



**SHLD**  
**升華蘭德**

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

**2022**

First Quarterly Report

\* For identification purposes only

## **CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, for which the directors (the “**Director(s)**”) of Shenghua Lande Scitech Limited\* (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (i) the information contained in this report 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 report misleading.*

## HIGHLIGHTS

- Achieved revenue of approximately RMB43,925,000 for the three months ended 31 March 2022, representing an increase of approximately 17.58% as compared with the revenue for the same period of the year 2021.
- Incurred a net loss attributable to owners of the Company of approximately RMB11,538,000 for the three months ended 31 March 2022, as compared with the net loss attributable to owners of the Company of approximately RMB8,288,000 for the same period of the year 2021.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022.

The board (the “**Board**”) of Directors of the Company is pleased to present the first quarterly report of the Company and its subsidiaries (together the “**Group**”) for the three months ended 31 March 2022.

## 2022 FIRST QUARTERLY RESULTS

For the three months ended 31 March 2022, the Group recorded unaudited revenue of approximately RMB43,925,000 (2021: RMB37,358,000), representing an increase of approximately RMB6,567,000, or approximately 17.58%, as compared with the unaudited revenue of the same period of the year 2021.

For the three months ended 31 March 2022, the Group recorded an unaudited net loss attributable to owners of the Company of approximately RMB11,538,000 (2021: RMB8,288,000).

The unaudited results of the Group for the three months ended 31 March 2022 together with the unaudited comparative figures for the corresponding period in 2021 are as follows:

	Notes	Three months ended 31 March	
		2022 RMB'000	2021 RMB'000
Revenue	2	<b>43,925</b>	37,358
Cost of sales		<b>(41,630)</b>	(34,508)
Gross profit		<b>2,295</b>	2,850
Other operating income, net gains or losses		<b>2,350</b>	2,629
Distribution and selling expenses		<b>(6,216)</b>	(853)
General and administrative expenses		<b>(14,070)</b>	(11,576)
Research and development expenditure		<b>(2,309)</b>	(1,462)
Finance costs		<b>(95)</b>	–
Loss before tax		<b>(18,045)</b>	(8,412)
Income tax	3	<b>(2)</b>	(30)
Loss for the period		<b>(18,047)</b>	(8,442)
Loss for the period attributable to:			
Owners of the Company		<b>(11,538)</b>	(8,288)
Non-controlling interests		<b>(6,509)</b>	(154)
		<b>(18,047)</b>	(8,442)
Loss per share			
– Basic and diluted (RMB)	4	<b>(2.28) cents</b>	(1.64) cents

Notes:

## 1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 20 September 2001 and its H shares were listed on GEM on 3 May 2002.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board and the disclosure requirements of Chapter 18 of the GEM Listing Rules.

## 2. REVENUE

	Three months ended 31 March	
	2022 RMB'000	2021 RMB'000
Trading of hardware and computer software	23,935	25,391
Provision of smart city solutions	3,243	2,873
Provision of e-commerce operation solution services	16,747	9,094
	<b>43,925</b>	37,358

## 3. INCOME TAX

	Three months ended 31 March	
	2022 RMB'000	2021 RMB'000
PRC Enterprises Income Tax (the "EIT")	2	30

Under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC enterprises for the period was 25% (2021: 25%). During the period, one of the subsidiaries of the Company was subject to EIT at a rate of 15% (2021: 15%) as it was classified as an Advanced and New Technology Enterprise (高新科技企業). During the three months ended 31 March 2022 and 2021, one of the subsidiaries of the Company was subject to EIT at a rate of 2.5% for the first RMB1 million of profits and 10% for above RMB1 million but below RMB3 million of profits, as it was classified as a Small and Low-Profit Enterprise (小型微利企業).

No provision for EIT has been made for the Group for the period (2021: Nil) as there were no assessable profits derived by the Group for the period (2021: Nil). The EIT charges for the period of approximately RMB2,000 (2021: RMB30,000) represented income tax charges incurred by the representative office set up in Hangzhou City by the subsidiary of the Company established in Hong Kong, pursuant to domestic tax law.

During the period, no provision for Hong Kong Profits Tax has been made for the subsidiary of the Company established in Hong Kong (2021: Nil) as it did not have any assessable profits subject to Hong Kong Profits Tax for the period (2021: Nil).

#### 4. LOSS PER SHARE

The calculations of the basic loss per share are based on the net loss attributable to owners of the Company for the three months ended 31 March 2022 of approximately RMB11,538,000 (2021: RMB8,288,000) and approximately 506,546,000 (2021: 506,546,000) shares in issue during the period.

Diluted loss per share was the same as basic loss per share for the three months ended 31 March 2022 and 2021 as there were no potential ordinary shares existed during the periods.

#### 5. RESERVES

Save as disclosed below, there were no movements in the reserves of the Group for the relevant periods in 2022 and 2021:

	Three months ended	
	31 March	
	2022	2021
	RMB'000	RMB'000
<b>Accumulated losses</b>		
At 1 January	(52,576)	(52,278)
Net loss	(11,538)	(8,288)
At 31 March	(64,114)	(60,566)

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022 (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. REVIEW OF OPERATIONS

#### 1. Operating results

##### *(i) Overview*

The Group has been principally engaged in (i) the trading of hardware and computer software; (ii) the provision of smart city solutions; and (iii) the provision of e-commerce operation solution services (this business segment has been engaged in the provision of community marketing services focused on cultivating and launched in the year 2021 (which involved the development and integration of resources for the provision of reliable, high-quality and distinctive maternal, infant, and children product series and value-added services to community teams, mainly based on the self-developed Kiddol online platform)).

There was no particular seasonal fluctuation in the Group's revenue except that revenues from various business segments in the first quarter were in general lower than in other quarters. This was primarily due to decreased business activities throughout the PRC before, during and after the week-long Chinese New Year holidays, which occurred in January or February of a year. However, the characteristics of the provision of smart city solutions business of the Group was project based. Currently the main revenue of the business has come from specific projects and the income depended on the obtaining of project orders, contract amount of orders obtained and progress of projects and therefore it was volatile.

In line with industry performance, the Group's hardware and computer software sales and e-commerce trading normally had relatively low gross profit margin. With the continuous optimisation of product structure and sales strategies and the improvement of service levels, the gross profit margin would increase accordingly. On the other hand, the Group's provision of software development, technical support and various value-added services normally enjoyed relatively higher gross profit margin, which varied among different projects and/or products.

**(ii) Revenue**

For the three months ended 31 March 2022, (i) the trading of hardware and computer software business generated revenue of approximately RMB23,935,000 (2021: RMB25,391,000), representing approximately 5.73% decrease when compared to the same period of last year; (ii) the provision of smart city solutions business generated revenue of approximately RMB3,243,000 (2021: RMB2,873,000), representing approximately 12.88% increase when compared to the same period of last year. The business focused on construction project currently. Due to the differences in the contract amounts for the projects under construction and progress of the projects in each reporting period, there would be certain fluctuations in the amount of revenue recognised in the respective reporting periods. The Group has been actively expanding operation services to enhance the stable income capability of the business; and (iii) the provision of e-commerce operation solution services business generated revenue of approximately RMB16,747,000 (2021: RMB9,094,000), representing approximately 84.15% increase when compared to the same period of last year. The revenue from the traditional provision of e-commerce supply chain services business decreased significantly year-on-year as the Group has ceased business with the major customer due to the business adjustment of the customer. The Group focused on cultivating and developing community marketing services in line with its set strategic objectives of transformation. The Group successfully launched the provision of community marketing services for maternal, infant and children product series through the self-developed Kiddol platform in the fourth quarter of the year 2021. During the reporting period, the business gradually entered the normal operation stage and the business income gradually increased.

For the three months ended 31 March 2022, the unaudited revenue of the Group was approximately RMB43,925,000 (2021: RMB37,358,000), representing an increase of approximately RMB6,567,000, or approximately 17.58%, as compared with the unaudited revenue of the same period of last year.

**(iii) Gross profit margin**

For the three months ended 31 March 2022, (i) the gross profit margin of the trading of hardware and computer software business was approximately 5.34% (2021: 7.75%). The Group strived to continuously adjust the sales strategy and sales structure of this business, increasing the sales of brands and products with higher gross profit margin, while decreasing the sales of brands and products with low gross profit margin. However, during the period, the proportion of large orders from major customers in this business was relatively high, and the gross profit margin of this type of orders was relatively low, resulting in a year-on-year decline in the gross profit margin of this business; (ii) the gross profit margin of the provision of smart city solutions business was approximately 16.10% (2021: 17.19%). The gross profit margin of this business was affected by the gross profit margins of related projects carried out during the respective reporting periods, and there would be certain fluctuations. The Group has been actively expanding operation services to enhance the stable profitability of the business; and (iii) the gross profit margin of the provision of e-commerce operation solution services was approximately 2.96% (2021: 4.27%). The provision of community marketing services newly launched by the Group was still in its infancy, the supply chain construction has not yet been complete, and the gross profit margin was relatively low due to profit-giving to customers in the early stage of the business, resulting in a year-on-year decrease in the gross profit margin of this business.

The unaudited gross profit margin of the Group for the three months ended 31 March 2022 was approximately 5.22% (2021: 7.63%). During the period, the gross profit margin of each business segment decreased year-on-year, resulting in a year-on-year decrease in the Group's gross profit margin.

***(iv) Loss attributable to owners of the Company and loss per share***

For the three months ended 31 March 2022, (i) the trading of hardware and computer software business reported segment loss of approximately RMB858,000 (2021: profit of RMB186,000). The revenue of this business segment has decreased in the period, and the gross profit margin has decreased year-on-year. At the same time, this business segment has invested a certain amount of labour costs in business development, resulting in a loss of the business segment; (ii) the provision of smart city solutions business reported segment loss of approximately RMB6,304,000 (2021: RMB6,083,000); and (iii) the provision of e-commerce operation solution services business reported segment loss of approximately RMB9,155,000 (2021: RMB405,000). The Group focused on cultivating and developing community marketing services in line with its set strategic objectives of transformation. Compared with the same period of last year, this business has invested more labour costs and other management costs, resulting in a significant loss of the business segment when the business has not yet formed a certain scale benefit. For the three months ended 31 March 2022, the net unallocated expenses of the Group were approximately RMB1,730,000 (2021: RMB2,140,000).

The loss for the period attributable to non-controlling interests amounted to approximately RMB6,509,000 (2021: RMB154,000).

As a result of the cumulative effect of the principal factors described above, for the three months ended 31 March 2022, the Group reported an unaudited net loss attributable to owners of the Company and loss per share of approximately RMB11,538,000 (2021: RMB8,288,000 and RMB2.28 cents (2021: RMB1.64 cents), respectively.

**(v) Bank balances and cash and financial assets at fair value through profit or loss**

As at 31 March 2022, the Group's total unaudited bank balances and cash and financial assets at fair value through profit or loss (representing the Wealth Management Products as detailed below) amounted to approximately RMB43,421,000 (31 December 2021: RMB69,423,000). As at 31 March 2022, the total bank balances and cash and financial assets at fair value through profit or loss to total assets and net assets ratio was approximately 26.14% (31 December 2021: 39.56%) and 49.66% (31 December 2021: 65.82%), respectively.

## **2. Impact of “Novel Pneumonia Coronavirus” epidemic**

The outbreak of the “Novel Pneumonia Coronavirus” epidemic in early 2020 has not yet lifted its gloom. During the reporting period, as the Omicron mutant strain raged in many parts of the country, the social economy has suffered severe tests. The PRC is taking effective epidemic prevention measures to control the spread of the epidemic, so as to protect the normal life and economic activities of various regions as much as possible. Due to the continuous outbreak of the current epidemic in many places and the increasingly stringent epidemic prevention policies, all business segments of the Group have been negatively affected to a certain extent. For instance, the supply chain activities and express delivery of the provision of e-commerce operation solution services business have been greatly affected. Nationwide investment promotion for the new business has not been carried out as expected. The progress of project development and acceptance of the provision of smart city solutions business was also affected. The Group would pay close attention to and assess the trend of the epidemic and strive to overcome the impact of the epidemic, and, in addition to carrying out necessary epidemic prevention work, has been actively promoting each business sector in an orderly manner, seizing market development opportunities in the post-epidemic era and seeking business orders as well as business transformation breakthrough opportunities.

### 3. Business and product development

During the reporting period, the Group (i) strengthened the prevention and control of inventory and receivable risks in the trading of hardware and computer software business, continued to adjust the sales strategy and sales structure to maintain its key customer base, increased the proportion of the revenue of end customers sales with higher gross profit margin, actively expanded the system integration service business, and fostered smart and safe campus projects to ensure the overall stable development of the business; (ii) actively grasped the development opportunities of domestic smart cities construction in the provision of smart city solutions business, leveraged on external resources, strengthened internal coordination, gave full play to the advantages of “digital anti-epidemic (數字抗疫)”, seized market opportunities such as the domestic promotion of “digital governance (數字治理)”, “digital reform (數字化改革)” in Zhejiang Province and upgrade of the national third-generation social security cards, and kept on providing continuous software system development services and value-added services for the “Digital Citizen and Citizen Card Service Platform\* (數字市民及市民卡服務平台)” in local cities where the Group has maintained good customer relationships. During the period, the business actively promoted and implemented the development and delivery of existing customer projects in and outside Zhejiang Province, followed the idea of leveraging development, focused on cooperation and innovation, and actively developed new project development orders. With the development of new technologies such as AIoT and big data, the business vigorously innovated to provide new smart city solution services and new solution services for other sub-segments (such as smart trade union, smart community, smart housekeeping and digital village, etc.) based on the city brain (城市數據大腦). Among them, new applications such as the smart trade union and digital intelligence group (數智群團) were recognised by customers in Zhejiang Province; and (iii) adjusted its development ideas in the provision of e-commerce operation solution services business, under the dual influence of the epidemic and integration of domestic cross-border e-commerce platforms, in a timely manner. The business has stopped the cooperation with the major customer of the original traditional cross-border e-commerce supply chain services business. Leveraged on its accumulated resources and experience and focused on Zhejiang Dianshi Technology Co., Ltd.\* (浙江典石科技有限公司) (“**Dianshi Technology**”), a subsidiary established at the end of the year 2020, and its subsidiaries, the business, focusing on infant and child

consumer groups, actively cultivated and developed maternal and infant community marketing services business. Through the tireless efforts of the team, the self-developed Kiddol and Addol APP and applets have been running smoothly since their launch last year. The functions and services of the social e-commerce platform have been continuously strengthened and improved. The registered users of the platform have exceeded 100,000. The established supply chain company has continuously enriched its supply chain channels, providing the platform with more choices of high-quality products.

#### 4. Investment and cooperation

##### *(i) Investment in an associate*

As at 31 March 2022 the Group had an investment in an associate, which represented its 18.86% interests, through 41% equity interests of Dianshi Technology, in the registered capital of Hangzhou Muye Brand Management Co., Ltd.\* (杭州沐野品牌管理有限公司) (“**Muye Brand Management**”), a PRC limited company principally engaged in the management and operation of children’s clothing brands, including the establishment, incubation, agency and acquisition of brands, and provision of related supply chain finance and services from product planning and category planning to production, storage, delivery and sales channel promotion. The Group expected to enhance the development of the provision of community marketing services business through the operation of Muye Brand Management.

As at 31 March 2022, the carrying value of the Group’s interests in Muye Brand Management amounted to approximately RMB4,600,000 (31 December 2021: Nil), representing approximately 2.77% (31 December 2021: Nil) of its total assets. During the three months ended 31 March 2022, Muye Brand Management has been affected by the epidemic and was in the stage of team building, has not yet started normal operations and has not recorded any significant results (2021: Nil).

**(ii) Investments in wealth management products**

During the reporting period, the Group subscribed for and held various short-term investments, from time to time, in the wealth management products issued by Bank of China Limited (the “**BOC Wealth Management Products**”) and Bank of Hangzhou Co., Ltd.\* (杭州銀行股份有限公司) (the “**BOH Wealth Management Products**”) (collectively referred to as the “**Wealth Management Products**”). The Wealth Management Products had no fixed maturity periods and were not principal protected nor with pre-determined or guaranteed returns. The underlying investments of the BOC Wealth Management Products were primarily (i) money market instruments (such as various types of deposits, certificates of deposit, pledged repo, etc.); (ii) fixed income securities (such as fixed income products like corporate and government bonds); and (iii) non-standardised assets that met regulatory requirements and other financial investment instruments approved by the regulatory authorities (such as trust loans, acceptance bills and/or letters of credit, etc.). The expected annualised rate of return of the BOC Wealth Management Products was around 2.58% to 3.11% (2021: 2.25% to 2.45%), which was relatively higher than the comparable market bank deposit interest rates. The underlying investments of the BOH Wealth Management Products were mainly fixed income assets, including but not limited to highly liquid assets such as various bonds, deposits, money market financial instruments, bond funds, pledged and buyout repo, and other debt assets that met regulatory requirements. The expected annualised rate of return of the BOH Wealth Management Products was around 2.40% to 3.37% (2021: 2.89% to 3.31%), which was relatively higher than the comparable market bank deposit interest rates.

The subscriptions of the Wealth Management Products 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 term to maturity. The Group generally subscribed for standard short-term wealth management products issued by creditworthy banks with its temporary unused idle funds, on a revolving basis. Although the Wealth Management Products were marketed as wealth management products which were not principal protected nor with pre-determined or guaranteed return, the underlying investments were considered to have relatively low risk and be also in line with the internal risk management, cash management and investment policies of the Group as the Group had fully recovered the principal and received the expected returns upon the redemption of the Wealth Management Products in the past. In addition, the Wealth Management Products were with flexible redemption terms or relatively short terms of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group could also earn more lucrative returns than spot bank savings or time deposit interest rates. Also, in view of the low risk nature and flexible redemption terms or relatively short terms of maturity of the Wealth Management Products, the Directors were of the view that the above-mentioned investments in the Wealth Management Products posed little risk to the Group and the terms and conditions of each of the subscriptions of the Wealth Management Products was fair and reasonable and was in the interests of the Company and its shareholders (the “**Shareholders**”) as a whole. The Group could maximise the overall return to the Shareholders while maintaining the flexibility of the Group’s treasury management.

During the three months ended 31 March 2022 and 2021, there were no subscriptions and/or redemptions of the Wealth Management Products that constituted notifiable transactions of the Company under Chapter 19 of the GEM Listing Rules.

As at 31 March 2022, the Group's investments in the Wealth Management Products issued by the said two banks were classified as financial assets at fair value through profit or loss in its consolidated statement of financial position, with an aggregate outstanding principal amounted to approximately RMB12,608,000 (31 December 2021: RMB27,611,000) and represented approximately 7.59% (31 December 2021: 15.74%) of its total assets. For the three months ended 31 March 2022, the gain realised by the Group from the Wealth Management Products amounted to approximately RMB132,000 (2021: RMB171,000).

***(iii) Other business investment and cooperation***

During the reporting period, the Group has been constantly seeking suitable investment opportunities or business cooperation opportunities, including opportunities for expansion of existing businesses and other potential new business opportunities suitable for the Group's development. However, there has been no substantial progress up to present.

During the reporting period, the Group also maintained good cooperation relationship with the hardware and computer software manufacturers, Citizen Card\* (市民卡) management companies at various places, e-commerce platforms and other business partners.

## II. FUTURE PROSPECTS

### 1. Orders in hand/status in sales contract

During the reporting period, the Group's trading of hardware and computer software business maintained close cooperative relationships with well-known hardware and software vendors. On the basis of external sales of computer storage servers and other products and services, it ventured into system integration services in the field of security, including the promotion of smart and safe campus services to the regions surrounding Zhejiang Province, such as Anhui Province and Jiangsu Province (development agreements have been reached with seven schools, six of which have been implemented on a pilot basis), striving to increase the revenue proportion of system integration service contracts to continuously and gradually improve the business income structure and profitability. The Group's provision of smart city solutions business's construction service contracts were being implemented in and outside of Zhejiang Province as planned, and it has established good cooperative relationships with local city customers, explored customer needs, provided smart city solution products and services such as the "Digital Citizen and Citizen Card Service Platform\* (數字市民及市民卡服務平台)". Business orders and contracts in many other cities in the country were procured by way of strategic cooperation, laying a good foundation for the subsequent continuous generation of new contracts and orders. The Group's provision of e-commerce operation solution services business has ceased cooperation with the major customer of traditional cross-border e-commerce supply chain services and focused on cultivating and developing community marketing services, in line with its set strategic objectives of transformation. Since the official launch of the Kiddol platform in the fourth quarter of last year, the new business has been running smoothly as a whole. Through continuous investment in the construction and promotion of the platform, the Group will expand the integration of supply channel resources and discover high-quality products, for the provision of high-quality community marketing services and products for downstream B-end and C-end customers. The number of users of the Kiddol platform has successfully exceeded 100,000 and is rapidly approaching the 200,000 mark.

## 2. Prospects of new business and new products

During the reporting period, the Group has continued to promote business transformation and development, adhere to the established business development direction and create a business ecosystem that is in line with the Group's development. The Group will continue to seek new business opportunities by combining its existing business and technological strengths and leveraging the innovative capabilities of its three major business sectors, collaborate with other businesses, integrate resources to develop new businesses or new product innovations, and strive to build a sustainable business ecology.

On the one hand, the Group will continue to strengthen the cultivation of operation services. Firstly, the Group will accelerate the key cultivation of the provision of e-commerce operation solution services business in community marketing services. While maintaining the current positive momentum, it will also accelerate the deepening construction of the platform, build a social e-commerce lever product experience, focus on strengthening the platform supply chain foundation, and strengthen cooperation with brands so as to establish differentiated brand channels and create exclusive pop-ups by increasing product richness and optimising product structure logic. At the same time, the Group will promote the optimisation and integration of its team and improve its internal processes and internal control systems with a view to achieving an effective breakthrough in its transformation. Secondly, the Group will continue to promote the output of operation services in smart trade unions. While providing system solution development services, it will also enhance its value-added service capabilities and provide trade unions and their members with personalised value-added services and products, aiming to provide a variety of convenient and value-added services to the broad customer base of the "Digital Citizen and Citizen Card Service Platform\* (數字市民及市民卡服務平台)" in the future and maximise business value. Thirdly, the Group will encourage the provision of e-commerce operation solution services business to use its accumulated private domain traffic operation service experience to provide operation service support to platform customers of the provision of smart city solutions business, provide high-quality goods and services and achieve coordinated development and resources complementation.

On the other hand, the Group will follow the trend of promoting “digital governance (數字治理)” in the PRC and “digital reform (數字化改革)” in Zhejiang Province, make use of the technical advantages and customer resources in various cities accumulated in the provision of smart city solutions business, strengthen the innovation of solutions, provide “digital empowerment (數字賦能)” to customers, and, through the continuous improvement of the “Digital Citizen and Citizen Card Service Platform\* (數字市民及市民卡服務平台)”, especially enhance the innovative expansion of application scenarios and service functions of new applications of digital citizens (數字市民) based on the city brain (城市數據大腦), such as further strengthening the development of applications like smart trade union, smart community, digital village and smart housekeeping services. The Group will grasp the opportunities arose from the deep reconsideration by the state and governments at all levels of social governance and city management service capabilities and efficiency, promote to customers in various cities perfect digital information services possessing “information release, information collection, traceability and behaviour management”, provide better solutions for the advancement and improvement of their social governance and city management, and drive the development of new customers and excavation of old customers of the business.

Further, in addition to the above new initiatives, the Group will actively pursue the transformation and development of other business sectors, such as guiding the trading of hardware and computer software business to continue to adjust sales strategies and sales structure, strengthen the expansion of system integration services, seek supporting service opportunities with the help of market development of the provision of smart city solutions business, and encouraging its useful exploration in other product sales services. Especially, in terms of the smart and safe campus services, the Group will use existing contracts of school projects as a model to accumulate experience and speed up the expansion of necessary teams for the domestic market layout in Anhui, Jiangsu, Fujian and other provinces, and strive to become a breakthrough in the transformation of this business.

In order to achieve the “Fourteenth Five-Year” development strategy goals, under the leadership of the new chairman and chief executive officer of the Company, Mr. Wang Feng, the Group will continue to actively and steadily advance related work in accordance with the above plan, establish relevant departments or companies, introduce talents to build business teams and set up related management system. The Board is well aware that the transformation and development of the Group will not be achieved overnight. In the process of transformation and development, there are many uncertainties, and there will inevitably be a period of development pains. However, the Board believes that the Group will seize the opportunity and, through adoption of effective measures and with the transformation breakthrough and coordinated development of each business sector, achieve effective coverage from technology to service, from product to platform, from offline to online, and from B-end to C-end in the future, and build a business ecosystem with its own characteristics. The Group’s sustainable profitability in the mobile Internet service sector will be formed which will create more business value for the Shareholders and community.

## **DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVES’ INTERESTS IN THE SECURITIES**

Save as disclosed below, as at 31 March 2022, none of the Directors, supervisors or chief executives of the Company had an interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future ordinance (the “SFO”)) which are required (a) pursuant to Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange:

## Long position in shares

Name	Capacity and nature of interests	Number of shares held	Percentage of beneficial interests in the Company's share capital
<i>Director and vice chairman</i>			
Mr. Chen Ping	Beneficial owner	27,294,240 domestic shares	5.39%

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

During the three months ended 31 March 2022, none of the Directors, supervisors or chief executives of the Company was granted options to subscribe for the shares of the Company (2021: Nil). As at 31 March 2022, none of the Directors, supervisors or chief executives of the Company or any of their spouses and children under 18 years of age had any interest in, or had been granted any interest in, or had been granted, or exercised, had any rights to subscribe for the shares (or warrants or debentures, if applicable) of the Company or to acquire the shares of the Company (31 December 2021: Nil).

## SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") conditionally approved by a resolution of the Shareholders dated 20 April 2002 expired on 20 April 2012. No options had been granted by the Company under the Share Option Scheme.

## INTERESTS DISCLOSEABLE UNDER THE SFO AND THE SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Directors, supervisors or chief executives of the Company, as at 31 March 2022, there were no persons or companies (other than the interests as disclosed above held by the Director) who had equity interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO; or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company; or who were Shareholders as recorded in the register maintained under section 336 of the SFO:

### Long position in shares

Name	Capacity and nature of interests	Number of shares held	Percentage of beneficial interests in the Company's share capital
<i>Substantial Shareholders</i>			
Zhejiang Shenghua Holdings Group Company Limited* (浙江升華控股集團有限公司) (“Zhejiang Shenghua”)	Beneficial owner and interests of a controlled corporation	168,846,930 domestic shares (Note 1) and 93,130,000 H shares (Note 2)	51.72%
Rise Sea Limited (“Rise Sea”)	Beneficial owner	93,130,000 H shares (Note 2)	18.39%

<b>Name</b>	<b>Capacity and nature of interests</b>	<b>Number of shares held</b>	<b>Percentage of beneficial interests in the Company's share capital</b>
Deqing Huisheng Investment Company Limited* (德清匯升投資有限公司) ("Deqing Huisheng")	Interests of a controlled corporation	168,846,930 domestic shares (Note 1) and 93,130,000 H shares (Note 2)	51.72%
Mr. Xia Shilin	Interests of a controlled corporation	168,846,930 domestic shares (Note 1) and 93,130,000 H shares (Note 2)	51.72%
Ms. Qian Xiaomei	Interests of spouse	168,846,930 domestic shares and 93,130,000 H shares (Note 3)	51.72%
<i>Other persons</i>			
Mr. Zhang Xuguang	Beneficial owner	20,320,000 domestic shares and 20,320,000 H shares	8.02%

<b>Name</b>	<b>Capacity and nature of interests</b>	<b>Number of shares held</b>	<b>Percentage of beneficial interests in the Company's share capital</b>
Ms. He Yan	Interests of spouse	20,320,000 domestic shares and 20,320,000 H shares (Note 4)	8.02%
Mr. Wu Menggen	Beneficial owner	21,000,000 domestic shares and 12,800,000 H shares	6.67%
Ms. Dai Jihong	Interests of spouse	21,000,000 domestic shares and 12,800,000 H shares (Note 5)	6.67%
Mr. Fong For	Beneficial owner	15,285,000 H shares	3.02%

*Notes:*

- (1) Zhejiang Shenghua, a limited company established in the PRC, is directly interested in these 168,846,930 domestic shares. Zhejiang Shenghua is owned as to approximately 69.54% by Deqing Huisheng, a limited company established in the PRC, which in turn is owned as to 75% by Mr. Xia Shilin. For the purposes of the SFO, Deqing Huisheng and Mr. Xia Shilin are each deemed to be interested in the 168,846,930 domestic shares owned by Zhejiang Shenghua.

- (2) These 93,130,000 H shares are beneficially owned by Rise Sea. Rise Sea is a limited company incorporated in Hong Kong and is wholly-owned by Zhejiang Shenghua. Zhejiang Shenghua is owned as to approximately 69.54% by Deqing Huisheng, which in turn is owned as to 75% by Mr. Xia Shilin. For the purposes of the SFO, Zhejiang Shenghua, Deqing Huisheng and Mr. Xia Shilin are each deemed to be interested in the 93,130,000 H shares owned by Rise Sea.
- (3) Ms. Qian Xiaomei is the spouse of Mr. Xia Shilin and therefore she and Mr. Xia Shilin are deemed to be interested in each other's shares under the SFO.
- (4) Ms. He Yan is the spouse of Mr. Zhang Xuguang and therefore she and Mr. Zhang Xuguang are deemed to be interested in each other's shares under the SFO.
- (5) Ms. Dai Jihong is the spouse of Mr. Wu Menggen and therefore she and Mr. Wu Menggen are deemed to be interested in each other's shares under the SFO.

## **COMPETING INTERESTS**

None of the Directors or management Shareholders and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group.

## **AUDIT COMMITTEE**

The Company established an audit committee in November 2001 with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. Presently, the audit committee comprises three independent non-executive Directors, Mr. Shen Haiying, Mr. Cai Jiamei and Ms. Huang Lianxi whereas Mr. Shen Haiying is the chairman. The first quarterly results and report of the Group for the three months ended 31 March 2022 have not been audited or reviewed by the Company's auditor but have been reviewed by the Company's audit committee.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the three months ended 31 March 2022 (2021: Nil).

On behalf of the Board  
**Shenghua Lande Scitech Limited\***  
**Wang Feng**  
*Chairman and Chief Executive Officer*

Hangzhou City, the PRC, 13 May 2022

\* *For identification purposes only*