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If you have sold or transferred all your shares in Shenghua Lande Scitech Limited*, you should at once hand this circular to the purchaser(s) or transferee(s), or to the stock broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



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)

**MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF
41% EQUITY INTERESTS IN ZHEJIANG DIANSHI**

A letter from the board of directors of Shenghua Lande Scitech Limited* is set out on pages 4 to 10 of this circular.

* For identification purposes only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“Announcement”	the announcement published by the Company dated 6 September 2022 in relation to, amongst other things, the Disposal
“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 sale and purchase of the Sale Interests in accordance with the terms of the Equity Transfer Agreement
“Completion Date”	the date on which the Completion took place, being 10 October 2022
“connected persons”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	the consideration of RMB1.00 payable by the Purchaser for the Sale Interests pursuant to the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests by the Company as vendor to the Purchaser as contemplated under the Equity Transfer Agreement
“Disposal Group”	Zhejiang Dianshi, Mengya Technology, Full Fun Technology and Full Fun Supply Chain, and “a member of the Disposal Group” shall be construed accordingly
“Domestic Share(s)”	the domestic share(s) of nominal value of RMB0.10 each in the share capital of the Company which are subscribed for or credited as paid up in RMB
“Equity Transfer Agreement”	the equity transfer agreement dated 6 September 2022 entered into between the Parties in relation to the Disposal

DEFINITIONS

“Full Fun Supply Chain”	Hangzhou Full Fun Supply Chain Management Co., Ltd.* (杭州滿趣供應鏈管理有限公司), a company incorporated in the PRC with limited liability and wholly owned by Zhejiang Dianshi as at the date of the Announcement
“Full Fun Technology”	Zhejiang Full Fun Technology Co., Ltd.* (浙江滿趣科技有限公司), a company incorporated in the PRC with limited liability and owned as to 70% by Zhejiang Dianshi as at the date of the Announcement
“GEM”	GEM of the Stock Exchange
“GMV”	gross merchandise value
“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 RMB0.10 each in the share capital of the Company which are listed on GEM and subscribed for and traded in HK\$
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company, who and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are independent of the Company and connected persons of the Company
“Latest Practicable Date”	22 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Mengya Technology”	Hangzhou Mengya Technology Co., Ltd.* (杭州萌呀科技有限公司), a company incorporated in the PRC with limited liability and owned as to 67% by Zhejiang Dianshi as at the date of the Announcement

DEFINITIONS

“Muye Brand Management”	Hangzhou Muye Brand Management Co., Ltd.* (杭州沐野品牌管理有限公司), a company incorporated in the PRC with limited liability, owned as to 46% by Zhejiang Dianshi and an associate of Zhejiang Dianshi as at the date of the Announcement
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Parties”	the parties to the Equity Transfer Agreement, namely the Purchaser and the Company
“Purchaser”	Ms. Zhang Yan (張燕), an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Sale Interests”	41% equity interests in Zhejiang Dianshi held by the Company as at the date of the Announcement
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Dianshi”	Zhejiang Dianshi Technology Co., Ltd.* (浙江典石科技有限公司), a company incorporated in the PRC with limited liability, owned as to 41% by the Company as at the date of the Announcement and ceased to be a subsidiary of the Company after the Completion Date
“%”	per cent.

For the purpose of illustration in this circular only, the translation of RMB into HK\$ is based on the rate of HK\$1: RMB0.88030. The above exchange rate is for illustrative purpose only and do not constitute a representation that any amounts have been, could have been, or may be converted at the aforesaid or any other rates or at all.

* For identification purposes only

LETTER FROM THE BOARD



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)

Executive Directors:
Mr. Wang Feng (*Chairman and
Chief Executive Officer*)
Mr. Guan Zilong
Mr. Xu Jianfeng

Non-Executive Director:
Mr. Chen Ping

Independent Non-Executive Directors:
Mr. Cai Jiamei
Ms. Huang Lianxi
Mr. Shen Haiying

Registered office:
No. 9 Nanhu Road
Zhongguan Town
Deqing County
Huzhou City
Zhejiang Province
The PRC

*Head office and principal
place of business in the PRC:*
11th Floor, Building 1
Xitou Innocentre
239 Shuanglong Street
Xihu District
Hangzhou City
Zhejiang Province
The PRC

*Principal place of business in
Hong Kong:*
Room 1505
15/F., Fullerton Centre
19 Hung To Road
Kwun Tong
Kowloon
Hong Kong

25 November 2022

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF
41% EQUITY INTERESTS IN ZHEJIANG DIANSHI**

INTRODUCTION

The Board announced on 6 September 2022 that the Purchaser (an Independent Third Party) entered into the Equity Transfer Agreement with the Company, pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Interests for the Consideration. The Completion took place on 10 October 2022, and Zhejiang Dianshi has ceased to be a subsidiary of the Company.

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As one or more of the applicable percentage ratios under the GEM Listing Rules exceeds 25% but is less than 75%, the Disposal as contemplated under the Equity Transfer Agreement constituted a major transaction of the Company and was therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to give you further information on the Disposal and other information as required under the GEM Listing Rules.

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 41% EQUITY INTERESTS IN ZHEJIANG DIANSHI

The Equity Transfer Agreement

On 6 September 2022 (after trading hours), the Purchaser entered into the Equity Transfer Agreement with the Company (as vendor), pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Interests for a consideration of RMB1.00.

Set out below are the key terms of the Equity Transfer Agreement:

Date

6 September 2022

Parties

(1) Purchaser: Ms. Zhang Yan (張燕)

(2) Vendor: the Company

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to acquire and the Company as vendor has agreed to sell the Sale Interests.

Consideration

The Consideration is RMB1.00 as the consolidated net assets value of Zhejiang Dianshi as at 31 July 2022 recorded a negative value. The Purchaser shall pay the Consideration to the Company in cash or via bank transfer within three (3) working days of the signing of the Equity Transfer Agreement.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser based on normal commercial terms, and with reference to the continuous loss-making performance, net liabilities position and present business operation conditions of the Disposal Group.

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The Disposal Group recorded an unaudited loss after tax of approximately RMB19,404,000 for the six months ended 30 June 2022. The unaudited consolidated net liabilities value of the Disposal Group as at 30 June 2022 amounted to approximately RMB29,893,000. For further details, please refer to the section headed “Information on Zhejiang Dianshi and the Disposal Group” in this circular.

For details of the Disposal Group’s present business operation conditions, please refer to the section headed “Reasons for and benefits of the Disposal” in this circular.

Completion

The Completion shall take place on the day when the industrial and commercial change registration is completed. Upon the Completion, the risks, obligations and rewards of the rights relating to the Sale Interests will be passed to the Purchaser. The Company will cease to have any equity interests in Zhejiang Dianshi and Zhejiang Dianshi will cease to be a subsidiary of the Company.

The Completion took place on 10 October 2022. Accordingly, Zhejiang Dianshi has ceased to be a subsidiary of the Company and the financial results, assets and liabilities of the Disposal Group are no longer included in the consolidated financial statements of the Group.

INFORMATION ON THE COMPANY AND THE PURCHASER

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; and (iii) the provision of e-commerce operation solution services.

As at the date of the Announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser, Ms. Zhang Yan, is a PRC individual resident and an Independent Third Party. As advised by the Purchaser, the Purchaser is engaged in Internet investments mainly in apparel, maternal and children e-commerce industry in the PRC and also has rich experience in community marketing service operations, and is a senior entrepreneur and community marketing expert in the field of Internet marketing.

INFORMATION ON ZHEJIANG DIANSHI AND THE DISPOSAL GROUP

The Disposal Group comprises Zhejiang Dianshi (which was owned as to 41% by the Company as at the date of the Announcement and ceased to be a subsidiary of the Company after the Completion Date), Mengya Technology (which is 67% owned by Zhejiang Dianshi), Full Fun Technology (which is 70% owned by Zhejiang Dianshi) and Full Fun Supply Chain (which is wholly owned by Zhejiang Dianshi). The Disposal Group is principally engaged in the provision of community marketing services for maternal, infant and children product series to community teams, which is under the Group’s provision of e-commerce operation solution services business sector.

LETTER FROM THE BOARD

Each of Zhejiang Dianshi, Mengya Technology, Full Fun Technology and Full Fun Supply Chain is incorporated in the PRC with limited liability and is principally engaged in the provision of community marketing services in the PRC.

Zhejiang Dianshi also has an investment in an associate, which represented its 46% equity interests in Muye Brand Management, a limited company established in the PRC principally engaged in the management and operation of children's clothing brands.

Under the provisions stated in the articles of association of Zhejiang Dianshi, the Group appointed three out of the five directors of Zhejiang Dianshi. The Directors also assessed the Group's control over Zhejiang Dianshi on the basis of its practical ability to direct the relevant activities. Therefore, the Directors concluded that the Group had control over Zhejiang Dianshi and Zhejiang Dianshi was accounted for as a subsidiary of the Group as at the date of the Announcement.

Set out below are the consolidated financial information of the Disposal Group, for each of the two financial years ended 31 December 2020 and 2021 and six months ended 30 June 2022:

	Year ended 31 December 2020 (Audited) RMB'000 (Note)	Year ended 31 December 2021 (Audited) RMB'000	Six months ended 30 June 2022 (Unaudited) RMB'000
Revenue	–	12,319	33,453
Profit (loss) before tax	–	(21,123)	(19,404)
Profit (loss) after tax	–	(21,123)	(19,404)

Note: As at 31 December 2020, only Zhejiang Dianshi of the Disposal Group was established (i.e. on 29 December 2020) and it has not carried out any business activities, thus there was no revenue or profit/loss recorded for the Disposal Group for the year ended 31 December 2020.

Since early 2021, the Disposal Group has begun to incur upfront costs for the preparation of its provision of community marketing service business, such as leasing of office space, developing supply chain channels, building e-commerce platforms, and recruiting personnel, which, in particular, contributed to continuous large expenditure of labour costs. As the actual operation of the abovementioned business only began in the fourth quarter of 2021, the operating cost was higher than the operating income during the year ended 31 December 2021 and six months ended 30 June 2022, thus leading to the loss after tax of approximately RMB21,123,000 and RMB19,404,000, respectively, for the corresponding periods.

The unaudited consolidated net liabilities value and total assets value of the Disposal Group as at 31 July 2022 amounted to approximately RMB33,768,000 and RMB27,192,000, respectively.

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FINANCIAL EFFECTS OF THE DISPOSAL

Upon the Completion, Zhejiang Dianshi has ceased to be a subsidiary of the Company and the financial results, assets and liabilities of the Disposal Group are no longer included in the consolidated financial statements of the Group. In addition, the Group no longer holds any equity interests in Muye Brand Management, which has ceased to be an associate of the Group.

For illustrative purpose, based on (i) the Consideration to be payable by the Purchaser to the Company of RMB1.00; and (ii) the proportionate unaudited consolidated net liabilities value of the Disposal Group attributable to the Group as at 31 July 2022, it is estimated that the Group will record an unaudited net gain before taxation of approximately RMB9,953,000 (equivalent to approximately HK\$11,306,000) from the Disposal. The actual gain or loss arising from the Disposal will depend on the proportionate consolidated net liabilities value of the Disposal Group attributable to the Group as at the Completion Date and is subject to final audit to be performed by the auditor of the Company and, therefore, may vary from the current estimate.

As the Disposal Group was in a loss-making position for the period from its establishment to 30 June 2022, it is expected that the Disposal will reduce the level of loss of the Group and improve its profitability. Further, the Disposal will enable the Group to allocate the Group's financial and other resources on its principal businesses and other new businesses. The Company considers that the Disposal would improve the Group's overall liquidity and profitability and help stabilise the overall operations of the Group following the Completion. For further details, please refer to the section headed "Reasons for and benefits of the Disposal" in the circular.

It is expected that upon the Completion, (i) the total assets of the Group will be decreased by approximately RMB13,367,000 (equivalent to approximately HK\$15,185,000); and (ii) the total liabilities of the Group will be decreased by approximately RMB50,721,000 (equivalent to approximately HK\$57,618,000).

The aforesaid estimation is to illustrate the estimated financial impact resulting from the Disposal only and does not purport to represent the financial position of the Group after the Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group established Zhejiang Dianshi in late 2020 with the intention of engaging in the provision of community marketing services business, as one of the channels to promoting the development of mobile Internet services. Leveraged on the Group's accumulated resources and experience, Zhejiang Dianshi and its subsidiaries, launched the new retail business incubation platform which targeted on the infant and children consumer group, and commenced the provision of maternal and infant community marketing services business in the end of the third quarter of 2021. The number of registered users of the platform has exceeded 200,000, but, due to objective reasons such as intense market

LETTER FROM THE BOARD

competition and hindrances of investment promotion activities and logistics supply caused by the “Novel Pneumonia Coronavirus” epidemic, the business growth has not reached the Group’s originally the most optimal expectation.

As disclosed in the interim report of the Company dated 12 August 2022, while continuing to promote business transformation and development, the Group strengthened the prevention of innovation risks, reviewed and studied the development of new businesses. After taking into account of the business direction and development strategy of the Group as well as the current operation status of the new business, the Company believes that it is in the best interests of the Group to dispose of the Disposal Group and continue to seek alternative paths for the Group’s business transformation and development.

As the Disposal Group was in a loss-making position for the period from its establishment to 30 June 2022, it is expected that the Disposal will reduce the level of loss of the Group and improve its profitability. Further, the Disposal will enable the Group to allocate the Group’s financial and other resources on its principal businesses and other new businesses. The Company considers that the Disposal would improve the Group’s overall liquidity and profitability and help stabilise the overall operations of the Group following the Completion.

Having made prudent assessments on the above and considered the prevailing market conditions, the Directors are of the view that it would be beneficial for the Company and Shareholders as a whole to dispose of the Company’s entire 41% equity interests in Zhejiang Dianshi pursuant to the terms of the Equity Transfer Agreement. The Board (including the independent non-executive Directors) is further of the view that the terms of the Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and Shareholders as a whole. After the Disposal, the Group will continue to seek new business opportunities in the provision of e-commerce operation solution services business sector which could generate revenue for the Group.

LISTING RULES IMPLICATION

As one or more of applicable percentage ratios under the GEM Listing Rules exceeded 25% but was less than 75%, the Disposal as contemplated under the Equity Transfer Agreement constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and was therefore subject to the notification, announcement and Shareholders’ approval requirements set out under Chapter 19 of the GEM Listing Rules.

Since (a) no Shareholder is required to abstain from voting if the Company convenes a general meeting to approve the Disposal; and (b) in accordance with Rule 19.44 of the GEM Listing Rules, the Company has obtained written shareholders’ approval from the following Shareholders, namely Zhejiang Shenghua Holdings Group Company Limited* (浙江升華控股集團有限公司) (“**Zhejiang Shenghua**”), which holds 168,846,930 Domestic Shares, representing approximately 33.33% of the Company’s issued share capital, and Rise Sea Limited (“**Rise Sea**”), a wholly owned subsidiary of Zhejiang Shenghua, which holds 93,130,000 H Shares, representing approximately 18.39% of the Company’s issued share

LETTER FROM THE BOARD

capital, which, in aggregate, hold approximately 51.72% of the Company's issued share capital, to approve the Disposal, no general meeting of the Company will be convened and held for approving the Disposal.

SUBSEQUENT FINANCIAL ARRANGEMENT

As at the date of the Announcement, Zhejiang Dianshi was indebted to the Company in an aggregate amount of RMB11,000,000 (equivalent to approximately HK\$12,496,000) (the "Debts"). The Debts were unsecured and still outstanding as at the date of the Announcement. The abovementioned sum was not settled after the Completion. The Debts were granted previously by the Company to Zhejiang Dianshi in 2021, when the Disposal Group was held by the Group, for the Disposal Group's ordinary working capital purposes. If Zhejiang Dianshi were required by the Company to repay the Debts prior to the Disposal or immediately after the Completion Date, the repayment of the Debts would have affected the working capital requirements for normal operations of the Disposal Group. The Directors expected that the Disposal Group will achieve an improved financial performance under the Purchaser's management and control, and seek settlement of the Debts.

Since Zhejiang Dianshi has ceased to be a subsidiary of the Company after the Completion, the Debts constitute as financial assistance. For details of the financial assistance, please refer to the Announcement.

RECOMMENDATION

For the reasons set out above, the Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution if the Company were to convene an extraordinary general meeting to approve the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully
By order of the Board
Shenghua Lande Scitech Limited*
Wang Feng
Chairman and Chief Executive Officer

* For identification purposes only

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.landpage.com.cn. Please refer to the hyperlinks as stated below:

2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033001429.pdf>

2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001858.pdf>

2021 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033001568.pdf>

2022 interim report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081202344.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the indebtedness of the Group was as follows:

- (a) the Group had a bank borrowing of RMB10,000,000. The bank borrowing was unsecured and unguaranteed;
- (b) the Group had an other borrowing of RMB18,000,000. The other borrowing was unsecured and unguaranteed; and
- (c) the Group had outstanding lease liabilities of approximately RMB7,030,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 September 2022, the Group did not have any outstanding mortgages, charges, debenture, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account of the financial resources presently available, which is the Group's internal resources, cash flow generated from operating activities, bank balances of the Group, existing facilities available to the Group and effect of the Disposal, the Group will have sufficient working capital for at least twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in, amongst others, (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.

As disclosed in the interim report of the Company dated 12 August 2022, the Group 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, and at the same time, strengthened the prevention of innovation risks, reviewed the development of new businesses, carefully analysed the growth and sustainability of new businesses, and concentrated resources and advantages to achieve effective breakthroughs in transformation. Under controllable overall risk, 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 and optimise resources to carry out innovative development of new businesses or new products, and strive to build a sustainable business ecology.

On the one hand, the Group will continue the cultivation of operation services. Amongst others, 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)" and "Resident Service Card* (居民服務一卡通)", etc., in the future and maximise business value.

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)", "Resident Service Card* (居民服務一卡通)", "One-stop City* (一碼通城)" and "Digital Renminbi* (數字人民幣)", etc., 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 swiftly enhanced social governance

and city management service capabilities and efficiency by the state and governments at all levels, to 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 the market development of the provision of smart city solutions business, and encouraging its useful exploration in other product sales and services. Especially in terms of smart and safe campus services, the Group will use existing contracted and implemented school projects as models to accumulate experience, expand the necessary business teams, and make market layouts in Anhui, Jiangsu, Fujian and other provinces in the PRC, 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 chairman and chief executive officer of the Company, Mr. Wang Feng (王鋒), the Group will continue to actively and steadily advance related work in accordance with the above plan to integrate and optimise resources, strengthen business development, improve management processes, build talent echelon and strengthen risk prevention and control. 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 services sector will be formed which will create more business value for the Shareholders and community.

Following the completion of the Disposal, the Group will continue to engage 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, whilst the Disposal Group will mainly focus on the provision of community marketing services for maternal, infant and children product series to community teams.

5. NO MATERIAL CHANGE

The Directors confirm that since 31 December 2021, being the date to which the latest published audited consolidated financial information of the Group were made up and up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of the Group.

1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 Transaction by Directors of Listed Companies relating to securities transactions by the Directors (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

Long position in the 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%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had or were deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE COMPANY

As at the Latest Practicable Date, so far as the Directors and chief executives of the Company are aware, the interests or short positions owned by the parties (other than the Directors or chief executives of the Company) in the Shares or underlying Shares which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO; or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO; or which represented 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 were as follows:

Long positions in the 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	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	Beneficial owner	93,130,000 H Shares (Note 2)	18.39%
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%

Name	Capacity and nature of interests	Number of shares held	Percentage of beneficial interests in the Company's share capital
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%
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	15,265,000 H Shares	3.01%

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.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company are not aware of any person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which are required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFOs; or who were required to be recorded in the register of the Company required to be kept under section 336 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.

4. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each Director and supervisor of the Company has entered into a service agreement with the Company expiring on 29 June 2023. All appointments are subject to termination in certain circumstances as stipulated in the relevant service agreements.

Saved as disclosed above, none of the Directors or supervisors of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) had any interests in businesses which competed or might compete with the businesses of the Group or had any other conflict of interests with the Group.

6. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. There was no contract or arrangement subsisting at the date of this circular in which a Director was materially interested and which was significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the rights transfer agreement dated 9 December 2020 entered into among the Company (as the transferor), Mr. Zhang Jing (張璟) (as the transferee) and shareholders of Zhejiang Lan Chuang Information Co., Ltd.* (浙江蘭創通信有限公司) (“**Lan Chuang**”) in respect of the transfer of 85% equity interests in Lan Chuang at the consideration of RMB7,200,000;
- (b) the investment cooperation framework agreement dated 28 December 2020 entered into between the Company, Mr. Li Dejun (李德軍), Hangzhou Fun and Culture Creativity Partnership LP* (杭州拾趣文化創意合夥企業(有限合夥)) (“**Fun and Culture Creativity Partnership**”) and Mr. Chen Guojian (陳國建) in respect of the establishment of Zhejiang Dianshi with a registered capital of RMB10,000,000 in Huzhou City, Zhejiang Province, the PRC;
- (c) the equity transfer agreement dated 15 March 2021 entered into between Increator Technology Co., Ltd.* (浙江創建科技有限公司), a wholly owned subsidiary of the Company (as the transferor) and Guizhou Broadcasting and Television Network Co., Ltd.* (貴州省廣播電視信息網絡股份有限公司) (as the transferee) in respect of the transfer of 33% of the equity interests in Guifutong Network Technology Co., Ltd.* (貴服通網絡科技有限責任公司) at the consideration of RMB7,218,500;
- (d) the investment cooperation framework agreement dated 20 April 2021 entered into between Zhejiang Dianshi and Fun and Culture Creativity Partnership in respect of the establishment of Full Fun Technology with a registered capital of RMB10,000,000 in Huzhou City, Zhejiang Province, the PRC;

- (e) the cooperation framework agreement dated 13 December 2021 entered into between Zhejiang Dianshi, Guangdong Junrui Industrial Co., Ltd.* (廣東君瑞實業有限公司) and Ningbo Meishan Free Trade Port Zone Xuanying Yunhao Investment Management Partnership LP* (寧波梅山保稅港區宣映雲浩投資管理合夥企業(有限合夥)) in respect of the establishment of Muye Brand Management with a registered capital of RMB10,000,000 in Hangzhou City, Zhejiang Province, the PRC; and
- (f) the Equity Transfer Agreement.

9. MISCELLANEOUS

- (a) The Company's compliance officer is Mr. Xu Jianfeng (徐劍鋒).
- (b) The secretary of the Company is Mr. Fork Siu Lun Tommy, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (c) The registered office of the Company is at No. 9 Nanhu Road, Zhongguan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC.
- (d) The principal place of business of the Company in the PRC is located at 11th Floor, Building 1, Xitou Innocentre, 239 Shuanglong Street, Xihu District, Hangzhou City, Zhejiang Province, the PRC. The principal place of business of the Company in Hong Kong is located at Room 1505, 15/F., Fullerton Centre, 19 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (e) The H Share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over their respective Chinese text.

10. AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee members as at the date of this circular are Mr. Shen Haiying (沈海鷹), Mr. Cai Jiamei (蔡家楣) and Ms. Huang Lianxi (黃廉熙), with Mr. Shen Haiying as the chairman. They are the independent non-executive Directors. The Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

Biographical information of each member of the Audit Committee is set out below:

Mr. Shen Haiying (沈海鷹) (“Mr. Shen”)

Mr. Shen, aged 51, is the chairman of the Audit Committee. He completed a two-year professional course for accounting jointly offered by The Broadcast and Television University of China* (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) and Beijing Technology and Business University (北京工商大學) in January 2005. From November 1999 to March 2007, Mr. Shen was a director of Deqing Tianqin Accountants’ Firm Company Limited* (德清天勤會計師事務所有限公司). From April 2007 to March 2011, Mr. Shen was the executive director and general manager of Huzhou Tianqin Assets Appraisal Company Limited* (湖州天勤資產評估有限公司). Since October 2007 to September 2018, Mr. Shen was a director of Zhejiang Top Medicine Co., Ltd. (浙江拓普藥業股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 837631). From June 2008 to May 2014, he was appointed as an independent non-executive director of Zhejiang Shenghua Biok Biology Co., Ltd. (浙江升華拜克生物股份有限公司) (currently known as Zhejiang Hugelife Co., Ltd.* (浙江翰葉股份有限公司)) (“**Shenghua Biok Biology**”), a company listed on the Shanghai Stock Exchange (stock code: 600226). Since April 2011 till March and September 2019, Mr. Shen was the general manager and vice chairman of Zuo Li Group Holdings Company Limited* (佐力控股集團有限公司), respectively. Mr. Shen is a senior accountant (高級會計師) awarded by the Review Committee of Senior Accountant Qualification of Zhejiang Province* (浙江省高級會計師資格評審委員會). He is also a certified tax agent of Zhejiang Province (浙江省註冊稅務師). Mr. Shen joined the Company since May 2017 and has been appointed as an independent non-executive Director of the current Board since June 2020.

Mr. Cai Jiamei (蔡家楣) (“Mr. Cai”)

Mr. Cai, aged 76, graduated from the Physics Department of Fudan University (復旦大學) majoring in semiconductor in August 1970. From May 2010 to January 2015, Mr. Cai was appointed as an independent non-executive director of Hangzhou New Century Information Technology Co., Ltd.* (杭州新世紀信息技術股份有限公司) (currently known as Hangzhou Liaison Interactive Information Technology Co., Ltd.* (杭州聯絡互動信息技術股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002280). From August 2011 to August 2017, Mr. Cai was appointed as an independent non-executive director of B-Soft Company Limited* (創業軟件股份有限公司) (currently known as B-Soft Co., Ltd.* (創業慧康科技股份有限公司)) (“**B-Soft**”), a company listed on the Shenzhen Stock Exchange (stock code: 300451). From July 2013 to January 2020, he was appointed as an independent non-executive director of Sunwave Telecommunication Company Limited* (三維通信股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002115). From January 2014 to January 2019, he was appointed as an independent non-executive director of Hangzhou Xianlin Sanwei Technology Company Limited* (杭州市先臨三維科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 830978). Since June 2018, he has been appointed as an independent non-executive director of Xihu Zhongbao Co., Ltd.* (新湖中寶股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600208). Since October 2020, he has been

appointed as an independent non-executive director of B-Soft. Since May 2021, Mr. Cai has been appointed as an independent non-executive director of Insignia Technology Co., Ltd.* (浙大網新科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600797). Mr. Cai was elected as the chairman of the second and third session of the council of Zhejiang Software Industry Association* (浙江省軟件行業協會) in 2008 and 2012, respectively. Mr. Cai was appointed as the dean of the College of Information Engineering* (信息工程學院) (from October 2000 to August 2004), the College of Software* (軟件學院) (from April 2002 to May 2006) and the College of Software Vocational Skills* (軟件職業技術學院) (from April 2002 to May 2006) of Zhejiang University of Technology (浙江工業大學). Mr. Cai joined the Company since May 2017 and has been appointed as an independent non-executive Director of the current Board since June 2020.

Ms. Huang Lianxi (黃康熙) (“Ms. Huang”)

Ms. Huang, aged 59, graduated from East China College of Political Science and Law (華東政法學院) (currently known as East China University of Political Science and Law (華東政法大學)) in August 1983 majoring in law. Ms. Huang furthered her legal study at Shanghai College of International Business and Economics (上海對外貿易學院) (currently known as Shanghai University of International Business and Economics (上海對外貿易大學)) in 1984 and graduated in July 1986. From 1991 to 1992, Ms. Huang attended a one-year course of United Kingdom Practical Training Scheme for Lawyers of the People’s Republic of China at University of London and obtained a certificate of completion. From September 1984 to September 2003, Ms. Huang worked at Zhejiang Economy Law Firm* (浙江省經濟律師事務所) (currently known as Zhejiang Zhe Jing Law Firm* (浙江浙經律師事務所)) as a lawyer, deputy head officer (副主任) and partner successively. Ms. Huang is a partner of Zhejiang Tiance Law Firm* (浙江天冊律師事務所) and she joined the firm since September 2003. In October 2008, Ms. Huang was recognised as Outstanding Lawyer (全國優秀律師) for the years 2005 to 2007 by All China Lawyers Association* (中華全國律師協會). In February 2013 and January 2018, Ms. Huang was appointed as a member of the Twelfth and Thirteenth National Committee for Chinese People’s Political Consultative Conference* (中華人民政治協商會議第十二屆、第十三屆全國委員會), respectively. Ms. Huang is an arbitrator of the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會). Ms. Huang had been the vice-president of the Lawyers Association of Zhejiang* (浙江省律師協會). From April 2008 to April 2014, Ms. Huang was appointed as an independent non-executive director of Sunny Loan Top Company Limited (香溢融通控股集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600830). Ms. Huang was an independent non-executive director of Zhejiang Zhenyuan Company Limited (浙江震元股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000705), from June 2008 to August 2014. From April 2009 to April 2015, Ms. Huang was appointed as an independent non-executive director of Shenghua Biok Biology. She was an independent non-executive director of China Calxon Group Company Limited* (嘉凱城集團股份有限公司) (formerly known as Hunan Yahua Holdings Group Company Limited* (湖南亞華控股集團股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code:000918), from August 2009 to March 2016. From July 2013 to November 2018, Ms. Huang was appointed as an independent non-executive director of Zhejiang Kangsheng Co., Ltd. (浙江康盛股份有限

公司), a company listed on the Shenzhen Stock Exchange (stock code: 002418). From April 2014 to April 2020, Ms. Huang was appointed as an independent non-executive director of Zuoli Kechuang Micro-finance Company Limited (佐力科創小額貸款股份有限公司), a company listed on the main board of the Stock Exchange (stock code: 6866). Ms. Huang was an independent non-executive director of Zhejiang Youpon Ceiling Company Limited* (浙江友邦吊頂股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002718), from March 2016 to May 2022. Ms. Huang has been an independent non-executive director of Zhejiang Walrus New Material Co., Ltd. (浙江海象新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 003011), since December 2018. Ms. Huang has been an independent non-executive director of Hanjia Design Group Co., Ltd.* (漢嘉設計集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300746), since March 2019. Ms. Huang joined the Company since May 2017 and has been appointed as an independent non-executive Director of the current Board since June 2020.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.landpage.com.cn for a period of 14 days from the date of this circular:

- (a) the Equity Transfer Agreement; and
- (b) this circular.