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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

- Achieved a revenue of approximately RMB99,017,000 for the six months ended 30 June 2022, representing an increase of approximately 17.12% 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 RMB15,362,000 for the six months ended 30 June 2022, as compared with the net loss attributable to owners of the Company of approximately RMB9,844,000 for the same period of the year 2021.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

The board (the "**Board**") of Directors of the Company is pleased to present the interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2022.

2022 INTERIM RESULTS

For the six months ended 30 June 2022, the Group recorded an unaudited revenue of approximately RMB99,017,000 (2021: RMB84,540,000), representing an increase of approximately RMB14,477,000 or approximately 17.12%, as compared with the unaudited revenue of the same period of the year 2021.

For the six months ended 30 June 2022, the Group recorded an unaudited net loss attributable to owners of the Company of approximately RMB15,362,000 (2021: RMB9,844,000).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2022 together with the unaudited comparative figures for the corresponding period in 2021 are set out as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2022

		(unaudited)		(unaudited)	
		Six months ended 30 June		Three months ended 30 June	
		2022	2021	**2022**	2021
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*3*	**99,017**	84,540	**55,092**	47,182
Cost of sales		**(91,746)**	(76,580)	**(50,116)**	(42,072)
Gross profit		**7,271**	7,960	**4,976**	5,110
Other operating income, net gains or losses	*4*	**3,342**	1,932	**992**	(227)
Distribution and selling expenses		**(14,559)**	(2,280)	**(8,343)**	(1,507)
General and administrative expenses		**(19,300)**	(16,060)	**(5,230)**	(4,874)
Research and development expenditure		**(5,104)**	(3,471)	**(2,795)**	(2,009)
Share of result of an associate		**(68)**	–	**(68)**	–
Finance costs		**(288)**	(135)	**(193)**	(135)
Loss before tax		**(28,706)**	(12,054)	**(10,661)**	(3,642)
Income tax	*5*	**(91)**	(247)	**(89)**	(217)
Loss and total comprehensive expense for the period	*6*	**(28,797)**	(12,301)	**(10,750)**	(3,859)
Loss and total comprehensive expense for the period attributable to:					
Owners of the Company		**(15,362)**	(9,844)	**(3,824)**	(1,556)
Non-controlling interests		**(13,435)**	(2,457)	**(6,926)**	(2,303)
		(28,797)	(12,301)	**(10,750)**	(3,859)
Loss per share					
Basic and diluted *(RMB)*	*9*	**(3.03) cents**	(1.94) cents	**(0.75) cents**	(0.31) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	(unaudited) 30 June 2022 RMB'000	(audited) 31 December 2021 RMB'000
Non-current assets			
Plant and equipment		**5,219**	5,493
Right-of-use assets		**7,918**	8,153
Intangible assets		**191**	342
Interests in an associate		**4,532**	–
Deferred tax assets		**692**	771
Goodwill		**2,272**	2,272
Other receivables		**285**	285
		21,109	17,316
Current assets			
Inventories		**12,432**	11,179
Trade receivables	*10*	**48,920**	57,677
Prepayments and other receivables		**9,515**	10,049
Contract assets		**9,597**	9,826
Financial assets at fair value through profit or loss		**21,480**	27,611
Bank balances and cash		**28,911**	41,812
		130,855	158,154
Current liabilities			
Trade and other payables	*11*	**38,822**	52,940
Contract liabilities		**668**	415
Income tax payable		**24**	549
Lease liabilities		**2,838**	3,379
Bank borrowings		**10,000**	–
Amounts due to ultimate holding company		**18,000**	8,000
		70,352	65,283
Net current assets		**60,503**	92,871
Total assets less current liabilities		**81,612**	110,187
Non-current liabilities			
Lease liabilities		**4,933**	4,711
		76,679	105,476
Capital and reserves			
Paid-in capital		**50,655**	50,655
Reserves		**47,165**	62,527
Equity attributable to owners of the Company		**97,820**	113,182
Non-controlling interests		**(21,141)**	(7,706)
Total equity		**76,679**	105,476

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

				(unaudited)			
	Paid-in capital	**Share premium**	**Statutory surplus reserve**	**Accumulated losses**	**Equity attributable to owners of the Company**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2022	**50,655**	**101,336**	**13,767**	**(52,576)**	**113,182**	**(7,706)**	**105,476**
Net loss	**–**	**–**	**–**	**(11,538)**	**(11,538)**	**(6,509)**	**(18,047)**
Balance as at 31 March 2022	**50,655**	**101,336**	**13,767**	**(64,114)**	**101,644**	**(14,215)**	**87,429**
Net loss	**–**	**–**	**–**	**(3,824)**	**(3,824)**	**(6,926)**	**(10,750)**
Balance as at 30 June 2022	**50,655**	**101,336**	**13,767**	**(67,938)**	**97,820**	**(21,141)**	**76,679**
Balance as at 1 January 2021	50,655	101,336	12,804	(52,278)	112,517	–	112,517
Capital contribution	–	–	–	–	–	2,954	2,954
Net loss	–	–	–	(8,288)	(8,288)	(154)	(8,442)
Balance as at 31 March 2021	50,655	101,336	12,804	(60,566)	104,229	2,800	107,029
Capital contribution	–	–	–	–	–	2,580	2,580
Net loss	–	–	–	(1,556)	(1,556)	(2,303)	(3,859)
Balance as at 30 June 2021	50,655	101,336	12,804	(62,122)	102,673	3,077	105,750

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	(unaudited) Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Net cash outflow from operating activities	**(33,750)**	(31,700)
Net cash inflow from investing activities	**1,462**	13,717
Net cash inflow from financing activities	**19,387**	5,530
Net decrease in cash and cash equivalents	**(12,901)**	(12,453)
Cash and cash equivalents at beginning of period	**41,812**	28,253
Cash and cash equivalents at end of period	**28,911**	15,800

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 (the "**H Shares**") were listed on GEM on 3 May 2002.

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" published by the International Accounting Standards Board and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements were consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2021.

3. REVENUE AND SEGMENT INFORMATION

Revenue comprised income from trading of hardware and computer software, provision of smart city solutions and provision of e-commerce operation solution services during the relevant periods.

The Group's operating segments, based on information reported to the chief operating decision maker (the "**CODM**"), being the executive Directors, were for the purposes of resources allocation and performance assessment. The executive Directors have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments were as follows:

1. Trading of hardware and computer software

2. Provision of smart city solutions

3. Provision of e-commerce operation solution services

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments, and geographical information.

(i) Segment revenue and results

	Trading of hardware and computer software		Provision of smart city solutions		Provision of e-commerce operation solution services		Consolidated	
	(unaudited) Six months ended 30 June							
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue – external customers	**56,475**	53,410	**8,654**	12,365	**33,888**	18,765	**99,017**	84,540
Segment results	**970**	1,461	**(7,659)**	(6,870)	**(19,298)**	(3,635)	**(25,987)**	(9,044)
Unallocated other operating income, net gains or losses							**826**	838
Unallocated expenses							**(3,545)**	(3,848)
Loss before tax							**(28,706)**	(12,054)

The accounting policies of the reportable segments were the same as the Group's accounting policies.

Segment results represented the results from each segment without allocation of central administration costs, Directors' emoluments, certain finance costs and certain other operating income, net gains or losses. This was the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

(ii) Segment assets and liabilities

	Trading of hardware and computer software		Provision of smart city solutions		Provision of e-commerce operation solution services		Consolidated	
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
	As at 30 June 2022	As at 31 December 2021	**As at 30 June 2022**	As at 31 December 2021	**As at 30 June 2022**	As at 31 December 2021	**As at 30 June 2022**	As at 31 December 2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**23,369**	28,138	**53,166**	55,208	**17,107**	14,924	**93,642**	98,270
Unallocated assets							**58,322**	77,200
Total assets							**151,964**	175,470
Segment liabilities	**15,191**	6,232	**8,732**	20,492	**33,141**	34,721	**57,064**	61,445
Unallocated liabilities							**18,221**	8,549
Total liabilities							**75,285**	69,994

For the purposes of allocating resources between segments and monitoring segment performance:

- all assets were allocated to reportable segments other than certain plant and equipment, bank balances and cash, financial assets at fair value through profit or loss, certain prepayments and other receivables and deferred tax assets which were unable to allocate to reportable segments; and
- all liabilities were allocated to reportable segments other than income tax payable and amounts due to ultimate holding company.

(iii) Geographical information

Both revenue and non-current assets of the Group were derived from or located in the PRC. Accordingly, no geographical information was presented.

4. OTHER OPERATING INCOME, NET GAINS OR LOSSES

	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Government grants *(Note)*	**1,986**	1,484	**135**	101
Exchange gains (losses), net	**545**	(544)	**600**	(154)
Bank interest income	**270**	382	**118**	204
Reversal (provision) of impairment losses of trade receivables, net	**530**	(389)	**131**	(389)
Gain on disposal of an associate	**–**	459	**–**	–
Reversal of impairment losses of right-of-use assets	**–**	529	**–**	–
Others	**11**	11	**8**	11
	3,342	1,932	**992**	(227)

Note: Government grants received during the relevant periods in 2022 and 2021 related to rebates of value-added tax and government subsidies. There were no unfulfilled conditions or contingencies relating to those grants.

5. INCOME TAX

	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")	**91**	247	**89**	217

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 relevant periods was 25% (2021: 25%). During the relevant periods, 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 relevant periods, one of the subsidiaries of the Company was subject to EIT at a rate of 2.5% (2021: 2.5%) for first RMB1 million of profits and 10% (2021: 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).

For the six and three months ended 30 June 2022, the Group's subsidiaries established in the PRC had made provision for EIT of approximately RMB24,000 (2021: Nil) and RMB24,000 (2021: Nil), respectively. For the six and three months ended 30 June 2022, the representative office set up in Hangzhou City by the subsidiary of the Group established in Hong Kong paid income tax expenses pursuant to domestic tax law of approximately RMB2,000 (2021: RMB30,000) and nil (2021: Nil), respectively. For the six and three months ended 30 June 2022, the Group's subsidiaries established in the PRC had written back the provision of EIT after the final settlement of the 2021 income tax of approximately RMB14,000 (2021: payment of RMB217,000) and RMB14,000 (2021: payment of RMB217,000), respectively. For the six and three months ended 30 June 2022, the Group's subsidiaries established in the PRC had deferred tax of approximately RMB79,000 (2021: Nil) and RMB79,000 (2021: Nil), respectively.

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

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	(unaudited)		**(unaudited)**	
	Six months ended 30 June		**Three months ended 30 June**	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Depreciation of plant and equipment	**958**	502	**499**	172
Depreciation of right-of-use assets	**1,654**	1,225	**831**	839
Amortisation of intangible assets	**151**	151	**76**	76

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

8. RESERVES

Other than those disclosed in the condensed consolidated statement of changes in equity, there were no movements in the reserves of the Group for the relevant periods in 2022 and 2021.

9. LOSS PER SHARE

The calculations of the basic loss per share for the six and three months ended 30 June 2022 were based on the net loss attributable to owners of the Company of approximately RMB15,362,000 (2021: RMB9,844,000) and RMB3,824,000 (2021: RMB1,556,000), respectively, and approximately 506,546,000 (2021: 506,546,000) shares in issue during the relevant periods.

Diluted loss per share was the same as basic loss per share for the six months and three months ended 30 June 2022 and 2021 as there were no potential ordinary shares existed during the relevant periods.

10. TRADE RECEIVABLES

	(unaudited)	(audited)
	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
Trade receivables at amortised cost	**52,156**	61,445
Less: allowances for impairment losses	**(3,236)**	(3,768)
	48,920	57,677

There were no specific credit periods granted to customers except for an average credit period of 30 – 90 days (31 December 2021: 30 – 90 days) to the Group's trade customers under trading of hardware and computer software segment. Aging analysis of the trade receivables, net of allowances for impairment losses, as at the end of reporting period, presented based on the invoice date which approximated to revenue recognition date is as follows:

	(unaudited) **30 June** **2022** ***RMB'000***	(audited) 31 December 2021 *RMB'000*
0 to 60 days	**13,875**	47,424
61 to 90 days	**337**	102
91 to 180 days	**10,809**	296
Over 180 days	**23,899**	9,855
	48,920	57,677

The Group did not hold any collateral over its trade receivables. Based on past experience, management considered the unimpaired balances were fully recoverable as relevant customers had a good track record and were of a good credit standing.

11. TRADE AND OTHER PAYABLES

	(unaudited) **30 June** **2022** ***RMB'000***	(audited) 31 December 2021 *RMB'000*
Trade payables	**23,284**	26,170
Other payables and accruals	**15,538**	26,770
	38,822	52,940

Aging analysis of the trade payables presented based on the invoice date is as follows:

	(unaudited) **30 June** **2022** ***RMB'000***	(audited) 31 December 2021 *RMB'000*
Less than 1 year	**19,303**	22,817
Over 1 year but less than 2 years	**124**	1,938
Over 2 years but less than 3 years	**263**	832
More than 3 years	**3,594**	583
	23,284	26,170

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, there would be fluctations.

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 six months and three months ended 30 June 2022, (i) the trading of hardware and computer software business generated revenue of approximately RMB56,475,000 (2021: RMB53,410,000) and RMB32,540,000 (2021: RMB28,019,000), respectively, representing approximately 5.74% and 16.14% increase, respectively, when compared to the same period of last year; (ii) the provision of smart city solutions business generated revenue of approximately RMB8,654,000 (2021: RMB12,365,000) and RMB5,411,000 (2021: RMB9,492,000), respectively, representing approximately 30.01% and 42.99% decrease, respectively, when compared to the same period of last year. The business focused on construction projects 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 RMB33,888,000 (2021: RMB18,765,000) and RMB17,141,000 (2021: RMB9,671,000), respectively, representing approximately 80.59% and 77.24% increase, respectively, when compared to the same period of last year. The revenue from the original traditional provision of e-commerce supply chain services business decreased significantly year-on-year as the Group has gradually scaled down since last year and has now 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, and 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 six months ended 30 June 2022, the unaudited revenue of the Group was approximately RMB99,017,000 (2021: RMB84,540,000), representing an increase of approximately RMB14,477,000, or approximately 17.12%, as compared with that of the same period of the year 2021. For the three months ended 30 June 2022, the unaudited revenue of the Group was approximately RMB55,092,000 (2021: RMB47,182,000), representing an increase of approximately RMB7,910,000, or approximately 16.76%, as compared with that of the same period of the year 2021.

(iii) Gross profit margin

For the six months and three months ended 30 June 2022, (i) the gross profit margin of the trading of hardware and computer software business was approximately 7.26% (2021: 7.95%) and 8.67% (2021: 8.13%), respectively. 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 reporting 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 slight 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 17.90% (2021: 21.50%) and 18.98% (2021: 22.81%), respectively. 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 business was approximately 4.79% (2021: 5.62%) and 6.58% (2021: 6.89%), respectively. 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. However, through a period of operational adjustment, the gross profit margin of this business has gradually increased in the second quarter of this year.

The unaudited gross profit margin of the Group for the six months and three months ended 30 June 2022 was approximately 7.34% (2021: 9.42%) and 9.03% (2021: 10.83%), respectively. During the reporting 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 six months and three months ended 30 June 2022, (i) the trading of hardware and computer software business reported segment profit of approximately RMB970,000 (2021: RMB1,461,000) and RMB1,828,000 (2021: RMB1,275,000), respectively. The gross profit margin of this business segment for the reporting period 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 year-on-year decrease in the profit of the business segment for the reporting period; (ii) the provision of smart city solutions business reported segment loss of approximately RMB7,659,000 (2021: RMB6,870,000) and RMB1,355,000 (2021: RMB787,000), respectively; and (iii) the provision of e-commerce operation solution services business reported segment loss of approximately RMB19,298,000 (2021: RMB3,635,000) and RMB10,143,000 (2021: RMB3,230,000), respectively. 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 new business has invested more labour costs, other management costs and promotion costs, resulting in a significant loss of the business segment when the new business has not yet formed a certain scale benefits. For the six months and three months ended 30 June 2022, the net unallocated expenses of the Group were approximately RMB2,719,000 (2021: RMB3,010,000) and RMB991,000 (2021: RMB900,000), respectively.

For the six and three months ended 30 June 2022, the net loss attributable to non-controlling interests amounted to approximately RMB13,435,000 (2021: RMB2,457,000) and RMB6,926,000 (2021: RMB2,303,000), respectively.

As a result of the cumulative effect of the principal factors described above, for the six months ended 30 June 2022, the Group reported an unaudited net loss attributable to owners of the Company and loss per share of approximately RMB15,362,000 (2021: RMB9,844,000) and RMB3.03 cents (2021: RMB1.94 cents), respectively. For the three months ended 30 June 2022, the Group reported an unaudited net loss attributable to owners of the Company and loss per share of approximately RMB3,824,000 (2021: RMB1,556,000) and RMB0.75 cents (2021: RMB0.31 cents), respectively.

Though the financial performance of the Group for the six months ended 30 June 2022 was not favourable, the Board believes that there will be no material adverse impact on the Group's business operations and the Group maintains a stable financial position.

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. Limited by the continuous outbreak of the epidemic in many places during the reporting period, all business segments of the Group have been negatively affected to a certain extent. The supply chain activities and express delivery of the provision of e-commerce operation solution services business have been greatly affected. Nationwide investment promotion activities 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 ongoing market promotion of smart and safe campuses has also been forced to slow down. 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)", pilot "National Resident Service Card* (全國居民服務一卡通)", "digital reform (數字化改革)" in Zhejiang Province and the national third-generation upgrade of 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 being further promoted; 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 ceased 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, around the 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 established supply chain company has continuously enriched its supply chain channels, providing the platform with more choices of high-quality products. The number of registered users of the platform has exceeded 200,000, but, due to objective reasons such as the hindrances of investment promotion activities and logistics supply caused by the epidemic, as well as subjective reasons such as inaccurate selection of products in the supply chain, the current growth in the number of effective users and GMV growth has not reached the expected target.

4. Investment and cooperation

(i) Investment in an associate

As at 30 June 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司) ("**Muye Brand Management**"), a limited company established in the PRC 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 30 June 2022, the carrying value of the Group's interests in Muye Brand Management amounted to approximately RMB4,532,000 (31 December 2021: Nil), representing approximately 2.98% (31 December 2021: Nil) of its total assets. For the six months ended 30 June 2022, the Group's share of loss of Muye Brand Management amounted to approximately RMB68,000 (2021: Nil). 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). The expected annualised rate of return of the BOC Wealth Management Products was around 2.19% to 3.93% (2021: 2.25% to 2.81%), 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 and 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 2.16% to 3.63% (2021: 2.74% to 3.65%), 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 the 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 returns to the Shareholders while maintaining the flexibility of the Group's treasury management.

During the six and three months ended 30 June 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 30 June 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 unaudited aggregate outstanding principal amounted to approximately RMB21,480,000 (31 December 2021: RMB27,611,000) and represented approximately 14.13% (31 December 2021: 15.74%) of its total assets. For the six and three months ended 30 June 2022, the unaudited gain realised by the Group from the Wealth Management Products amounted to approximately RMB233,000 (2021: RMB370,000) and RMB101,000 (2021: RMB199,000), respectively.

(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.

5. Employees information

As at 30 June 2022, the Group had 266 (31 December 2021: 263) employees in total. The staff costs of the Group for the reporting period amounted to approximately RMB32,310,000 (2021: RMB21,424,000). The significant year-on-year increase in the Group's staff costs was mainly due to the significant year-on-year increase in staff costs for the provision of e-commerce operation solution services business. The number of employees in this business increased mainly in the latter part of the second quarter of the year 2021, and therefore, the staff costs was relatively small in the first half of the year 2021.

The Group's human resources management strategy was formulated in accordance with the Group's development strategy as guideline on the one hand and with the goals stipulated in the long-term vision planning as direction on the other. At the same time, incentive scheme has been linked with other aspects of human resources management and promoted each other. The Group opened wide for recruitment channels, set up mechanisms for attracting talents, grasped for the development of talent usability and formulated a good system in people deployment and incubation. The Group implemented target annual salary system which linked up staff performance appraisal with compensation system. Target annual salary was fixed and released in accordance with performance appraisal result. After a total assessment on employee's job performance, capability and work attitude, an integrated evaluation could be established for the employee which would be used as referencing standard. Through the integration of the two systems, the employees were effectively motivated, and the successful attainment of the Group's goal was assured.

The Group attached great importance to staff development and ability improvement and provided them with various training opportunities on qualities and skills. In this way, employees would be more suitable for the Group's job requirements, and at the same time, they would be fully developed in their careers.

The Group had not issued any share options or had any bonus plan.

II. REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS

1. Financial performance

- For the six and three months ended 30 June 2022, the Group's revenue amounted to approximately RMB99,017,000 (2021: RMB84,540,000) and RMB55,092,000 (2021: RMB47,182,000), respectively.

- For the six and three months ended 30 June 2022, the Group's gross profit margin was approximately 7.34% (2021: 9.42%) and 9.03% (2021: 10.83%), respectively.

- For the six months and three months ended 30 June 2022, the Group had a net loss attributable to owners of the Company of approximately RMB15,362,000 (2021: RMB9,844,000) and RMB3,824,000 (2021: RMB1,556,000), respectively.

- For the six months and three months ended 30 June 2022, the Group's loss per share was approximately RMB3.03 cents (2021: RMB1.94 cents) and RMB0.75 cents (2021: 0.31 cents), respectively.

2. Financial positions

- The Group maintained a stable financial position. For the six months ended 30 June 2022, the Group was mainly financed by proceeds generated from daily operations, other internal resources and borrowings.

- As at 30 June 2022, the Group had interests in an associate of approximately RMB4,532,000 (31 December 2021: Nil), representing the carrying value of the Group's interests in Muye Brand Management. The Group had not made capital injection in Muye Brand Management yet as of 31 December 2021, which was established in December 2021.

- As at 30 June 2022, the Group's total bank balances and cash and financial assets at fair value through profit or loss (which represented the Wealth Management Products as detailed above) amounted to approximately RMB50,391,000 (31 December 2021: RMB69,423,000). The total bank balances and cash and financial assets at fair value through profit or loss to total assets and net asset ratios as at 30 June 2022 were approximately 33.16% (31 December 2021: 39.56%) and 65.72% (31 December 2021: 65.82%), respectively.

- As at 30 June 2022, the Group had trade and other payables of approximately RMB38,822,000 (31 December 2021: RMB52,940,000). The decrease in trade and other payables for the period was mainly attributable to the decrease in trade payables of the provision of smart city solutions business and the decrease in other payables of the provision of e-commerce operation solution services business.

- As at 30 June 2022, the Group had bank borrowings and amounts due to ultimate holding company of RMB10,000,000 (31 December 2021: Nil) and RMB18,000,000 (31 December 2021: RMB8,000,000), respectively. During the period, the Group added new borrowings to meet its normal business operation needs.

- As at 30 June 2022, the Group had total assets of approximately RMB151,964,000 (31 December 2021: RMB175,470,000).

- As at 30 June 2022, the Group had total liabilities of approximately RMB75,285,000 (31 December 2021: RMB69,994,000).

- As at 30 June 2022, the Group had current assets of approximately RMB130,855,000 (31 December 2021: RMB158,154,000).

- As at 30 June 2022, the Group had current liabilities of approximately RMB70,352,000 (31 December 2021: RMB65,283,000).

- As at 30 June 2022, the Group had equity attributable to owners of the Company of approximately RMB97,820,000 (31 December 2021: RMB113,182,000).

- As at 30 June 2022, the Group had debit balance on non-controlling interests of approximately RMB21,141,000 (31 December 2021: RMB7,706,000).

- As at 30 June 2022, the Group had a gearing ratio (i.e. the ratio of total liabilities to total assets) of approximately 49.54% (31 December 2021: 39.89%).

- As at 30 June 2022, the Group had a current ratio (i.e. the ratio of current assets to current liabilities) of approximately 1.86 (31 December 2021: 2.42).

- The Group's exposure to foreign currency risk related principally to its bank balances, trade receivables, other receivables and trade and other payables denominated in foreign currencies other than the functional currency of the relevant group entity. The Group did not have a foreign currency hedging policy. However, the Directors would continuously monitor the related foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

- As at 30 June 2022, none of the Group's assets were pledged (31 December 2021: Nil).

III. CAPITAL STRUCTURE

There were no changes in the Company's capital structure during the six months ended 30 June 2022 (year ended 31 December 2021: Nil). The registered capital of the Company was RMB50,654,617, comprising 244,421,170 domestic shares (the "**Domestic Shares**") of the Company of nominal value of RMB0.10 each and 262,125,000 H Shares of nominal value of RMB0.10 each, as at 30 June 2022 and 31 December 2021.

IV. FUTURE PROSPECTS

1. Order backlog/sales contracts

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 in the industry. On the basis of external sales of computer storage servers and other products and services, it promoted and explored 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 had been reached with seven schools, six of which had completed equipment installation and were undergoing pilot implementation, and five schools were negotiating and advancing), and strived 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)", "Resident Service Card* (居民服務一卡通)" and "One-stop City* (一碼通城)". At the same time, 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 the original 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 on the Kiddol platform has exceeded 200,000, but the growth in the number of effective users and GMV growth is not as expected. The business needs to continue to invest heavily and it will take time to achieve profitability, and it has not yet had a positive impact on the overall performance of the Group.

2. Prospects of new business and new products

During the reporting period, 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. Firstly, the Group will fully reconsider the cultivation risks of the Kiddol platform, make necessary appropriate adjustments, and under the premise of ensuring that the investment risks are basically controllable, promote the key cultivation of the provision of e-commerce operation solution services business in community marketing services. It will deepen the construction of the platform, 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. The Group will promote the optimisation and integration of its team, improve its internal processes and internal control system, and create a social e-commerce brand pole product experience. 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)" 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 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 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 new chairman (the "**Chairman**") and chief executive officer (the "**CEO**") of the Company, Mr. Wang Feng, 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 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 30 June 2022, none of the Directors, supervisors or chief executives of the Company had interests 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 were 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 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 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
Director and vice chairman			
Mr. Chen Ping	Beneficial owner	27,294,240 Domestic Shares	5.39%

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

For the six months ended 30 June 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 30 June 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 right 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 DISCLOSABLE 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 30 June 2022, there were no persons or companies (other than the interests as disclosed above held by the Directors) 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**
Substantial Shareholders			
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%
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%

Name	Capacity and nature of interests	Number of shares held	Percentage of beneficial interests in the Company's share capital
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%
Other persons			
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%

Name	Capacity and nature of interests	Number of shares held	Percentage of beneficial interests in the Company's share capital
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 the 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. The current audit committee of the Company comprises the three independent non-executive Directors, Mr. Shen Haiying, Mr. Cai Jiamei and Ms. Huang Lianxi, with Mr. Mr. Shen Haiying as the chairman.

The condensed interim financial statements and interim report of the Group for the six months ended 30 June 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 six months ended 30 June 2022 (2021: Nil).

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2022, the Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors had complied with the required standard of dealings and code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2022.

CORPORATE GOVERNANCE

The Company has adopted and compiled with all code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set forth in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision C.2.1 of Part 2 of the CG Code as explained below, throughout the six months ended 30 June 2022.

The code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Following the appointment of Mr. Wang Feng as the Chairman on 6 May 2022, Mr. Wang Feng is both the Chairman and CEO who is responsible for managing the Board and the Group business. The Board believed that vesting the roles of both the Chairman and CEO in the same person would facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considered that the deviation from the code provision C.2.1 of Part 2 of the CG Code was appropriate in such circumstance. In addition, under the supervision of the Board which was comprised of three executive Directors, one non-executive Director and three independent non-executive Directors, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and Shareholders.

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

Hangzhou City, the PRC, 12 August 2022

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Wang Feng, Mr. Guan Zilong and Mr. Xu Jianfeng; one non-executive Director, being Mr. Chen Ping; and three independent non-executive Directors, being Mr. Cai Jiamei, Ms. Huang Lianxi and Mr. Shen Haiying.

This announcement will remain on the "Latest Listed Company Information" page on the Stock Exchange's website at www.hkexnews.hk for at least 7 days from the day of its posting and on the website of the Company at www.landpage.com.cn.

* *For identification purposes only*