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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
DISPOSAL OF EQUITY INTERESTS IN THE JOINT VENTURE COMPANY**

THE DISPOSAL

The Board announces that on 15 March 2021 (after trading hours), the Transferor (a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Transferee, pursuant to which the Transferor has agreed to sell, and the Transferee has agreed to acquire, 33% of the equity interests in the Joint Venture Company (representing the entire equity interests in the Joint Venture Company held by the Group) at the Consideration.

The Joint Venture Company is principally engaged in the provision of smart city solutions, involving mainly the construction and operation of the Guifutong Service Platform and the related value-added application service platform and big data platform.

As at the date of this announcement, the Joint Venture Company is an associate of the Group and is owned as to 33% by the Transferor and 67% by the Transferee. Upon the Completion, the Group will no longer hold any equity interests in the Joint Venture Company, which will cease to be an associate of the Group.

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 Equity Transfer Agreement are more than 5% but less than 25%, the Equity Transfer 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.

THE DISPOSAL

The Board announces that on 15 March 2021 (after trading hours), the Transferor (a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Transferee, pursuant to which the Transferor has agreed to sell, and the Transferee has agreed to acquire, 33% of the equity interests in the Joint Venture Company (representing the entire equity interests in the Joint Venture Company held by the Group) at the Consideration.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date

15 March 2021 (after trading hours)

Parties

Transferor: Increator Technology Co., Ltd.* (浙江創建科技有限公司), a wholly-owned subsidiary of the Company

Transferee: Guizhou Broadcasting and Television Network Co., Ltd.* (貴州省廣播電視信息網絡股份有限公司)

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Transferor has agreed to sell, and the Transferee has agreed to acquire, 33% of the equity interests in the Joint Venture Company.

Consideration

The Consideration is RMB7,218,500, which was determined after arm's length negotiations based on normal commercial terms between the Transferor and Transferee, representing 33% (the shareholding ratio of the Transferor) of the valuation of the entire equity interests of the Joint Venture Company as at 31 October 2020 according to the valuation report issued by a valuer.

The Consideration shall be payable by bank transfer within ten (10) working days of the signing of the Equity Transfer Agreement.

Completion

Within ten (10) working days of the signing of the Equity Transfer Agreement by the Transferor and Transferee, both parties shall sign the documents provided by the Joint Venture Company or Transferee for equity change as required by competent authority, for the Joint Venture Company or Transferee to go through the equity change registration procedures. The Completion shall take place on the date on which the equity change registration procedures in respect of the Disposal has been completed.

Upon the Completion, the original rights and obligations of the Transferor in the Joint Venture Company shall be enjoyed and assumed by the Transferee. The Group will no longer hold any equity interests in the Joint Venture Company, which will cease to be an associate of the Group.

INFORMATION OF THE JOINT VENTURE COMPANY

The Joint Venture Company is a company incorporated in the PRC with limited liability on 12 August 2019 and is principally engaged in the provision of smart city solutions, involving mainly the construction and operation of the Guifutong Service Platform and the related value-added application service platform and big data platform.

As at the date of this announcement, the Joint Venture Company is owned as to 33% by the Transferor and 67% by the Transferee. Its total paid-up capital is RMB20,000,000 of which RMB6,600,000 was contributed by the Transferor and RMB13,400,000 was contributed by the Transferee.

As at 31 December 2020, based on the unaudited management accounts of the Joint Venture Company prepared in accordance with the PRC GAAP, the net assets of the Joint Venture Company was approximately RMB20,493,000. The net profit before and after tax of the Joint Venture Company for the two years ended 31 December 2019 and 2020, prepared in accordance with the PRC GAAP, were as follows:

	For the year ended 31 December 2019 (audited) RMB'000	For the year ended 31 December 2020 (unaudited) RMB'000
Net profit before tax	119	478
Net profit after tax	<u>112</u>	<u>381</u>

It is expected that the Group will record an unaudited gain of approximately RMB456,000 from the Disposal, which is calculated with reference to the difference between the Consideration and 33% of the expected unaudited net assets of the Joint Venture Company at the date of the Completion.

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

INFORMATION OF THE GROUP AND TRANSFEROR

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; (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 ended 31 December 2020).

The Transferor is a wholly-owned subsidiary of the Company and principally engaged in the provision of smart city solutions, including primarily the provision of software development and value-added services relating to the construction, implementation and operation maintenance of smart city convenience service (便民協同服務) solutions to customers.

INFORMATION OF THE TRANSFeree

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 is a joint stock company incorporated in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange (stock code: 600996), principally engaged in the construction and operation of television broadcasting networks, including the broadcasting and viewing services of television programs, development and operation of digital television value-added business, data business, cable television related engineering and installation, program transmission, and terminal sales, etc., the intensive development of the three-network (namely, digital television, high-definition interaction and personal broadband) convergence business, with business area covers the entire territory of Guizhou Province, and, with the authorisation of the relevant government authorities, the construction and operation of the Guifutong Service Platform; and the Transferee and its ultimate beneficial owners (where applicable) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the announcement of the Company dated 15 July 2019 in relation to the formation of the Joint Venture Company by the Transferor and Transferee in the PRC.

The Group expected to export its smart city solution services in Guizhou Province through the Joint Venture Company and tried to commence operation services through the construction of the Guifutong Service Platform, enhancing its development in mobile Internet services. However, subsequent to the establishment of the Joint Venture Company, the Joint Venture Company has informed the Transferor that as it is one of the shareholders of the Joint Venture Company and the Company (being the parent company of the Transferor) is a Hong Kong-listed foreign invested company, according to relevant PRC laws and regulations, the Joint Venture Company has been deemed to be a foreign-invested enterprise and does not meet the requirements for obtaining qualifications including, amongst others, radio and television production business license and network culture business license, etc., which has caused its business operations could not be carried out properly and in compliance with regulations, and relevant government authorities have requested rectification. In this regard, the Transferor has discussed in detail with the Transferee and agreed to transfer all of its equity interests in the Joint Venture Company to the Transferee to ensure that the Joint Venture Company can timely implement the government's rectification requirements, does not contain foreign capital, smoothly apply for the relevant business qualifications and operate legally. Although the Group withdrew from the Joint Venture Company in order to cooperate with relevant national policies, through the establishment of the Joint Venture Company and the collaboration between the Group and Transferee, the Group and Transferee have established a valued strategic cooperation relationship. The Board believes that the Disposal will not have a material adverse effect on the business operations of the Group. The Group can utilise the proceeds from the Disposal towards the Company's existing principal businesses and to develop new business lines.

As described above, the Consideration was determined with reference to the valuation of the entire equity interests of the Joint Venture Company based on the valuation report issued by a valuer, and it is expected that the Group will record an unaudited gain of approximately RMB456,000 from the Disposal.

In view of the above, the Directors consider that the terms of the Disposal and Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and Shareholders as a whole.

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 Equity Transfer Agreement are more than 5% but less than 25%, the Equity Transfer 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.

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)
“Completion”	the completion of the Disposal pursuant to the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	RMB7,218,500, being the consideration in respect of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 33% of the equity interests in the Joint Venture Company by the Transferor to the Transferee pursuant to the Equity Transfer Agreement
“Domestic Share(s)”	domestic share(s) of the Company which are subscribed for in RMB
“Equity Transfer Agreement”	the equity transfer agreement dated 15 March 2021 and entered into between the Transferor and the Transferee in relation to the Disposal
“GEM”	GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guifutong Service Platform”	貴服通服務平台, that is, National Broadcasting and Television Gold Card Platform – Guizhou Provincial Platform* (國家廣電金卡平台—貴州省平台), a large-scale software service platform that provides smart city services, providing basic services, extended value-added applications and services (including but not limited to digital television supporting, mobile Internet and Internet services, urban services and big data services, etc.) for unified cards (一卡通) (including but not limited to resident health cards and broadcasting and television gold card (廣電金卡), etc.) and electronic payment in Guizhou Province
“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
“Joint Venture Company”	Guifutong Network Technology Co., Ltd.* (貴服通網絡科技有限責任公司), a company incorporated in the PRC with limited liability
“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
“PRC GAAP”	generally accepted accounting principles in the PRC
“Share(s)”	the Domestic Shares and/or the H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferee”	Guizhou Broadcasting and Television Network Co., Ltd.* (貴州省廣播電視信息網絡股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600996)
“Transferor”	Increator Technology Co., Ltd.* (浙江創建科技有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC with limited liability

“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 name or words.

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

Hangzhou City, the PRC, 15 March 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