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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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE COMPANY**

Reference is made to the announcement of the Company dated 13 December 2021 in relation to the formation of the Joint Venture Company (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

In addition to the information contained in the Announcement, the Board hereby provides supplemental information on the terms of the Cooperation Framework Agreement.

Special agreed terms during the operation period

As set out in the section headed “Special agreed terms during the operation period” in the Announcement, after one (1) year, any opt-out party will, in principle, transfer its equity interests to other shareholders based on the net assets of the Joint Venture Company, and the other parties will accept the transfer in proportion to their shareholding ratios.

The Company would like to supplement that the intention of the above clause is to provide to the shareholders of the Joint Venture Company a first right of refusal (including the Company, who holds interests in the Joint Venture Company through Dianshi Technology) in case other parties choose to opt out and a basis for the determination of consideration for the related equity transfer(s) in the prescribed period of time. The shareholders of the Joint Venture Company have confirmed the consensus that in case there is an opt-out by one shareholder, the other parties can exercise the first right of refusal and consider whether the transfer should be accepted, and in case the transfer is not accepted, the opt-out shareholder can sell its stake to other parties.

Other terms

As set out in the section headed “Other terms” in the Announcement, after the Joint Venture Company has completed the three (3)-year evaluation indicators of the board of directors (the specific indicators are drawn up by the board of directors and submitted to the shareholders’ meeting for approval), Dianshi Technology will transfer no more than 12% of the equity interests of the Joint Venture Company at an agreed price (the amount and price of transfer will be determined by the resolution of the shareholders’ meeting) to the operation and agent team (the “**Proposed Transfer Clause**”).

The Company would like to supplement that Junrui Industrial is not subject to the Proposed Transfer Clause because Junrui Industrial intends to maintain its status as the largest shareholder in the Joint Venture Company in light that it is willing to provide preferential interest rate (not higher than 110% of LPR over the same period) or interest-free borrowings for working capital of the Joint Venture Company (details are set out in the section headed “Other terms” in the Announcement). Notwithstanding that Junrui Industrial is not subject to the Proposed Transfer Clause, the Directors believe that the Cooperation Framework Agreement is beneficial and in the interests of the Group and Shareholders as a whole because (i) when considering the formation of the Joint Venture Company and the terms of the Cooperation Framework Agreement, the Group adopts a holistic approach in evaluating the costs and benefits and the formation of the Joint Venture Company will provide the Group with strong upstream brand supply chain resources; (ii) it provides an incentive for the operation and agent team in the long run; and (iii) the limit on the amount of shareholding to be transferred (i.e. 12%) would help the Group to maintain its interests in the Joint Venture Company at not less than 34%, giving a veto right to the Group for matters of the Joint Venture Company which must be approved by shareholders representing more than two-thirds (2/3) of its voting rights according to the Cooperation Framework Agreement. In the event that the Group disposes its interests in the Joint Venture Company according to the Proposed Transfer Clause, the Group will comply with the requirements of the GEM Listing Rules and make further announcement(s) as and when appropriate.

The Company further supplements that in view that the operation and agent team composition has not been confirmed, the Proposed Transfer Clause represents a preliminary intention amongst the joint venture partners. Based on the shareholding of the Joint Venture Company, the Company, through Dianshi Technology, holds 46% of the registered capital of the Joint Venture Company. As the clause can only be exercised upon the approval from the shareholders representing more than two-thirds of voting rights at the shareholders’ meeting of the Joint Venture Company, the Company considers that it, through Dianshi Technology, will have in effect possessed a discretion when the proposed transfer is taken to be considered at the shareholders’ meeting.

The additional information as disclosed above do not affect any other information contained in the Announcement. This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hangzhou City, the PRC, 5 January 2022

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.

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