced to

\* *For identification purposes only*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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the meeting and signed by the Chairman of the meeting for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and

- (b) the directors of the Company (the “Directors”) be and are hereby authorized on behalf of the Company to sign, seal, execute all such other documents and agreements and to do all such acts and things as they may in their discretion consider necessary or desirable or expedient to implement and/or to give effect to the Ex-Channel Share Transfer Agreement B and the transaction thereby contemplated.”

3. “**THAT:**

- (c) the agreement dated 17 February 2011 entered into between the Company and Powerleader Investment Holding Company Limited\* (“Powerleader Investment”) in relation to the disposal of approximately 30.07% equity interest in Mini Credit of Shenzhen Chaoshang commerce Chamber Co., Ltd.\* by Powerleader Investment (the “Mini Credit Share Transfer Agreement”, a copy of which marked “C” has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (d) the directors of the Company (the “Directors”) be and are hereby authorized on behalf of the Company to sign, seal, execute all such other documents and agreements and to do all such acts and things as they may in their discretion consider necessary or desirable or expedient to implement and/or to give effect to the Mini Credit Share Transfer Agreement and the transaction thereby contemplated.”

By Order of the Board  
**Powerleader Science & Technology Group Limited \***  
**Li Ruijie**  
*Chairman*

Shenzhen, the PRC, 10 March 2011

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. Any shareholder entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote on his/her behalf in accordance with the Articles of Association. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy must be deposited by hand or by post, at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen Road East, Wanchai, Hong Kong (for holders of H Shares), or at the registered address of the Company (for holders of Domestic Shares) not less than 24 hours before the time for holding the EGM or any adjournment thereof. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
3. Shareholders or their proxies who intend to attend the EGM should complete the enclosed reply slip and return it by hand or by post to the H share registrar of the Company (for holder of H Shares) or to the registered address of the Company (for holders of Domestic Shares) on or before 13 April 2011. Please refer to the reply slip for details of instructions.
4. The register of members of the Company will be closed from 3 April 2011 (Sunday) to 3 May 2011 (Tuesday), both days inclusive, during which no transfer of shares will be effected. Shareholders whose name appears on the register of members of the Company at 4:30 p.m. on 1 April 2011 (Friday) will be entitled to attend and vote at the meeting. All transfers accompanied by relevant share certificates must be lodged with Company's H share registrar and transfer office in Hong Kong not later than 4:30 p.m. on 1 April 2011.
5. Completion and return of the proxy form and reply slip will not affect the right of the shareholders of the Company to attend and vote at the EGM. In such event, the proxy form will be deemed to have been revoked.
6. Shareholders or their proxies shall produce their identity documents when attending the meeting.
7. The EGM is expected to last for half an hour. Shareholders of the Company and their proxies attending the EGM shall be responsible for the transportation and accommodation expenses on their own.
8. The ordinary resolution as set out above will be determined by way of poll.
9. As at the date hereof, the Board comprises a total of 10 Directors, including Mr. Li Ruijie, Mr. Dong Weiping, Ms. Zhang Yunxia and Mr. Ma Zhumao as executive Directors, Mr. Sun Wei, Mr. Wang Lixin and Mr. Li Donglei as non-executive Directors and Mr. Jiang Baijun, Mr. Chan Shiu Yuen, Sammy and Dr. Guo Wanda as independent non-executive Directors.