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宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8236)

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF TENANCY AGREEMENTS WITH
BAOTENG INTERNET**

THE TENANCY AGREEMENTS

Reference is made to the announcement of the Company dated 22 August 2017 in relation to, among other things, the Previous Tenancy Agreements, constituting continuing connected transactions of the Company. As the Previous Tenancy Agreements had expired on 30 June 2019, the Company and Baoteng Internet intend to renew the Previous Tenancy Agreements and enter into a new tenancy agreement in respect of Baoteng Internet IDC Phase 3 Premises.

On 30 September 2019, the Company entered into the Tenancy Agreements with Baoteng Internet, pursuant to which the Company agreed to lease certain premises at Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, the PRC to Baoteng Internet for a term of three years from 1 October 2019 to 30 September 2022.

* For identification purposes only

GEM LISTING RULES IMPLICATIONS

Baoteng Internet is a wholly-owned subsidiary of Zqgame. Powerleader Investment, the controlling shareholder of the Company, holds approximately 27.62% of the total issued shares of Zqgame, and the Company holds approximately 15.11% of the total issued shares of Zqgame. Zqgame is therefore a 30%-controlled company held by Powerleader Investment. As Powerleader Investment being a substantial shareholder of the Company is a connected person of the Company, Zqgame being an associate of Powerleader Investment is also a connected person of the Company under Rule 20.07(4) of the GEM Listing Rules. Accordingly, Baoteng Internet, as a wholly owned subsidiary of Zqgame, is a connected person of the Company. Therefore, the transactions under the Tenancy Agreements will constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios in respect of the Tenancy Agreements exceed 0.1% but are less than 5%, the Tenancy Agreements and the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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PRINCIPAL TERMS OF THE TENANCY AGREEMENTS

2019 Baoteng Internet IDC Phase 1 Tenancy Agreement

Date:	30 September 2019
Parties:	the Company as landlord Baoteng Internet as tenant
Premises:	1/F to 4/F, Guanlan Server Room, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 6,156 sq.m. for office use and IDC Business carried on by Baoteng Internet
Term:	Three years commencing from 1 October 2019 and ending on 30 September 2022
Rent:	Rent (exclusive of management fee, water supply charges, electricity charges, internet charges and all other public utilities charges, which shall be borne by the tenant during the term of the tenancy) payable on a monthly basis during the term is RMB191,880
Annual caps:	It is anticipated the rental and other charges payable by Baoteng Internet to the Company under 2019 Baoteng Internet IDC Phase 1 Tenancy Agreement will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2019	575,640
2020	2,302,560
2021	2,302,560
2022	1,726,920

Historical transaction amounts under 2016 Baoteng Internet IDC Phase 1 Tenancy Agreement:

Financial year ended 31 December	Actual rent amount (RMB)
2017	2,302,560
2018	2,302,560
2019	1,151,280

2019 Baoteng Internet IDC Phase 2 Tenancy Agreement

Date: 30 September 2019

Parties: the Company as landlord
Baoteng Internet as tenant

Premises: Certain units located at 1/F to 3/F, Internet Data Centre, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 4,508.45 sq.m. for office use and the IDC Business carried on by Baoteng Internet

Term: Three years commencing from 1 October 2019 and ending on 30 September 2022

Rent: Rent (exclusive of management fee, water supply charges, electricity charges, internet charges and all other public utilities charges, which shall be borne by the tenant during the term of the tenancy) payable on a monthly basis during the term is RMB139,900

Annual caps: It is anticipated the rental and other charges payable by Baoteng Internet to the Company under 2019 Baoteng Internet IDC Phase 2 Tenancy Agreement will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2019	419,700
2020	1,678,800
2021	1,678,800
2022	1,259,100

Historical transaction amounts under 2016 Baoteng Internet IDC Phase 2 Tenancy Agreement:

Financial year ended 31 December	Actual rent amount (RMB)
2017	1,678,800
2018	1,678,800
2019	839,400

2019 Baoteng Internet IDC Phase 3 Tenancy Agreement

- Date: 30 September 2019
- Parties: the Company as landlord
Baoteng Internet as tenant
- Premises: Certain units located at 1/F and 3/F (exclusive of the units leased under 2019 Baoteng Internet IDC Phase 2 Tenancy Agreement), Internet Data Centre, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 4,400 sq.m. for office use and the IDC Business carried on by Baoteng Internet
- Term: Three years commencing from 1 October 2019 and ending on 30 September 2022
- Rent: Rent (exclusive of management fee, water supply charges, electricity charges, internet charges and all other public utilities charges, which shall be borne by the tenant during the term of the tenancy) payable on a monthly basis during the term is RMB198,000
- Annual caps: 2019 Baoteng Internet IDC Phase 3 Tenancy Agreement is a new tenancy agreement, and hence there is no historical transaction amount. It is anticipated the rental and other charges payable by Baoteng Internet to the Company under 2019 Baoteng Internet IDC Phase 3 Tenancy Agreement will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2019	594,000
2020	2,376,000
2021	2,376,000
2022	1,782,000

Aggregate Annual Caps under the Tenancy Agreements

Based on the aforementioned annual caps under 2019 Baoteng Internet IDC Phase 1 Tenancy Agreement, 2019 Baoteng Internet IDC Phase 2 Tenancy Agreement and 2019 Baoteng Internet IDC Phase 3 Tenancy Agreement, it is anticipated that the aggregate amount of rental and other charges payable by Baoteng Internet to the Company under the Tenancy Agreements will not exceed the following maximum figures:

Financial year ending 31 December	Annual caps (RMB)
2019	1,589,340
2020	6,357,360
2021	6,357,360
2022	4,768,020

BASIS OF ANNUAL CAPS

The annual caps were calculated based on the annual rental pursuant to the Tenancy Agreements. The rental in respect of the Tenancy Agreements were determined after arm's length negotiation between the Company and Baoteng Internet with reference to the historical transaction amounts under the Previous Tenancy Agreements as well as the prevailing market rental of similar properties of size, terms, location and the prevailing market conditions in the vicinity at the time of entering into the Tenancy Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

The Company and Baoteng Internet entered into the Tenancy Agreements as Baoteng Internet requires office space and premises to meet its operation needs for its IDC Business. The Company believes that it will benefit from the Tenancy Agreements due to the following reasons: (1) the Company will earn rental income and (2) all the management fees, water supply charges, electricity charges, internet charges and all other public utilities charges will be borne by Baoteng Internet during the term of the tenancy. Having considered the foregoing, the Directors, including the independent non-executive Directors, consider that the Tenancy Agreements are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Ms. Zhang Yunxia and Mr. Li Ruijie, being Directors, are materially interested in the Tenancy Agreements by virtue of their shareholding interest in Powerleader Investment. They have abstained from voting on the Board resolution to approve the Tenancy Agreements and the transactions contemplated thereunder and the above proposed annual caps.

GEM LISTING RULES IMPLICATIONS

Baoteng Internet is a wholly-owned subsidiary of Zqgame. Powerleader Investment, the controlling shareholder of the Company, holds approximately 27.62% of the total issued shares of Zqgame, and the Company holds approximately 15.11% of the total issued shares of Zqgame. Zqgame is therefore a 30%-controlled company held by Powerleader Investment. As Powerleader Investment being a substantial shareholder of the Company is a connected person of the Company, Zqgame being an associate of Powerleader Investment is also a connected person of the Company under Rule 20.07(4) of the GEM Listing Rules. Accordingly, Baoteng Internet, as a wholly owned subsidiary of Zqgame, is a connected person of the Company. Therefore, the transactions under the Tenancy Agreements will constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As the applicable percentage ratios for the Company in respect of the Tenancy Agreements exceed 0.1% but are less than 5%, the Tenancy Agreements and the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE GROUP

The Group sets a clear strategic position to become the industry's top-notch cloud computing solutions providers, and put (i) server, storage and solution provider; (ii) electronic equipment and accessories (non-server and storage) distribution business; (iii) Guangzhou Internet Data Centre business; (iv) industrial park development, operation and property management business; and (v) industrial investment business (non-server and storage) as the main business direction.

INFORMATION ON BAOTENG INTERNET

Baoteng Internet is a company incorporated in the PRC with limited liability, the equity interest of which is entirely owned by Zqgame. The business scope of Baoteng Internet covers information technology products, communication technology products, consumer electronics and research & development and sales of the software and hardware of Internet technology products, as well as property management.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“30%-controlled company”	has the meaning ascribed to it under Rule 20.06(1) of the GEM Listing Rules
“2016 Baoteng Internet IDC Phase 1 Tenancy Agreement”	the tenancy agreement dated 1 July 2016 entered into between the Company as landlord and Baoteng Internet as tenant which was expired on 30 June 2019. The details of which were disclosed in the announcement of the Company dated 22 August 2017
“2016 Baoteng Internet IDC Phase 2 Tenancy Agreement”	the tenancy agreement dated 1 July 2016 entered into between the Company as landlord and Baoteng Internet as tenant which was expired on 30 June 2019. The details of which were disclosed in the announcement of the Company dated 22 August 2017
“2019 Baoteng Internet IDC Phase 1 Tenancy Agreement”	the tenancy agreement dated 30 September 2019 entered into between the Company as landlord and Baoteng Internet as tenant in respect of the leasing of Baoteng Internet IDC Phase 1 Premises
“2019 Baoteng Internet IDC Phase 2 Tenancy Agreement”	the tenancy agreement dated 30 September 2019 entered into between the Company as landlord and Baoteng Internet as tenant in respect of the leasing of Baoteng Internet IDC Phase 2 Premises
“2019 Baoteng Internet IDC Phase 3 Tenancy Agreement”	the tenancy agreement dated 30 September 2019 entered into between the Company as landlord and Baoteng Internet as tenant in respect of the leasing of Baoteng Internet IDC Phase 3 Premises
“Baoteng Internet”	Shenzhen Baoteng Internet Technology Limited* (深圳市寶騰互聯網科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Zqgame
“Baoteng Internet IDC Phase 1 Premises”	1/F to 4/F, Guanlan Server Room, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 6,156 sq.m.
“Baoteng Internet IDC Phase 2 Premises”	Certain units located at 1/F to 3/F, Internet Data Centre, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 4,508.45 sq.m.

“Baoteng Internet IDC Phase 3 Premises”	Certain units located at 1/F and 3/F (exclusive of the units leased under 2019 Baoteng Internet IDC Phase 2 Tenancy Agreement), Internet Data Centre, No. 3 Guangyi Road, Guanlan High-Tech Industrial Park, Longhua New District, Shenzhen, PRC having a gross floor area of 4,400 sq.m.
“Board”	the board of Directors
“Company”	Powerleader Science & Technology Limited* (寶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 GEM (Stock Code: 8236)
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Hong Kong Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“IDC Business”	internet data center business
“Powerleader Investment”	Powerleader Investment Holding Company Limited* (深圳市寶德投資控股有限公司), a company incorporated in the PRC holding approximately 42.05% of all of the Company’s H shares, and is directly and indirectly held as to 87.5% and 12.5% by Mr. Li Ruijie and Madam Zhang Yunxia respectively
“PRC”	the People’s Republic of China
“Previous Tenancy Agreements”	collectively, 2016 Baoteng Internet IDC Phase 1 Tenancy Agreement and 2016 Baoteng Internet IDC Phase 2 Tenancy Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Tenancy Agreements”	collectively, 2019 Baoteng Internet IDC Phase 1 Tenancy Agreement, 2019 Baoteng Internet IDC Phase 2 Tenancy Agreement, 2019 Baoteng Internet IDC Phase 3 Tenancy Agreement

“Zqgame” Shenzhen ZQGAME Co Ltd* (深圳中青寶互動網絡股份有限公司), a company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 300052). Zqgame is an associated company of the Group, of which the Company held approximately 15.11% of its total issued shares at the date of this announcement

“%” per cent

By order of the Board
Powerleader Science & Technology Group Limited*
Zhang Yunxia
(張雲霞)
Chairman

Shenzhen, the PRC
30 September 2019

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 for at least 7 days from its date of publication and the Company’s website at www.powerleader.com.cn.

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