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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 AND CONNECTED TRANSACTION DISPOSAL OF INTERESTS IN A SUBSIDIARY**

### **THE DISPOSAL**

On 9 December 2020 (after trading hours), the Transferor entered into the Rights Transfer Agreement with the Transferee and shareholders of Lan Chuang, pursuant to which the Transferor conditionally agreed to transfer to the Transferee the Rights, relating to 85% equity interests in Lan Chuang, together with all benefits and title therein, for the Consideration.

Lan Chuang is a subsidiary of the Company established in the PRC principally engaged in the provision of telecommunication value-added services, and is owned as to 85% by the Group (through a variable interest entity structure in the form of contractual arrangements with Mr. Jin being the registered owner for the Company) and 5% each by Mr. Qiu Jin-song, Mr. Gao Zhan and Mr. Lei Jian-min. Upon the Completion, Lan Chuang will cease to be a subsidiary of the Company.

### **GEM LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the Rights Transfer Agreement were more than 5% but less than 25%, the Rights Transfer Agreement constituted a discloseable transaction of the Company 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 but did not require Shareholders' approval.

As at the date of this announcement, Mr. Jin is a director and the registered owner of 85% registered capital of Lan Chuang, a subsidiary of the Company, and is therefore regarded as a connected person under the definitions of the GEM Listing Rules. Accordingly, the Rights Transfer Agreement also constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios in respect of the Rights Transfer Agreement were all less than 25% and the total consideration was less than HK\$10,000,000, the Rights Transfer Agreement constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules which was subject to the reporting and announcement requirements but exempted from the circular and independent Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

## **THE DISPOSAL**

### **The Rights Transfer Agreement**

On 9 December 2020 (after trading hours), the Transferor entered into the Rights Transfer Agreement with the Transferee and shareholders of Lan Chuang, pursuant to which the Transferor conditionally agreed to transfer to the Transferee the Rights, relating to 85% equity interests in Lan Chuang, together with all benefits and title therein, for the Consideration. The details of the Rights Transfer Agreement are as follows:

#### **Date**

9 December 2020

#### **Parties**

- (1) Mr. Zhang Jing (張璟) (the Transferee);
- (2) the Company (the Transferor);
- (3) Mr. Jin;
- (4) Mr. Qiu Jin-song (邱勁松);
- (5) Mr. Gao Zhan (高瞻);
- (6) Mr. Lei Jian-min (雷建敏); and
- (7) Lan Chuang

## Assets to be disposed

Pursuant to the Rights Transfer Agreement, the Transferor conditionally agreed to transfer to the Transferee the Rights, relating to 85% equity interests in Lan Chuang, together with all benefits and title therein.

## Consideration

The consideration for the transfer of the Rights is RMB7,200,000 which shall be payable by bank transfer within 3 business days of the signing of the Rights Transfer Agreement. The Consideration was determined after arm's length negotiations based on normal commercial terms, having regard to 85% of the net assets value of Lan Chuang as at 31 October 2020 of approximately RMB7,184,000, the present business operation conditions of Lan Chuang, and the Company's paid up purchase costs for the Rights.

## Completion

The Completion shall take place on the day of payment of the Consideration by the Transferee. After the Completion, the risks and rewards of the Rights, relating to 85% equity interests in Lan Chuang, will be passed to the Transferee and the Company will cease to have any interests in Lan Chuang. Upon the Completion, Lan Chuang will cease to be a subsidiary of the Company.

## INFORMATION OF LAN CHUANG

Lan Chuang is a company incorporated in the PRC in June 2005 and is principally engaged in the provision of telecommunication value-added services.

Its registered capital was RMB10,000,000 in which 85% were contributed by the Company as to RMB8,500,000. The remaining 15% registered capital was contributed by Mr. Qiu Jin-song, Mr. Gao Zhan and Mr. Lei Jian-min in equal proportion, who are Independent Third Parties. As at the date of this announcement, Lan Chuang's registered capital is held as to 85% by Mr. Jin (as a registered owner through a variable interest entity structure in the form of contractual arrangements for the Company as disclosed in the Company's circular dated 28 September 2007) and as to 5% each by Mr. Qiu Jin-song, Mr. Gao Zhan and Mr. Lei Jian-min.

As at 31 October 2020, based on the unaudited management accounts of Lan Chuang, the net assets value of Lan Chuang was approximately RMB8,451,000. The net profit before and after taxation of Lan Chuang for the two years ended 31 December 2018 and 2019 were as follows:

	For the year ended 31 December 2018 (audited) RMB'000	For the year ended 31 December 2019 (audited) RMB'000
Net profit before taxation	75	50
Net profit after taxation	75	64

It is expected that the Group will record an unaudited gain of approximately RMB192,000 from the Disposal, which is calculated with reference to the difference between the Consideration and 85% of the expected unaudited net assets value of Lan Chuang at the Completion.

It is expected that the net proceeds from the Disposal will be used for general working capital purposes.

## **INFORMATION OF THE COMPANY**

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

## **INFORMATION OF THE TRANSFEREE AND OTHER PARTIES**

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Transferee, Mr. Zhang Jing, is a PRC individual resident and an Independent Third Party.

Mr. Jin was a former Director who resigned with effect from 21 December 2012. As at the date of this announcement, Mr. Jin is a director and the registered owner of 85% registered capital of Lan Chuang, a subsidiary of the Company, and is therefore regarded as a connected person under the definitions of the GEM Listing Rules.

As at the date of this announcement, each of Mr. Qiu Jin-song, Mr. Gao Zhan and Mr. Lei Jian-min holds 5% registered capital of Lan Chuang and are each a PRC individual resident and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, an Independent Third Party.

## **REASONS FOR THE DISPOSAL**

Lan Chuang is principally engaged in the provision of telecommunication value-added services business. Due to the constraints by the industry downturn and Government policies on related call businesses, the business experienced a continuous decline in recent years and its revenue contributed a relatively small portion of the Group's total revenue. The performance of the telecommunication value-added services business did not meet the expectations of the Board and the Directors considered that Lan Chuang's principal business no longer met the Group's development needs. The Disposal would allow the Group to improve its asset portfolio and provide the Group with additional capital to develop new business lines to propel the long term growth of the Group. Upon the Completion, Lan Chuang will cease to be a subsidiary of the Company and the Group will discontinue the provision of telecommunication value-added services business. The Group can utilise the proceeds from the Disposal towards the Company's existing principal businesses and to develop new business lines.

The Board (including the independent non-executive Directors) is of the view that the terms of the Rights Transfer Agreement and the transactions contemplated thereunder were negotiated on an arm's length basis between the parties and were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios calculated pursuant to GEM Listing Rule 19.07 in respect of the Rights Transfer Agreement were more than 5% but less than 25%, the Rights Transfer Agreement constituted a discloseable transaction of the Company 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 but did not require Shareholders' approval.

As at the date of this announcement, Mr. Jin is a director and the registered owner of 85% registered capital of Lan Chuang, a subsidiary of the Company, and is therefore regarded as a connected person under the definitions of the GEM Listing Rules. Accordingly, the Rights Transfer Agreement also constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios in respect of the Rights Transfer Agreement were all less than 25% and the total consideration was less than HK\$10,000,000, the Rights Transfer Agreement constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules which was subject to the reporting and announcement requirements but exempted from the circular and independent Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

As none of the Directors was regarded as having a material interest in the Disposal, none of the Directors was required to abstain from voting on the Board resolutions approving the Rights Transfer Agreement and the Disposal.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“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 (stock code: 8106)
“Completion”	the completion of the Disposal pursuant to the Rights Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	RMB7,200,000, being the consideration for the transfer of the Rights

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Rights, relating to 85% equity interests of Lan Chuang, together with all benefits and title therein, by the Company to Mr. Zhang Jing, pursuant to the Rights Transfer Agreement
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Lan Chuang”	Zhejiang Lan Chuang Information Co., Ltd.* (浙江蘭創通信有限公司), a company incorporated in the PRC with limited liability
“Mr. Jin”	Mr. Jin Liang-fu (金連甫)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Rights”	all rights and interests derived from the 85% equity interests in Lan Chuang, including but not limited to the right to recognise and receive the economic benefit of the business and operations of Lan Chuang
“Rights Transfer Agreement”	the agreement dated 9 December 2020, entered into between, amongst others, the Company and Mr. Zhang Jing for the transfer by the Company to Mr. Zhang Jing of the Rights, relating to 85% equity interests of Lan Chuang, together with all benefits and title therein, the principal terms of which are set out in the sub-section headed “The Rights Transfer Agreement” in this announcement
“Share(s)”	ordinary issued share(s) of RMB0.1 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
“Transferee”	Mr. Zhang Jing, a PRC individual resident and an Independent Third Party
“Transferor”	the Company
“%”	per cent

\* *The English translation of Chinese names or words 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.*

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

Huzhou City, the PRC, 9 December 2020

*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](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*