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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 28 December 2020 (after trading hours), the Company entered into the Investment Cooperation Framework Agreement (a definitive and legally binding agreement) with Mr. Li, Fun and Culture Creativity Partnership and Mr. Chen pursuant to which the afore-mentioned parties have agreed to establish the Joint Venture Company with a registered capital of RMB10,000,000 (equivalent to approximately HK\$11,885,000) in Huzhou City, Zhejiang Province, the PRC and each of the Company, Mr. Li, Fun and Culture Creativity Partnership and Mr. Chen has agreed to contribute to the registered capital of the Joint Venture Company at RMB4,100,000 (equivalent to approximately HK\$4,873,000), RMB4,000,000 (equivalent to approximately HK\$4,754,000), RMB1,800,000 (equivalent to approximately HK\$2,139,000) and RMB100,000 (equivalent to approximately HK\$119,000), respectively. The Joint Venture Company will be 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.

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 are subject to the notification and announcement requirements set out under Chapter 19 of the GEM Listing Rules but does not require Shareholders' approval.

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

28 December 2020 (after trading hours)

Parties

- (1) The Company,
- (2) Mr. Li,
- (3) Fun and Culture Creativity Partnership, and
- (4) Mr. Chen

Name

Zhejiang Dianshi Technology Co., Ltd.* (浙江典石科技有限公司)

(subject to the final name as approved and registered by the industrial and commercial 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; mother and child supplies 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 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 value-added telecommunications 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 thirty (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\$11,885,000). The Company, Mr. Li, Fun and Culture Creativity Partnership and Mr. Chen shall be responsible for contributing 41%, 40%, 18% and 1%, respectively, of the registered capital of the Joint Venture Company in the sum of RMB4,100,000 (equivalent to approximately HK\$4,873,000), RMB4,000,000 (equivalent to approximately HK\$4,754,000), RMB1,800,000 (equivalent to approximately HK\$2,139,000) and RMB100,000 (equivalent to approximately HK\$119,000), respectively.

The 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>
The Company	4,100	41	2,050	2,050
Mr. Li	4,000	40	2,000	2,000
Fun and Culture Creativity Partnership	1,800	18	900	900
Mr. Chen	100	1	50	50
	<u>10,000</u>	<u>100</u>	<u>5,000</u>	<u>5,000</u>

The initial capital contribution in the aggregate of RMB5,000,000 (equivalent to approximately HK\$5,943,000) 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 RMB5,000,000 (equivalent to approximately HK\$5,943,000) shall be paid before 30 June 2021. All capital contributions by the parties will be in cash.

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

Board composition and management

The Joint Venture Company shall establish a board of directors comprising of five (5) directors, while three (3) of whom shall be recommended by the Company, one (1) of whom shall be recommended by Mr. Li and one (1) of whom shall be recommended by Fun and Culture Creativity Partnership. The chairman of the board of directors, who will also be the legal representative of the Joint Venture Company, shall be recommended by the Company. The directors shall have a term of three (3) years, and can be re-elected.

The Joint Venture Company shall implement the general manager accountability system under the leadership of the board of directors, and shall have one (1) general manager, several deputy general managers. The chief financial officer should be recommended by the Company.

Supervisor

The Joint Venture Company will not have a supervisory committee, but will have one (1) supervisor. The directors or senior management of the Joint Venture Company shall not be appointed as the supervisor of the Joint Venture Company.

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 parties to the Investment Cooperation Framework Agreement), the written consents of the parties must be obtained. When any party transfers part or all of its equity in the Joint Venture Company, the other parties have 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 consents of the other parties must be obtained.

Profits sharing

All parties share the operating profits of the Joint Venture Company according to their respective shareholding ratios, and share risks and losses.

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 other parties 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% will be paid to the other parties who have paid the capital contributions as scheduled and the amount of its capital contributions shall be made up in time.

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 (the business has been ceased by the Group in the last quarter of the year).

INFORMATION OF OTHER PARTIES TO THE INVESTMENT COOPERATION FRAMEWORK AGREEMENT

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Mr. Li is a PRC individual resident and an Independent Third Party, and has extensive experience in community marketing in the domestic market.

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.; and Fun and Culture Creativity Partnership and its ultimate beneficial owners (where applicable) are Independent Third Parties.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Mr. Chen is a PRC individual resident and an Independent Third Party, and has rich experience in business management and social resources.

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

The Group is committed to promoting the development of mobile Internet services, combining the resources and technologies accumulated by existing businesses, actively promoting the transformations of its business sectors, developing or introducing new businesses and products to help 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 the establishment of the Joint Venture Company will enable the Group to integrate and make use of its accumulated resources in the field of e-commerce supply chain services and the advantages of other parties' community marketing resources, provide start-up platform services for entrepreneurial community teams, and utilise the great business value contained in the private domain social traffic of the community teams. Through the Joint Venture Company, the Group will involve in building and operating a start-up incubator platform, establishing high value-added supply chain channels and the overall incubator service system, and providing reliable, high-quality, unique goods and comprehensive standardised valued-added services for the entrepreneurial community teams. While seizing the opportunities of the current huge demand in the domestic consumer market and booming e-commerce industry, the Group will realise the value of community traffic, achieve mutual benefit and win-win results for various entrepreneurial groups and the platform, broaden the income sources of the Group, and create greater value for the Shareholders.

The registered capital of the Joint Venture Company, allocation of investment amounts between the parties, timing of capital contributions and other terms of the Joint Venture Company have been determined on an arm's length basis by the 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

By virtue of its majority control over the board of directors of the Joint Venture Company, the Company considers that it has control over the Joint Venture Company. Accordingly, pursuant to the relevant accounting policies adopted by the Group, 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
“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”	the 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 the 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 28 December 2020 and entered into amongst the Company, Mr. Li, Fun and Culture Creativity Partnership and Mr. Chen in relation to the formation of the Joint Venture Company
“Joint Venture Company”	Zhejiang Dianshi Technology Co., Ltd.* (浙江典石科技有限公司), a company to be incorporated in Huzhou City, Zhejiang Province, the PRC with limited liability by the Company, Mr. Li, Fun and Culture Creativity Partnership and Mr. Chen (subject to the approval from industrial and commercial administration authority of the PRC and registration of the final name)
“Mr. Chen”	Mr. Chen Guojian (陳國建), a PRC individual resident
“Mr. Li”	Mr. Li Dejun (李德軍), 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 Shares and/or H Shares
“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 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.

Unless stated otherwise, in this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of approximately RMB0.8414 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

Huzhou City, the PRC, 28 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 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