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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 AND MAJOR TRANSACTIONS  
CLARIFICATION ON THE SUBSCRIPTIONS AND REDEMPTIONS OF  
THE WEALTH MANAGEMENT PRODUCTS**

**(1) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 5 September 2018, the Company subscribed for the Day Planning Product at an amount of approximately RMB3.75 million. As a result, the account balance of the Wealth Management Products after such subscription aggregated to approximately RMB9.75 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription (when aggregated with the outstanding balance of the Wealth Management Products) were more than 5% but less than 25%, such subscription constituted a disclosable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(2) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 29 September 2018, the Group, through Increator Technology, subscribed for the Day Planning Product at an amount of approximately RMB20.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(3) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 15 October 2018, the Group, through Increator Technology, subscribed for the Progressive Product at an amount of approximately RMB10.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a disclosable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(4) MAJOR TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 23 October 2018, the Group, through Increator Technology, subscribed for the Day Planning Product at an amount of approximately RMB2.00 million. As a result, the account balance of the Wealth Management Products after the above subscription aggregated to approximately RMB27.30 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription (when aggregated with the outstanding balance of the Wealth Management Products) were more than 25% but less than 100%, such subscription constituted a major transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification, announcement and shareholders' approval requirements set out under Chapter 19 of the GEM Listing Rules.

**(5) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 30 October 2018, the Company subscribed for the Day Planning Product at an amount of approximately RMB5.20 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a disclosable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(6) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 29 December 2018, the Group, through Increator Technology, subscribed for the Day Planning Product at an amount of approximately RMB6.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(7) DISCLOSEABLE TRANSACTION: REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 28 September 2018, the Company redeemed the Day Planning Product at an amount of approximately RMB9.85 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above redemption were more than 5% but less than 25%, such redemption constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(8) DISCLOSEABLE TRANSACTION: REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 15 October 2018, the Group, through Increator Technology, redeemed the Day Planning Product at an amount of approximately RMB10.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above redemption were more than 5% but less than 25%, such redemption constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

## **(9) DISCLOSEABLE TRANSACTION: REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 5 June 2019, the Group, through Increator Technology, redeemed the Progressive Product at an amount of approximately RMB8.50 million.

### **Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above redemption were more than 5% but less than 25%, such redemption constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

### **LISTING RULES IMPLICATIONS AND EXPLANATIONS**

The Company acknowledged that the Group has not duly complied with Chapter 19 of the GEM Listing Rules and that the notifications and announcements in respect of the Subscriptions and Redemptions as required under Chapter 19 of the GEM Listing Rules have been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Group, as the Directors were of the view that the Subscriptions and Redemptions were similar to ordinary time deposits with banks as mentioned below. Based on the foregoing, the Group did not previously consider that the Subscriptions and Redemptions would constitute notifiable transactions under the GEM Listing Rules and hence had omitted to timely comply with the GEM Listing Rules in respect of the Subscriptions and Redemptions as disclosed above.

The Group has obtained a written confirmation letter on 15 July 2019 to approve the Major Subscription from each of the substantial Shareholders, namely Zhejiang Shenghua Holdings Group Company Limited\* (浙江升華控股集團有限公司), which holds 217,126,930 domestic Shares, representing approximately 42.87% of the Company's issued share capital, and Rise Sea Limited, which holds 49,000,000 H Shares, representing approximately 9.67% of the Company's issued share capital. In addition, the Directors have been informed by each of Zhejiang Shenghua Holdings Group Company Limited\* (浙江升華控股集團有限公司) and Rise Sea Limited that each of them would vote in favour of the Major Subscription if they were requested to vote at a general meeting for approving the Major Subscription. None of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Major Subscription. Based on their existing shareholdings in the Company and their confirmation that they would vote in favour of the Major Subscription, even if a general meeting is to be convened for the purpose of considering and approving an ordinary resolution with regard to the Major Subscription, more than 50.00% of votes will be casted in favour of the ordinary resolution and therefore the Major Subscription would be duly approved.

Given that the Major Subscription has been made already and all of which has been redeemed already as at the date of this announcement, the dispatch of a circular and the convening of a general meeting to ratify the Major Subscription will not be in the interests of the Company and the Shareholders as a whole but only incur extra administrative costs which will be borne by the Shareholders. Hence, no circular will be dispatched to the Shareholders and no general meeting of the Company will be convened for the purposes of considering and approving the Major Subscription.

References are made to the annual report (the “**2018 Annual Report**”) of the Company for the year ended 31 December 2018 posted on the website of the Stock Exchange and the Company on 28 March 2019, the announcement of the first quarterly results (the “**2019 First Quarterly Results Announcement**”) of the Group for the three months ended 31 March 2019 and the first quarterly report (the “**2019 First Quarterly Report**”) of the Company for the three months ended 31 March 2019 posted on the website of the Stock Exchange and the Company on 10 May 2019. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the 2018 Annual Report, the 2019 First Quarterly Results Announcement and the 2019 First Quarterly Report. As disclosed in the item “Financial assets at fair value through profit or loss” on page 36 of the 2018 Annual Report and note 22 to the financial statements of the 2018 Annual Report, as at 31 December 2018, the Group had audited total financial assets at fair value through profit or loss of approximately RMB27.30 million, which included certain Wealth Management Products placed at a bank with no fixed maturity period. As further disclosed in the paragraphs headed “Short-term investments” on pages 10 and 11 of the 2019 First Quarterly Results Announcement and the paragraphs headed “Short-term investments” on pages 10 and 11 of the 2019 First Quarterly Report, respectively, as at 31 March 2019, the Group had unaudited total financial assets at fair value through profit or loss, comprising the Wealth Management Products, of approximately RMB23.50 million. The Company would like to clarify and provide further information in respect of the said Wealth Management Products.

During the year ended 31 December 2018 and the three months ended 31 March 2019, the Group, had purchased and redeemed the Wealth Management Products offered by the Bank of China, namely the Day Planning Products and the Progressive Products, from time to time, with a maximum balance during the said period of approximately RMB20.30 million and RMB15.00 million, respectively. The highest aggregate balance of the Wealth Management Products held by the Group during the year ended 31 December 2018 and the three months ended 31 March 2019 was approximately RMB33.00 million. As at the date of this announcement, the balance of the Day Planning Products and the Progressive Products is nil and approximately RMB3.00 million, respectively and the aggregate balance of the Wealth Management Products is approximately RMB3.00 million.

Further details regarding the terms of the Day Planning Products are as follows:

Name of the Wealth Management Product	Day Planning Product ( 中銀日積月累一日計畫產品 )
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Parties	<p>(i) the Bank of China as issuer; and</p> <p>(ii) the Company/Increator Technology as subscriber.</p>
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To the best knowledge, information and belief of the Directors, the Bank of China and its ultimate beneficial owners are not connected persons of the Company and are Independent Third Parties.

Type of return	Non-principal guaranteed with floating
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Term of investment	No fixed maturity period and can be redeemed on any business day
Basis of consideration	Pursuant to the Subscription Agreement, the minimum subscription amount for the initial subscription is RMB10,000.00. Each additional subscription or redemption amount must be a multiple of RMB1,000.00. The maximum balance which may be held by an institutional investor is RMB500.00 million.
Method of settlement	Bank account transfer
Expected annualised return	3.00%
Fees	The Company/Increator Technology bore the fixed custodian fee of 0.03% and investment management fee of 0.2% of the principal amount per annum, respectively. In addition, the Company/Increator Technology also bore floating investment management fee to the extent that the actual investment return on the Day Planning Product exceeds the expected return of the Day Planning Product.
Underlying assets	The Day Planning Product mainly invests in deposits and pledged repo in the currency market, fixed income securities of national debt, financial bonds, subordinate debts, bills of central bank, financial policy bonds, corporate bonds, short term financing bills, medium term notes, non-public issuance of non-financial corporate debt financing instruments, direct financing instruments, securities company income certificates and asset backed securities.
Method of determining the annualised rate of return	<p>In general, the rate of return of the Day Planning Product is determined on a <b>day basis</b>, with different rate of return for every different day.</p> <p>On each business day, the asset manager announces the actual annualised rate of return of the Day Planning Product for the previous business day. The actual annualised rate of return of the Day Planning Product is determined based on the following:</p> <p>If the actual investment income generated from the underlying assets of the Day Planning Product is sufficient to pay for the income calculated according to the expected annualised return of the Day Planning Product, then the actual annualised return is the expected annualised rate of return.</p> <p>If the actual investment income generated from the underlying assets of the Day Planning Product is insufficient to pay for the income calculated according to the expected annualised return of the Day Planning Product, then the actual annualised rate of return is calculated based on the actual investment income generated from the underlying assets of the Day Planning Product.</p>



The actual investment income generated from the Day Planning Product's underlying assets refers to the amount arrived at after deducting expenses to be borne by the Day Planning Product and the principal of the Day Planning Product from the underlying assets of the Day Planning Product. The fixed income assets held under the Day Planning Product are valued by the amortised cost method (while the Group's holdings in the Day Planning Product are measured at fair value through profit or loss in its consolidated financial statements).

Repayment arrangement of the principal and return	Redemption of the principal was realised in real time on the day of redemption, and the investment income for the period from the last distribution date up to the investment income distribution date was allocated once a month on the 15th of each month. The investment income would arrive in the account two trading days after the investment distribution date.
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Further details regarding the terms of the Progressive Products are as follows:

Name of the Wealth Management Product	Progressive Product ( 中銀日積月累－收益累進產品 )
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Parties	(i) the Bank of China as issuer; and  (ii) Increator Technology as subscriber.
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To the best knowledge, information and belief of the Directors, the Bank of China and its ultimate beneficial owners are not connected persons of the Company and are Independent Third Parties.

Type of return	Non-principal guaranteed with floating
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Term of investment	No fixed maturity period and can be redeemed on any business day
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Basis of consideration	Pursuant to the Subscription Agreement, the minimum subscription amount for the initial subscription is RMB10,000.00. Each additional subscription or redemption amount must be a multiple of RMB1,000.00. The maximum balance which may be held by an institutional investor is RMB500.00 million.
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Method of settlement	Bank account transfer
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Expected annualised return	2.00% to 3.85%
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Fees	Increator Technology bore the fixed custodian fee of 0.03% and investment management fee of 0.2% of the principal amount per annum, respectively. In addition, Increator Technology also bore floating investment management fee to the extent that the actual investment return on the Progressive Product exceeds the expected return of the Progressive Product.
Underlying assets	The Progressive Product mainly invests in deposits and pledged repo in the currency market, fixed income securities of national debt, financial bonds, subordinate debts, bills of central bank, financial policy bonds, corporate bonds, short term financing bills, medium term notes, non-public issuance of non-financial corporate debt financing instruments, direct financing instruments, securities company income certificates and asset backed securities.
Method of determining the annualised rate of return	<p>In general, the rate of return of the Progressive Product is determined on a <b>term basis</b>, with different rates of return for different term periods.</p> <p>The asset manager will announce the expected annualised returns for the respective term periods from time to time. The expected annualised returns for respective term periods will fluctuate according to market conditions.</p> <p>The actual return of the Progressive Product is calculated according to the number of days for which the Progressive Product was held by the subscriber (i.e. from the date of subscription to the date of redemption). When the Progressive Product is redeemed, the principle of “last in first out” is used to determine the number of days which a subscription was held.</p>
Repayment arrangement of the principal and return	The principal and income would be redeemed and realised together on the day following the day of the redemption.

#### **(1) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 5 September 2018, the Company subscribed for the Day Planning Product at an amount of approximately RMB3.75 million. As a result, the account balance of the Wealth Management Products after such subscription aggregated to approximately RMB9.75 million.

#### **Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription (when aggregated with the outstanding balance of the Wealth Management Products) were more than 5% but less than 25%, such subscription constituted a disclosable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.



**(2) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 29 September 2018, the Group, through Increator Technology, subscribed for the Day Planning Product at an amount of approximately RMB20.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription (when aggregated with the outstanding balance of the Wealth Management Products) were more than 5% but less than 25%, such subscription constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(3) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 15 October 2018, the Group, through Increator Technology, subscribed for the Progressive Product at an amount of approximately RMB10.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a disclosable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(4) MAJOR TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 23 October 2018, the Group, through Increator Technology, subscribed for the Day Planning Product at an amount of approximately RMB2.00 million. As a result, the account balance of the Wealth Management Products after the above subscription aggregated to approximately RMB27.30 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription (when aggregated with the outstanding balance of the Wealth Management Products) were more than 25% but less than 100%, such subscription constituted a major transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification, announcement and shareholders' approval requirements set out under Chapter 19 of the GEM Listing Rules.

**(5) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 30 October 2018, the Company subscribed for the Day Planning Product at an amount of approximately RMB5.20 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a disclosable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(6) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 29 December 2018, the Group, through Increator Technology, subscribed for the Day Planning Product at an amount of approximately RMB6.00 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above subscription were more than 5% but less than 25%, such subscription constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(7) DISCLOSEABLE TRANSACTION: REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 28 September 2018, the Company redeemed the Day Planning Product at an amount of approximately RMB9.85 million.

**Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above redemption were more than 5% but less than 25%, such redemption constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

**(8) DISCLOSEABLE TRANSACTION: REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 15 October 2018, the Group, through Increator Technology, redeemed the Day Planning Product at an amount of approximately RMB10.00 million.

### **Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above redemption were more than 5% but less than 25%, such redemption constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

### **(9) DISCLOSEABLE TRANSACTION: REDEMPTION OF THE WEALTH MANAGEMENT PRODUCT ISSUED BY THE BANK OF CHINA**

On 5 June 2019, the Group, through Increator Technology, redeemed the Progressive Product at an amount of approximately RMB8.50 million.

### **Listing Rules implications**

As at least one of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the above redemption were more than 5% but less than 25%, such redemption constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS OF THE WEALTH MANAGEMENT PRODUCTS**

The Subscriptions were made for treasury management purpose to maximise the return on the unutilised funds of the Group after taking into account, among others, the level of risk, return on investment and the term to maturity. Prior to making an investment, the Group had ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such Wealth Management Products. In accordance with the relevant accounting standards, the Wealth Management Products were accounted for as financial assets in the consolidated financial statements of the Company. The Wealth Management Products were short-term financial products that had relatively low associated risks issued by the Bank of China. Although the Wealth Management Products were marketed as financial products which were not principal protected nor with pre-determined or guaranteed return, the underlying investments were considered to have relatively low risk and were also in line with the internal risk management, cash management and investment policies of the Group as the Group was readily able to recover the principal and receive the expected returns on the Subscriptions. In addition, the Wealth Management Products were with flexible redemption terms or a relatively short term of maturity, and which were considered to be akin to placing ordinary time deposits with banks.

In view of earning a more attractive return than current bank saving or fixed deposit rates, as well as the low risk and liquid nature of the Wealth Management Products, the Directors were of the view that the Wealth Management Products pose little risk to the Group and the terms and conditions of each of the Subscription Agreements were fair and reasonable were are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS AND EXPLANATIONS**

The Company acknowledged that the Group has not duly complied with Chapter 19 of the GEM Listing Rules and that the notifications and announcements in respect of the Subscriptions and Redemptions as required under Chapter 19 of the GEM Listing Rules have been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Group, as the Directors were of the view that the Subscriptions and Redemptions were similar to ordinary time deposits with banks as mentioned above. Based on the foregoing, the Group did not previously consider that the Subscriptions and Redemptions would constitute notifiable transactions under the GEM Listing Rules and hence had omitted to timely comply with the GEM Listing Rules in respect of the Subscriptions and Redemptions as disclosed above.

The Group regrets that it has not duly complied with Chapter 19 of the GEM Listing Rules in respect of the Subscriptions and Redemptions. As immediate remedial actions, the Group has obtained a written confirmation letter on 15 July 2019 to approve the Major Subscription from each of the substantial Shareholders, namely Zhejiang Shenghua Holdings Group Company Limited\* (浙江升華控股集團有限公司), which holds 217,126,930 domestic Shares, representing approximately 42.87% of the Company's issued share capital, and Rise Sea Limited, which holds 49,000,000 H Shares, representing approximately 9.67% of the Company's issued share capital. In addition, the Directors have been informed by each of Zhejiang Shenghua Holdings Group Company Limited\* (浙江升華控股集團有限公司) and Rise Sea Limited that each of them would vote in favour of the Major Subscription if they were requested to vote at a general meeting for approving the Major Subscription. None of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Major Subscription. Based on their existing shareholdings in the Company and their confirmation that they would vote in favour of the Major Subscription, even if a general meeting is to be convened for the purpose of considering and approving an ordinary resolution with regard to the Major Subscription, more than 50.00% of votes will be casted in favour of the ordinary resolution and therefore the Major Subscription would be duly approved.

Given that the Major Subscription has been made already and all of which has been redeemed already as at the date of this announcement, the dispatch of a circular and the convening of a general meeting to ratify the Major Subscription will not be in the interests of the Company and the Shareholders as a whole but only incur extra administrative costs which will be borne by the Shareholders. Hence, no circular will be dispatched to the Shareholders and no general meeting of the Company will be convened for the purposes of considering and approving the Major Subscription.

## **REMEDIAL ACTIONS GOING FORWARD**

The Directors, having been fully informed of all the facts of the Subscriptions and Redemptions, consider that the failure to timely comply with Chapter 19 of the GEM Listing Rules in respect of the Subscriptions and Redemptions was inadvertent and can be avoided going forward. The Group takes the incident seriously and has taken the following remedial measures to prevent the re-occurrence of similar incident:

1. adopted a guideline (the “**Guideline**”) for which the relevant staff who are responsible for purchasing and/or redeeming wealth management products are required to report to the finance department of the Group (the “**Finance Department**”) in advance about the proposed subscription and/or redemption of wealth management products regardless of whether the subject wealth management products are “principal-guaranteed” or not, and shall only subscribe for and/or redeem these products after the Finance Department has evaluated the implications of the GEM Listing Rules and the Group has complied with the applicable requirements under the GEM Listing Rules and in case of any doubt, they should seek guidance from the Finance Department in advance;
2. issued warning to staff who were responsible for effecting the Subscriptions and Redemptions;
3. circulated the Guideline, internal risk management, cash management and investment policies of the Group to all Directors, senior management and accounting staff of the Group;
4. conducted internal training sessions to explain the GEM Listing Rules and the reporting procedure of notifiable transactions, and to emphasise the importance of identifying such transactions prior to execution; and
5. the internal control and compliance department of the Group will continue to perform quarterly checks on whether the relevant staff have complied with the Guideline, internal risk management, cash management and investment policies of the Group in relation to the subscription and/or redemption of the wealth management products.

In addition, the Group will make prudent decision prior to the subscription and/or redemption of wealth management products on the principle of protecting the interests of the Company and the Shareholders as a whole.

The Directors confirm that going forward, the Group will make such disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

## **GENERAL INFORMATION OF THE PARTIES**

### **The Company**

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on GEM. 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; (iv) the provision of smart city solutions (the Group commenced the business after the completion of the acquisition of Increator Technology); and (v) the provision of e-commerce supply chain services.

## **Increator Technology**

Increator Technology is a wholly-owned subsidiary of the Company and is principally engaged in 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 the Citizen Card\* (市民卡) systems to customers. It became the Company's wholly-owned subsidiary upon completion of its acquisition by the Group on 5 February 2018.

## **The Bank of China**

The Bank of China is a joint-stock company incorporated in the PRC with limited liability and to the best knowledge, information and belief of the Directors, the Bank of China and its ultimate beneficial owners are not connected persons of the Company and are Independent Third Parties. The Bank of China and its subsidiaries are principally engaged in the commercial banking business which provides services such as accepting deposits, making loans and offering basic investment products. The Bank of China is listed on the Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988). The Company and Increator Technology have subscribed for the Wealth Management Products issued by the Bank of China.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Bank of China”	Bank of China Limited, a joint stock limited liability company established under the laws of the PRC, and an Independent Third Party
“Board”	the board of 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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Day Planning Product(s)”	中銀日積月累一日計畫產品, the Wealth Management Product(s) issued by the Bank of China and subscribed for by the Company/ Increator Technology in accordance with the Subscription Agreement(s) for the Day Planning Product(s)
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange



“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Increator Technology”	Increator Technology Co., Ltd.* (浙江創建科技有限公司), a limited liability company established under the laws of the PRC, and a wholly-owned subsidiary of the Company
“Independent Third Parties”	third parties independent of the Company and connected persons of the Company and “Independent Third Party” shall be construed accordingly
“Major Subscription”	the Subscription made on 23 October 2018, which at least one of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules were more than 25% but less than 100% and therefore constituted a major transaction of the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification, announcement and shareholders’ approval requirements set out under Chapter 19 of the GEM Listing Rules
“PRC”	the People’s Republic of China
“Progressive Product(s)”	中銀日積月累－收益累進產品, the Wealth Management Product(s) issued by the Bank of China and subscribed for by Increeator Technology in accordance with the Subscription Agreement(s) for the Progressive Product(s)
“Redemption(s)”	the redemption(s) of the Wealth Management Product(s), consisting of the Day Planning Product(s) and the Progressive Product(s), that were made by the Company / Increeator Technology during the year ended 31 December 2018 and up to the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary issued share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription(s)”	the subscription(s) of the Wealth Management Product(s), consisting of the Day Planning Product(s) and Progressive Product(s), that were made by the Company/Increator Technology during the year ended 31 December 2018 and up to the date of this announcement

“Subscription Agreement(s)”	the subscription agreement(s) entered into between the Company/ Increator Technology and the Bank of China for the subscription(s) of the Day Planning Product(s) and the Progressive Product(s)
“Wealth Management Product(s)”	the wealth management product(s) issued by the Bank of China and subscribed for by the Group in accordance with relevant subscription agreement(s)
“%”	per cent.

For and on behalf of the Board  
**Shenghua Lande Scitech Limited\***  
**Qi Jinsong**  
*Chairman and Chief Executive Officer*

Huzhou City, the PRC, 16 July 2019

*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, 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](http://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](http://www.landpage.com.cn).*

\* For identification purposes only