浙江升華蘭德科技股份有限公司
SHENGHUA LANDE SCITECH LIMITED*

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

(Stock Code: 8106)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given the companies listed on GEM are usually small and mid-sized companies, 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.

*This announcement, for which the directors (the "**Director(s)**") of Shenghua Lande Scitech Limited* (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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: (i) the information contained in this announcement 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 herein or this announcement misleading.*

HIGHLIGHTS

- Achieved a turnover of approximately RMB145,517,000 for the nine months ended 30 September 2018, representing an approximately 13.37% increase as compared with the turnover for the corresponding period in 2017.

- Incurred a net loss of approximately RMB3,899,000 for the nine months ended 30 September 2018, compared to the net loss of approximately RMB6,041,000 for the corresponding period in 2017.

- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018.

The board (the "**Board**") of Directors of the Company is pleased to present the third quarterly results of the Company and its subsidiaries (the "**Group**") for the nine and three months ended 30 September 2018.

2018 THIRD QUARTERLY RESULTS

For the nine months ended 30 September 2018, the Group recorded an unaudited turnover of approximately RMB145,517,000 (2017: RMB128,354,000), representing an increase of approximately RMB17,163,000, or approximately 13.37%, as compared with the turnover of the same period in 2017. For the three months ended 30 September 2018, the Group recorded an unaudited turnover of approximately RMB55,494,000 (2017: RMB48,996,000), representing an increase of approximately RMB6,498,000 or approximately 13.26%, as compared with the turnover of the same period in 2017.

For the nine months ended 30 September 2018, the Group recorded an unaudited net loss attributable to owners of the Company of approximately RMB3,899,000 (2017: RMB6,041,000). For the three months ended 30 September 2018, the Group recorded an unaudited net profit attributable to owners of the Company of approximately RMB2,301,000 (2017: loss of RMB1,646,000).

The unaudited results of the Group for the nine and three months ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods in 2017, are as follows:

		Nine months ended 30 September		**Three months ended 30 September**	
		2018	2017	**2018**	2017
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	*2*	**145,517**	128,354	**55,494**	48,996
Cost of sales		**(129,986)**	(118,809)	**(48,467)**	(45,682)
Gross profit		**15,531**	9,545	**7,027**	3,314
Other operating income		**639**	87	**73**	87
Distribution and selling expenses		**(6,747)**	(5,724)	**(2,436)**	(1,795)
General and administrative expenses		**(14,817)**	(8,926)	**(3,667)**	(2,754)
Other operating expenses		**(15)**	(29)	**-**	(28)
Finance income (costs), net		**1,506**	(1,309)	**1,303**	(497)
(Loss) profit before tax		**(3,903)**	(6,356)	**2,300**	(1,673)
Income tax	*3*	**–**	–	**–**	–
(Loss) profit for the period		**(3,903)**	(6,356)	**2,300**	(1,673)
(Loss) profit for the period attributable to:					
Owners of the Company		**(3,899)**	(6,041)	**2,301**	(1,646)
Non-controlling interests		**(4)**	(315)	**(1)**	(27)
		(3,903)	(6,356)	**2,300**	(1,673)
(Loss) earnings per share – Basic and diluted (RMB)	*4*	**(0.77) cents**	(1.19) cents	**0.45 cents**	(0.32) cents

Notes:

1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "**PRC**") on 20 September 2001 and its H shares were listed on GEM on 3 May 2002, details of which are set out in the prospectus of the Company dated 24 April 2002.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board and the disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. TURNOVER

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Provision of telecommunication solutions	**–**	–	**–**	–
Trading of hardware and computer software	**117,149**	119,746	**46,796**	46,040
Provision of telecommunication value-added services	**8,234**	8,608	**2,580**	2,956
Provision of smart city solutions	**20,134**	–	**6,118**	–
	145,517	128,354	**55,494**	48,996

3. INCOME TAX

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	**–**	–	**–**	–

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC enterprises for the period was 25% (2017: 25%). During the period, one of the subsidiaries of the Company was subject to EIT at a rate of 15% as it was classified as an Advanced and New Technology Enterprise* (高新科技企業). During the nine months ended 30 September 2017, another subsidiary of the Company was subject to EIT at a rate of 15% as it was classified as an Advanced and New Technology Enterprise*. The Advanced and New Technology Enterprise* certificate for that subsidiary expired at the end of the third quarter of the year 2017.

No provision for EIT has been made for the Group for the period (2017: Nil) as there was no assessable profit derived by the Group for the period (2017: Nil).

During the period, no provision for Hong Kong Profits Tax has been made for the subsidiary of the Company established in Hong Kong (2017: Nil) as it did not have any assessable profits subject to Hong Kong Profits Tax for the period (2017: Nil).

4. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share was based on the net loss attributable to owners of the Company for the nine months ended 30 September 2018 of approximately RMB3,899,000 (2017: RMB6,041,000) and the net profit attributable to owners of the Company for the three months ended 30 September 2018 of approximately RMB2,301,000 (2017: loss of RMB1,646,000), respectively, and on the weighted average number of approximately 506,546,000 (2017: 506,546,000) shares in issue during the relevant periods.

Diluted (loss) earnings per share was the same as basic (loss) earnings per share for the nine months and three months ended 30 September 2018 and 2017 as there were no diluting events existed during the relevant periods.

5. RESERVES

Save as disclosed below, there were no movements in the reserves of the Group for the relevant periods in 2018 and 2017:

	For the nine months ended 30 September	
	2018	2017
	RMB'000	*RMB'000*
Accumulated losses		
At 1 January	**(68,073)**	(63,681)
Net loss	**(6,200)**	(4,395)
At 30 June	**(74,273)**	(68,076)
Net profit (loss)	**2,301**	(1,646)
At 30 September	**(71,972)**	(69,722)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (2017: Nil).

REVIEW OF THE THIRD QUARTER

Financial review

1. **Overview**

    The Group is principally engaged in (i) the provision of telecommunication solutions; (ii) the trading of hardware and computer software; (iii) the provision of telecommunication value-added services; and (iv) the provision of smart city solutions (the Group commenced the business after the completion of the Increator Technology Acquisition (as defined and detailed below) in February 2018).

2. **Turnover**

    For the nine months and three months ended 30 September 2018, (i) the provision of telecommunication solutions business had not generated revenue (2017: Nil); (ii) the trading of hardware and computer software business generated revenue of approximately RMB117,149,000 (2017: RMB119,746,000) and RMB46,796,000 (2017: RMB46,040,000), respectively, representing approximately 2.17% decrease and 1.64% increase, respectively, when compared to the same periods of last year; (iii) the provision of telecommunication value-added services business generated revenue of approximately RMB8,234,000 (2017: RMB8,608,000) and RMB2,580,000 (2017: RMB2,956,000), respectively, representing a decrease of approximately 4.34% and 12.72%, respectively, when compared to the same periods of last year; and (iv) the provision of smart city solutions business generated revenue of approximately RMB20,134,000 (2017: Nil) and RMB6,118,000 (2017: Nil), respectively. The revenue from this business was consolidated into the Group's financial statements after the completion of the Increator Technology Acquisition (as defined and detailed below) in February 2018.

    For the nine months ended 30 September 2018, the unaudited turnover of the Group was approximately RMB145,517,000 (2017: RMB128,354,000), representing an increase of approximately RMB17,163,000, or approximately 13.37%, as compared with that of the same period in 2017. For the three months ended 30 September 2018, the unaudited turnover of the Group was approximately RMB55,494,000 (2017: RMB48,996,000), representing an increase of approximately RMB6,498,000, or approximately 13.26%, as compared with that of the same period in 2017. The increase in turnover of the Group for the relevant reporting periods was mainly attributable to the contribution of the provision of smart city solutions business newly acquired in 2018.

3. Gross profit margin

For the nine months and three months ended 30 September 2018, (i) the provision of telecommunication solutions business had not generated gross profit (2017: Nil); (ii) the gross profit margin of the trading of hardware and computer software business was approximately 3.78% (2017: 1.34%) and 5.34% (2017: 1.31%), respectively. Compared with the same periods of last year, the gross profit margin of this business increased as the Group began to adjust the sales strategy of this business in 2018 to optimising the sales structure by increasing the sales of brands and products with higher margin, while decreasing the sales of brands and products with low margin; (iii) the gross profit margin of the provision of telecommunication value-added services business was approximately 83.58% (2017: 92.30%) and 87.71% (2017: 91.68%), respectively. The decrease in gross profit margin of this business during the relevant reporting periods was mainly due to the increase in the cost of external calls; and (iv) the gross profit margin of the provision of smart city solutions business was approximately 20.97% and 37.05%, respectively. The increase in the gross profit margin of this business in the third quarter was mainly attributable to the relatively higher margin of the project contract work processed during this quarter.

The gross profit margin of the Group for the nine months and three months ended 30 September 2018 was approximately 10.67% (2017: 7.44%) and 12.66% (2017: 6.76%), respectively. The improvement in gross profit margin of the Group during the relevant reporting periods was mainly attributable to the contribution of the provision of smart city solutions business newly acquired in 2018 and the increase in the gross profit margin of the trading of hardware and computer software business.

4. (Loss) profit attributable to owners of the Company and (loss) earnings per share

For the nine months and three months ended 30 September 2018, (i) the provision of telecommunication solutions business had not recorded segment results (2017: Nil); (ii) the trading of hardware and computer software business reported segment profit of approximately RMB1,694,000 (2017: RMB388,000) and RMB1,246,000 (2017: RMB28,000), respectively; demonstrating significant improvement in the segment results of this business for the relevant reporting periods, as the Group has commenced to adjust the sales strategy and product portfolio of the business in 2018 to increase the sales of higher margin brands and products; (iii) the provision of telecommunication value-added services business reported segment profit of approximately RMB552,000 (2017: loss of RMB1,462,000) and RMB127,000 (2017: loss of RMB148,000), respectively. The improvement of this business's segment performance during the relevant reporting periods was mainly due to the Group's strengthening of management while stabilising the revenue of the business, and exerting continued pressure to reduce operating costs and expenses such as rental and operation centre outsourcing expenses; and (iv) the provision of smart city solutions business reported segment loss of approximately RMB2,121,000 (2017: Nil) and segment profit of approximately RMB1,346,000 (2017: Nil), respectively. For the nine months and three months ended 30 September 2018, the net unallocated expenses of the Group were approximately RMB4,028,000 (2017: RMB5,282,000) and RMB419,000 (2017: RMB1,553,000), respectively. The net unallocated expenses of the Group during the relevant reporting periods decreased as compared with the same periods of last year, which was mainly due to changes in exchange gains and losses on the Group's

Hong Kong dollars bank deposits arising from the fluctuation in the Renminbi exchange rate during the relevant periods, as well as the proper cost control measures effected by the Group's management team.

As a result of the cumulative effect of the principal factors described above, the Group recorded an unaudited net loss attributable to owners of the Company for the nine months ended 30 September 2018 of approximately RMB3,899,000 (2017: RMB6,041,000), and an unaudited net profit attributable to owners of the Company for the three months ended 30 September 2018 of approximately RMB2,301,000 (2017: loss of RMB1,646,000). The loss per share of the Group for the nine months ended 30 September 2018 was approximately RMB0.77 cents (2017: RMB1.19 cents). The earnings per share of the Group for the three months ended 30 September 2018 was approximately RMB0.45 cents (2017: loss of RMB0.32 cents).

5. Bank balances and cash

As at 30 September 2018, the Group's unaudited bank balances and cash amounted to approximately RMB59,168,000 (30 June 2018: RMB45,151,000). The bank balances and cash to total assets and net assets ratios as at 30 September 2018 were approximately 44.93% (30 June 2018: 34.84%) and 63.45% (30 June 2018: 49.60%), respectively. The Group's bank balances and cash as at 30 September 2018 increased as compared with that as at 30 June 2018 mainly because the Group obtained new bank borrowing during the third quarter for the puropose of increasing the working capital for the provision of smart city solutions business.

Business and operation review

1. Business and product development

During the reporting period, the telecommunication solutions business of the Group was seeking to achieve new order revenue through internal resource integration. The Group's trading of hardware and computer software business maintained a stable source of turnover, and gradually improved revenue and profitability by strengthening sales team and changing sales strategies. In respect of the telecommunication value-added services business, the Group continued the operation with the telecommunication operators for the provision of services such as SMS business cards (短信名片), 114 Bai Shi Tong Alliance (114號碼百事通), precise marketing (精準行銷) and etc.. These businesses at various locations were in operation at the sites concerned. Compared with the same periods of last year, the revenue of the business decreased slightly. However, through the strengthening of management and control of costs, the business has been turning losses into profits and the Group will continue to exploring rooms for the improvement of the results of this business segment. On the other hand, with the completion of the Increator Technology Acquisition (as defined and detailed below) in February 2018, the Group provided smart city solutions business and launched the mobile Internet industry application and service business, providing the customers with relevant software development and value-added services. The business is under normal operation and its business contracts continue to be implemented in various places, and in the development of new business contracts in many places across the country.

The Group is continuing to actively exploring the synergy between the smart city solutions business and other businesses of the Group to develop new solutions, value-added services products and drive the development of the trading of hardware and computer software business to enhance the overall competitiveness of the Group's business and products. Among them, the Group is continuing to seek Citizen Card* (市民卡) operation service projects and smart union (智慧工會) operation service projects. The Group is negotiating related projects with individual cities. Under the premise of mutual trust and mutual benefit and win-win situation, the Group will strive to carry out relevant operation services business as soon as possible. At the same time, the Group is also actively planning the layout of other value-added service products and business to enhance the profitability of the operation services business. This will help the Group to dig deep into the mobile Internet field and gain more business value and business opportunities.

2. Investment and cooperation

In order to accelerate the Group's business development in the mobile Internet industry, on 29 September 2017, the Company entered into the equity transfer agreement to acquire 100% of the equity interest in Increator Technology Co., Ltd.* (浙江創建科技有限公司) ("**Increator Technology**") at the consideration of RMB25,200,000 (the "**Increator Technology Acquisition**"). The principal activities of Increator Technology are the provision of smart city solutions, including primarily the provision of software development and value-added services mainly relating to the construction and operation maintenance of Citizen Card* systems to customers. The Increator Technology Acquisition was approved by the shareholders (the "**Shareholders**") of the Company at the extraordinary general meeting held on 29 January 2018 and completed on 5 February 2018. Details of the Increator Technology Acquisition were set out in the announcements dated 29 September 2017, 23 October 2017, 24 November 2017, 13 December 2017, 29 January 2018 and 12 February 2018, and the circular dated 15 December 2017 issued by the Company, respectively.

In addition, the Group is also constantly seeking new investment opportunities or business cooperation opportunities, including opportunities for expansion of existing businesses and other potential new business opportunities suitable for the Group's development, for example, wholly-owned or joint venture establishment of operation companies for the operation services business. However, there is no significant progress up to present.

During the reporting period, the Group also maintained good cooperation relationship with the telecommunication operators, the Citizen Card* management companies in various cities and other business partners.

Future prospects

1. Order backlog/sales contracts

During the reporting period, the telecommunication solutions business of the Group did not obtained orders. The Group's trading of hardware and computer software business worked with industry-leading hardware and software vendors to gradually improve business revenue structure and profitability. All telecommunication value-added service businesses of the Group in cooperation with the telecommunication operators were still within valid contract periods. These businesses at various locations were in operation at the sites concerned, providing a stable source of business income. Following the completion of the Increator Technology Acquisition in February 2018, the Group took part in the business of the provision of smart city solutions. As at 30 September 2018, the Group's smart city solutions construction service contracts on hand are being implemented at various locations inside and outside Zhejiang Province as planned, and are mainly related to the software development and/or provision of related valued-added services projects for the construction and operation maintenance of Citizen Card* systems. At the same time, the Group is striving for business order and contracts in other cities. The Group is considering the complementary synergies between the business of Increator Technology and the other businesses of the Group, and endeavors to re-establish contact with telecommunication operators and other new customers through the technology and sales capabilities of Increator Technology to obtaining telecommunication solutions and other solutions contracts, makes use of the expansion and implementation of the smart city solutions business in various places across the country to striving for telecommunication value-added services business orders from telecommunication operators in other regions or provinces and obtaining other related value-added services contracts, takes advantage of the development of the smart city solutions business to pursuing supporting hardware sales contracts.

2. Prospects of new business and new products

After the completion of the Increator Technology Acquisition in February 2018, the Group would benefit from the technology development capacity of Increator Technology to achieve the innovation and development of its mobile Internet service business; which allow the Group to tap into the mobile Internet industry through its participation in the business of Increator Technology, namely the research and development, the construction and the potential operation of the Citizen Card* system, and gain more commercial value and business opportunities.

As disclosed in the Company's 2018 interim report, the Group will expand its business in the following three directions: (i) improving the profitability of the trading of hardware and computer software business, continuously adjusting to increase the sales of the brands and product categories with higher gross profit margins and to decrease the sales of the brands and product categories with lower gross profit margins, enhancing the terminal hardware customer sales, and relying on smart city solutions business development to seek supporting hardware sales business; (ii) breaking the self-restriction of the original telecommunication solutions business and the telecommunication value-added services business, no longer limited to telecommunication operators, and try to promote solutions and value-added services in other broad fields with the help of the technology and business development of Increator Technolony, facilitating the Group's transformation into mobile Internet companies; and (iii) grasping the good development opportunities for smart city construction, promoting the smart city solutions business, encouraging the continuous improvement and marketing of Increator Technology's digital citizen (數字市民) products (system products based on the core Citizen Card* system developed with higher service standards and a wider range of services), intensifing the negotiation of Citizen Card* system operation service projects in order to try to commence cooperative operation in appropriate cities as soon as possible. This will provide a physical platform for the Group's commercial operation when entering the mobile Internet service, which will combine with the resources and experience accumulated by the Group's original telecommunication value-added services business, promote the Group's transition to mobile "Internet +" and provide new value-added services. The Group will continue to advance its business development around the above three aspects. The Board believes that the Group will consolidate and enhance the Group's comprehensive competitiveness in the above three aspects, and strive to achieve new business and new product breakthroughs in the field of mobile Internet services and smart city construction.

As such, the Group will focus on the mobile Internet industry, combine the existing business and technological advantages, seek new business opportunities, build a business ecosystem with sustainable development capabilities and create an integrated service platform for smart city life, for example, through the establishment and operation of a Citizen Card* operating platform (a mobile Internet business platform with a wide range of end-user groups (local citizens, enterprises, institutions)) and the use of the wide customer base of the platform, provides various convenient value-added services and business activities, including e-commerce service, etc., to meet the interests of the Group and the Shareholders as a whole.

In order to achieve the above development goals, the Group has been actively exploring and researching feasible value-added services and/or commercial activities to provide new business and new products with profitability potential for the future operation service platforms. For instance, the Group has been establishing a team to cooperate with well-known domestic cross-border e-commerce platforms to develop upstream and downstream channels and trying to provide cross-border e-commerce supply chain services, with a view to quickly accessing the smart city life integrated service platform in the future, enabling which to become a profitable business in the process of serving the public.

3. Use of 2015 Placing Proceeds

The change of use of the net proceeds (the "**2015 Placing Proceeds**") received by the Company from the placing of its 150,000,000 new H shares in the end of the year 2015 has been approved by the Shareholders at the extraordinary general meeting held on 29 January 2018. The relevant details were set out in the announcements dated 29 September 2017, 23 October 2017, 24 November 2017, 13 December 2017 and 29 January 2018, and the circular dated 15 December 2017 issued by the Company, respectively.

The use of the 2015 Placing Proceeds up uo 30 September 2018 are summarised in the following table:

No.	Uses of net proceeds	Allocation (revised as per approval by the Shareholders at the extraordinary general meeting held on 29 January 2018)	Utilised amount as at 30 September 2018	Remaining balance as at 30 September 2018
(a)	Investments in research and development in relation to telecommunication solutions and telecommunication value-added services, developing data mining technologies and online business and its application or marketing platform, creating business platforms for corporate mobile Internet, with a view to transforming towards "Internet +"	Approximately RMB5,000,000	–	Approximately RMB5,000,000
(b)	Future investments	Approximately RMB10,000,000	Approximately RMB10,000,000	–
(c)	General working capital	Approximately RMB21,000,000	Approximately RMB21,000,000	–
(d)	Settlement of consideration for the Increator Technology Acquisition	Approximately RMB6,000,000	Approximately RMB6,000,000	–

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

Save as disclosed below, as at 30 September 2018, none of the Directors, the supervisors or the chief executives of the Company had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**")) which are required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange:

Long position in shares

Name	Capacity and nature of interest	Number of shares held	Percentage of beneficial interests in the Company's share capital
Director and vice chairman			
Mr. Chen Ping	Beneficial owner	27,294,240 domestic shares	5.39%

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

For the nine months ended 30 September 2018, none of the Directors, the supervisors, or the chief executives of the Company was granted options to subscribe for shares of the Company (2017: Nil). As at 30 September 2018, none of the Directors, the supervisors or the chief executives of the Company or any of their spouses and children under 18 years of age had any interest in, or had been granted any interest in, or had been granted, or exercised, had any rights to subscribe for or acquire shares (or warrants or debentures, if applicable) of the Company (2017: Nil).

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") conditionally approved by a resolution of the Shareholders dated 20 April 2002 had expired on 20 April 2012. No options had been granted by the Company under the Share Option Scheme since its adoption.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Directors, supervisors or chief executives of the Company, as at 30 September 2018, there were no persons or companies (other than the interests as disclosed above in respect of the Directors) who had equity interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Division 2 and 3 or Part XV of the SFO; or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or who were Shareholders as recorded in the register maintained under section 336 of the SFO:

Long position in shares

Name	**Capacity and nature of interest**	**Number of shares held**	**Percentage of beneficial interests in the Company's share capital**
Substantial shareholders			
Zhejiang Shenghua Holdings Group Company Limited* (浙江升華控股集團有限公司) ("**Zhejiang Shenghua**")	Beneficial owner and interest of a controlled corporation	217,126,930 domestic shares *(Note 1)* and 49,000,000 H shares *(Note 2)*	52.54%
Rise Sea Limited ("**Rise Sea**")	Beneficial owner	49,000,000 H shares *(Note 2)*	9.67%
Deqing Huisheng Investment Company Limited* (德清匯升投資有限公司) ("**Deqing Huisheng**")	Interest of a controlled corporation	217,126,930 domestic shares *(Note 1)* and 49,000,000 H shares *(Note 2)*	52.54%
Mr. Xia Shilin	Interest of a controlled corporation	217,126,930 domestic shares *(Note 1)* and 49,000,000 H shares *(Note 2)*	52.54%

Name	Capacity and nature of interest	Number of shares held	Percentage of beneficial interests in the Company's share capital
Ms. Qian Xiaomei	Interest of spouse	217,126,930 domestic shares and 49,000,000 H shares *(Note 3)*	52.54%
Other persons			
Mr. Wong Nga Chi	Beneficial owner	47,000,000 H shares	9.28%
Ms. Yin Cailian	Interest of spouse	47,000,000 H shares *(Note 4)*	9.28%
Ms. Ko Chiu Yu	Beneficial owner	36,500,000 H shares	7.21%
Mr. Fong For	Beneficial owner	16,560,000 H shares	3.27%

Notes:

(1) Zhejiang Shenghua, a limited company established in the PRC, is directly interested in these 217,126,930 domestic shares. Zhejiang Shenghua is owned as to approximately 69.54% by Deqing Huisheng, a limited liability company established in the PRC, which in turn is owned as to 75% by Mr. Xia Shilin. For the purposes of the SFO, Deqing Huisheng and Mr. Xia Shilin are each deemed to be interested in these 217,126,930 domestic shares.

(2) These 49,000,000 H shares are registered under the name of Rise Sea. Rise Sea is a limited liability company incorporated in Hong Kong and is wholly-owned by Zhejiang Shenghua. Zhejiang Shenghua is owned as to approximately 69.54% by Deqing Huisheng, which in turn is owned as to 75% by Mr. Xia Shilin. For the purposes of the SFO, Zhejiang Shenghua, Deqing Huisheng and Mr. Xia Shilin are each deemed to be interested in the 49,000,000 H shares held by Rise Sea.

(3) Ms. Qian Xiaomei is the spouse of Mr. Xia Shilin and therefore she and Mr. Xia Shilin are deemed to be interested in each other's shares under the SFO.

(4) Ms. Yin Cailian is the spouse of Mr. Wong Nga Chi and therefore she and Mr. Wong Nga Chi are deemed to be interested in each other's H shares under the SFO.

COMPETING INTERESTS

None of the Directors or the management Shareholders and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee in November 2001 with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The current audit committee comprises the three independent non-executive Directors, Mr. Shen Haiying, Mr. Cai Jiamei and Ms. Huang Lianxi, with Mr. Shen Haiying as the chairman.

The third quarterly results and the third quarterly report of the Group for the nine and three months ended 30 September 2018 have been reviewed by the Company's audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the nine months ended 30 September 2018 (2017: Nil).

By order of the Board
Shenghua Lande Scitech Limited*
Qi Jinsong
Chairman and Chief Executive Officer

Huzhou City, the PRC, 14 November 2018

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Qi Jinsong, Mr. Chen Ping, Mr. Guan Zilong and Mr. Xu Jianfeng, and three independent non-executive Directors, being Mr. Cai Jiamei, Ms. Huang Lianxi and Mr. Shen Haiying.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the website of the Company at www.landpage.com.cn.

* *For identification purposes only*