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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)

**DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE COMPANY**

FORMATION OF THE JOINT VENTURE COMPANY

The Board is pleased to announce that on 20 April 2021 (after trading hours), Dianshi Technology (the Company's 41% owned subsidiary) entered into the Investment Cooperation Framework Agreement (a definitive and legally binding agreement) with Fun and Culture Creativity Partnership pursuant to which the afore-mentioned two parties have agreed to establish the Joint Venture Company with a registered capital of RMB10,000,000 (equivalent to approximately HK\$11,930,000) in Huzhou City, Zhejiang Province, the PRC and each of Dianshi Technology and Fun and Culture Creativity Partnership has agreed to contribute to the registered capital of the Joint Venture Company at RMB7,000,000 (equivalent to approximately HK\$8,351,000) and RMB3,000,000 (equivalent to approximately HK\$3,579,000), respectively. The Joint Venture Company will be principally engaged in community marketing services platform operation business, providing community marketing services related mainly to maternal and infant food and supplies, children's clothing and children's footwear products.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the Investment Cooperation Framework Agreement are more than 5% but less than 25%, the Investment Cooperation Framework Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules but does not require Shareholders' approval.

According to GEM Listing Rule 20.08, Fun and Culture Creativity Partnership is a substantial shareholder of an insignificant subsidiary of the Company and is not regarded as a connected person of the Company, and hence the Investment Cooperation Framework Agreement does not constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

The Board wishes to emphasise that the formation of the Joint Venture Company is still subject to the formal approval by the relevant government authority of the PRC and may or may not be completed. The Shareholders and potential investors should exercise caution when dealing in the Shares.

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THE INVESTMENT COOPERATION FRAMEWORK AGREEMENT

Major terms of the Investment Cooperation Framework Agreement are set out below.

Date

20 April 2021 (after trading hours)

Parties

- (1) Dianshi Technology (the Company's 41% owned subsidiary), and
- (2) Fun and Culture Creativity Partnership

As at the date of this announcement, Fun and Culture Creativity Partnership holds 18% equity interests in Dianshi Technology and is a substantial shareholder thereof. According to GEM Listing Rule 20.08, Dianshi Technology is an insignificant subsidiary of the Company and, therefore, Fun and Culture Creativity Partnership is not regarded as a connected person of the Company.

Name

Zhejiang Full Fun Technology Co., Ltd. * (浙江滿趣科技有限公司) (subject to the final name as approved and registered by the market regulation administration authority of the PRC)

Scope of business

The scope of business of the Joint Venture Company shall include: General items: technical services, technology development, technical consulting, technology exchange, technology transfer, technology promotion; Internet sales; daily necessities sales; sanitary and disposable medical supplies sales; cosmetics retail; maternal and infant sales; pet food and supplies wholesale, retail; daily-used merchandise sales; knitted goods and raw materials sales; clothing wholesale; clothing retail; paper products sales; office supplies sales; stationery wholesale; cosmetics wholesale; electronic products sales; toys, animation and entertainment supplies sales; kitchen utensils and daily-used miscellaneous goods wholesale; household electrical appliances sales; rubber products sales; sporting goods and equipment wholesale; amusement and entertainment supplies sales; radio and television equipment sales; computer hardware and software and auxiliary equipment wholesale; class one medical equipment sales; information technology consulting services; data processing and storage support services; big data services; software outsourcing services; professional design services; domestic trade agents; sales agents (except for items subject to approvals required by laws, business activities shall be conducted independently in accordance with the business license and law). Licensed items: health food sales; infant formula milk powder sales; import and export of goods; publications wholesale; Internet food sales (sales of pre-packaged food); class two telecommunication value-added business (for items subject to approvals required by laws, approvals by the relevant departments should be obtained before carrying out business activities and the specific scope of business shall be subject to the approval results).

Operating period

The operating period of the Joint Venture Company is 30 years.

Registered capital and capital contribution

The total amount of registered capital of the Joint Venture Company is RMB10,000,000 (equivalent to approximately HK\$11,930,000). Dianshi Technology and Fun and Culture Creativity Partnership shall be responsible to contribute 70% and 30%, respectively, of the registered capital of the Joint Venture Company in the sum of RMB7,000,000 (equivalent to approximately HK\$8,351,000) and RMB3,000,000 (equivalent to approximately HK\$3,579,000), respectively.

The two parties shall pay the capital contribution in two instalments as follows:

	Subscribed capital contribution <i>RMB'000</i>	Shareholding percentage <i>%</i>	Initial contribution <i>RMB'000</i>	Second contribution <i>RMB'000</i>
Dianshi Technology	7,000	70	700	6,300
Fun and Culture Creativity Partnership	3,000	30	300	2,700
	<u>10,000</u>	<u>100</u>	<u>1,000</u>	<u>9,000</u>

The initial capital contribution in the aggregate of RMB1,000,000 (equivalent to approximately HK\$1,193,000) shall be paid within ten (10) working days upon the completion of the industrial and commercial registration of the Joint Venture Company. The second capital contribution in the aggregate of RMB9,000,000 (equivalent to approximately HK\$10,737,000) shall be paid before 31 December 2030. All capital contributions by the two parties will be in cash.

Depending on the development needs of the Joint Venture Company, the two parties may increase the investment in the Joint Venture Company after unanimous consent, or increase working capital through other financing methods.

Director and management

The Joint Venture Company will not have a board of directors and will have one (1) executive director who shall be appointed and/or removed by a vote of shareholders representing two-thirds or more of the voting rights. The first executive director will be Mr. Tong.

The executive director of the Joint Venture Company is its legal representative and will be held by Mr. Tong.

The person in charge of the finance of the Joint Venture Company will be Ms. Dong Yuan (董媛).

Supervisor

The Joint Venture Company will not have a supervisory committee and will have one (1) supervisor who shall be appointed and/or removed by a vote of shareholders representing two-thirds or more of the voting rights. The first supervisor will be Ms. Yang Mingya (楊鳴亞).

Equity transfers and pledges

When any party transfers part or all of its equity in the Joint Venture Company to other external parties (except the two parties to the Investment Cooperation Framework Agreement), the written consent of the other party must be obtained. When any party transfers part or all of its equity in the Joint Venture Company, the other party has the right of first refusal under the same conditions. If the above regulations are violated, the transfers shall be invalid.

If any party pledges part or all of its equity in the Joint Venture Company to external parties, the written consent of the other party must be obtained.

Profits sharing

The two parties shall share the operating profits and bear the risks and losses of the Joint Venture Company according to their respective shareholding ratios.

Liability for breach of contract

When the Investment Cooperation Framework Agreement cannot be performed or cannot be fully performed due to the fault of any party, the party at fault shall bear the losses caused to the Joint Venture Company or another party by its actions.

If any party fails to perform the capital contributions as agreed, the penalty calculated based on the amount of the difference and the delay time at an annualised interest rate of 15% shall be paid to the other party who has paid the capital contributions as scheduled and the amount of its capital contributions shall be made up in time.

INFORMATION OF THE GROUP AND DIANSHI TECHNOLOGY

The Company is a joint stock company incorporated in the PRC with limited liability, and the H Shares of which are listed on GEM (stock code: 8106). The Group is principally engaged in, amongst others, (i) the trading of hardware and computer software; (ii) the provision of smart city solutions; and (iii) the provision of e-commerce supply chain services.

Dianshi Technology (the Company's 41% owned subsidiary) is principally engaged in the provision of community marketing services, through building and operating a start-up incubator platform and establishing high value-added supply chain channels and the overall incubator service system, providing reliable, high-quality, unique goods and comprehensive standardised valued-added services for the entrepreneurial community teams.

INFORMATION OF FUN AND CULTURE CREATIVITY PARTNERSHIP

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Fun and Culture Creativity Partnership is a limited partnership established in the PRC and is principally engaged in, amongst others, cultural and artistic creation and communications, marketing, project planning and public relation services, etc., with Mr. Tong as the general partner and executive partner, and Ms. Yuan Xiuli (袁秀麗) as the limited partner, owning 33.33% and 66.67% of the total capital of the partnership, respectively, and each of Mr. Tong and Ms. Yuan Xiuli is a PRC individual resident. Fun and Culture Creativity Partnership holds 18% equity interests in Dianshi Technology and is a substantial shareholder thereof. Also, Mr. Tong is a director of Dianshi Technology. According to GEM Listing Rule 20.08, Dianshi Technology is an insignificant subsidiary of the Company and, therefore, each of Fun and Culture Creativity Partnership and Mr. Tong is not regarded as a connected person of the Company. Save as disclosed herein, Fun and Culture Creativity Partnership and its ultimate beneficial owners (where appropriate) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE COMPANY

As disclosed in the announcements of the Company dated 28 December 2020 and 30 December 2020 and the annual report of the Company for the year 2020 dated 19 March 2021, the Group is committed to advancing the development of mobile Internet services, combining the resources and technologies accumulated by existing businesses, actively promoting the transformation of its business segments, developing or introducing new businesses and new products, and helping the Group build a sustainable business ecosystem. The Group is optimistic about the business value and development potentials of using private domain traffic for community marketing and, through Dianshi Technology (the Company's 41% owned subsidiary), provides start-up incubator platform services for entrepreneurial community teams. The proposed Joint Venture Company will serve as a physical platform for Dianshi Technology to carry out community marketing services and expand community marketing services related mainly to maternal and infant food and supplies, children's clothing and children's footwear products, helping the Group motivate the business team and accelerate the implementation and advancement of its business plan for the development of community marketing, broaden its sources of income, and create greater value for Shareholders.

The registered capital of the Joint Venture Company, allocation of investment amounts between the two parties, timing of capital contributions and other terms of the Joint Venture Company have been determined on an arm's length basis by the two parties to the Investment Cooperation Framework Agreement, after considering the funding needs, development potentials and business prospects of the Joint Venture Company. The Group will fulfil the capital contribution obligations stipulated in the Investment Cooperation Framework Agreement through its internal resources in cash and output technologies and management experience.

In view of the above, the Directors consider that the terms of the formation of the Joint Venture Company and Investment Cooperation Framework Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and Shareholders as a whole.

FINANCIAL EFFECT OF THE CAPITAL CONTRIBUTION

The Joint Venture Company will be accounted for as a subsidiary of the Company and its financial statements will be incorporated in the consolidated financial statements of the Group. The Group's capital contributions to the Joint Venture Company will be accounted for as equity transactions that will not result in the recognition of any gain or loss in profit or loss.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of the Directors
“Company”	Shenghua Lande Scitech Limited* (浙江升華蘭德科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on GEM (stock code: 8106)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Dianshi Technology”	Zhejiang Dianshi Technology Co., Ltd.* (浙江典石科技有限公司) (the Company's 41% owned subsidiary), a limited company incorporated in the PRC
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	domestic share(s) of the Company which are subscribed for in RMB
“Fun and Culture Creativity Partnership”	Hangzhou Fun and Culture Creativity Partnership LP* (杭州拾趣文化創意合夥企業(有限合夥)), a limited partnership established in the PRC
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested share(s) of the Company which are listed on GEM and subscribed for and traded in HK\$
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and connected persons of the Company and “Independent Third Party” shall be construed accordingly
“Investment Cooperation Framework Agreement”	the investment cooperation framework agreement dated 20 April 2021 and entered into between Dianshi Technology and Fun and Culture Creativity Partnership in relation to the formation of the Joint Venture Company
“Joint Venture Company”	Zhejiang Full Fun Technology Co., Ltd. * (浙江滿趣科技有限公司), a limited company to be incorporated in Huzhou City, Zhejiang Province, the PRC by Dianshi Technology and Fun and Culture Creativity Partnership (subject to the approval from market regulation administration authority of the PRC and registration of final name)
“Mr. Tong”	Mr. Tong Xianjun (童鮮軍), a PRC individual resident
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	the Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“RMB”

Renminbi, the lawful currency of the PRC

“%”

per cent.

The English translations of Chinese names in this announcement, where indicated, are included for information purposes only, and should not be regarded as the official English translation of such Chinese names.

Unless stated otherwise, in this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB 0.8382 to HK\$1.00, being the exchange rate of RMB against HK\$ as announced by The People’s Bank of China on the date of this announcement. No representation is made that the HK\$ amounts could have been or could be converted into RMB at such rate or any other rate or at all. Certain amounts and percentage figures in this announcement have been subject to rounding adjustments.

By order of the Board
Shenghua Lande Scitech Limited*
Qi Jinsong
Chairman

Hangzhou City, the PRC, 20 April 2021

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

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 enquires, 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.

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