



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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**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.**

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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 RMB185,043,000 for the year ended 31 December 2024, representing an increase of approximately 88.65% as compared with the revenue for the year 2023.
- Incurred a loss of approximately RMB6,506,000 for the year ended 31 December 2024, as compared with the loss of approximately RMB42,773,000 incurred for the year 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

## CONSOLIDATED FINANCIAL INFORMATION

The board (the “**Board**”) of Directors is pleased to present the consolidated financial information of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	185,043	98,089
Cost of sales		<u>(164,209)</u>	<u>(86,574)</u>
Gross profit		20,834	11,515
Other operating (expenses) income, net gains or losses	4	(4,556)	(18,281)
Distribution and selling expenses		(6,216)	(7,320)
General and administrative expenses		(11,100)	(14,466)
Research and development expenditure		(4,446)	(13,187)
Finance costs		<u>(680)</u>	<u>(353)</u>
Loss before tax		(6,164)	(42,092)
Income tax expenses	5	<u>(342)</u>	<u>(681)</u>
Loss and total comprehensive expense for the year	6	<u><u>(6,506)</u></u>	<u><u>(42,773)</u></u>
Loss per share	8		
Basic and diluted (RMB)		<u><u>(1.28) cents</u></u>	<u><u>(8.44) cents</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Non-current assets</b>			
Plant and equipment		<b>1,926</b>	2,660
Intangible assets		–	–
Deferred tax assets		<b>285</b>	259
Goodwill		–	–
Loan receivable		–	1,594
		<u><b>2,211</b></u>	<u>4,513</u>
<b>Current assets</b>			
Inventories		<b>6,146</b>	17,105
Trade and bills receivables	<i>9</i>	<b>78,344</b>	39,860
Prepayments and other receivables		<b>5,269</b>	5,559
Contract assets		<b>2,580</b>	4,800
Bank balances and cash		<b>15,594</b>	15,308
		<u><b>107,933</b></u>	<u>82,632</u>
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>33,230</b>	19,904
Contract liabilities		<b>351</b>	1,040
Bank borrowings		<b>28,828</b>	11,960
		<u><b>62,409</b></u>	<u>32,904</u>
<b>Net current assets</b>		<u><b>45,524</b></u>	<u>49,728</u>
<b>Total assets less current liabilities</b>		<u><b>47,735</b></u>	<u>54,241</u>
<b>Capital and reserves</b>			
Paid-in capital		<b>50,655</b>	50,655
Reserves		<b>(2,920)</b>	3,586
<b>Total equity</b>		<u><b>47,735</b></u>	<u>54,241</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	<b>Paid-in capital</b> <i>RMB'000</i>	<b>Share premium</b> <i>RMB'000</i>	<b>Statutory surplus reserve</b> <i>RMB'000</i>	<b>Accumulated losses</b> <i>RMB'000</i>	<b>Total equity</b> <i>RMB'000</i>
At 1 January 2023	50,655	101,336	13,767	(68,744)	97,014
Loss and total comprehensive expense for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(42,773)</u>	<u>(42,773)</u>
At 31 December 2023 and at 1 January 2024	<b>50,655</b>	<b>101,336</b>	<b>13,767</b>	<b>(111,517)</b>	<b>54,241</b>
Loss and total comprehensive expense for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,506)</u>	<u>(6,506)</u>
At 31 December 2024	<b><u>50,655</u></b>	<b><u>101,336</u></b>	<b><u>13,767</u></b>	<b><u>(118,023)</u></b>	<b><u>47,735</u></b>

Notes:

## 1. BASIS OF PRESENTATION

The Company was established in the People's Republic of China (the "PRC") as a joint stock company with limited liability and its H shares are listed on GEM.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS(s)") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements included applicable disclosures required by the GEM Listing Rules and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

### New and amended IFRSs that are effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs and International Accounting Standards ("IAS(s)") issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the Amendments to Reference to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

### New and amended IFRSs issued but not yet effective

The Group has not early applied the following amendments to IFRSs and IASs that have been issued but are not yet effective:

Amendments to IAS 21	Lack of Exchangeability <sup>1</sup>
IFRS 18	Presentation and Disclosures in Financial Statements <sup>3</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Annual Improvements to IFRS Accounting Standards (Volume 11)	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2025
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2026
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2027
- <sup>4</sup> Effective date to be determined

The Directors anticipate that, the application of all amendments to IFRSs and IASs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

For the years ended 31 December 2024 and 2023, revenue comprised income from trading of hardware and computer software and provision of smart city solutions.

The Group's operating segments, based on information reported to the chief operating decision maker (the "CODM"), being the executive Directors, were for the purpose of resource allocation and performance assessment. The 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 segment of the Group.

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

1. Provision of smart city solutions
2. Trading of hardware and computer software
3. Provision of e-commerce operation solution services

#### (a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Provision of smart city solutions		Trading of hardware and computer software		Provision of e-commerce operation solution services		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December								
Segment revenue – external customers	<u>19,747</u>	<u>12,226</u>	<u>165,296</u>	<u>85,863</u>	<u>-</u>	<u>-</u>	<u>185,043</u>	<u>98,089</u>
Segment results	<u>(9,637)</u>	<u>(30,749)</u>	<u>8,824</u>	<u>187</u>	<u>-</u>	<u>(236)</u>	<u>(813)</u>	<u>(30,798)</u>
Unallocated other operating (expenses) income, net gains or losses							<u>(1,274)</u>	<u>(4,530)</u>
Unallocated expenses							<u>(4,077)</u>	<u>(6,764)</u>
Loss before tax							<u>(6,164)</u>	<u>(42,092)</u>

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

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

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Provision of smart city solutions		Trading of hardware and computer software		Provision of e-commerce operation solution services		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December								
Segment assets	<u>15,651</u>	<u>17,548</u>	<u>72,592</u>	<u>45,903</u>	<u>-</u>	<u>1</u>	<u>88,243</u>	<u>63,452</u>
Unallocated assets							<u>21,901</u>	<u>23,693</u>
Total assets							<u>110,144</u>	<u>87,145</u>
Segment liabilities	<u>8,781</u>	<u>8,534</u>	<u>53,628</u>	<u>23,899</u>	<u>-</u>	<u>471</u>	<u>62,409</u>	<u>32,904</u>

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

- all assets were allocated to reportable segments other than certain plant and equipment, bank balances and cash, certain prepayments and other receivables, loan receivable and deferred tax assets which were unable to allocate to reportable segments; and
- all liabilities were allocated to reportable segments.

**4. OTHER OPERATING (EXPENSES) INCOME, NET GAINS OR LOSSES**

	2024	2023
	RMB'000	RMB'000
Government grants (note)	425	106
Foreign exchange losses, net	(13)	(23)
Bank interest income	112	396
Reversal of impairment loss of inventories	62	25
Impairment loss of trade and bills receivables	(3,617)	(11,461)
Impairment loss of loan receivable	(1,594)	(5,255)
Impairment loss of other receivables, net	(105)	(554)
Impairment loss of goodwill	-	(1,856)
Loan interest income	-	550
Loss on disposal of plant and equipment	(11)	(209)
Write off of trade and other payables	229	-
Impairment loss of contract assets	(44)	-
	<u>(4,556)</u>	<u>(18,281)</u>

*Note:* Government grants received during the years ended 31 December 2024 and 2023 related to rebate of value-added tax and government subsidies. There were no unfulfilled conditions or contingencies relating to those grants.

## 5. INCOME TAX EXPENSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax expenses</b>		
PRC Enterprise Income Tax (“EIT”)	368	6
Deferred tax	<u>(26)</u>	<u>675</u>
	<b><u>342</u></b>	<b><u>681</u></b>

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 was 25% for the years ended 31 December 2024 and 2023. One of the subsidiaries was subject to EIT at a rate of 15% for the years ended 31 December 2024 and 2023, as it was classified as a High and New Technology Enterprise\* (高新技術企業). One of the subsidiaries was subject to EIT at a rate of 5% for below RMB3 millions of profits for the years ended 31 December 2024 and 2023, as it was classified as a Small and Low Profit Enterprise\* (小型微利企業).

No provision for Hong Kong Profits Tax has been made for the subsidiary established in Hong Kong as the subsidiary did not have any assessable profits subject to Hong Kong Profits Tax during the years ended 31 December 2024 and 2023.

## 6. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries and other benefits	18,253	25,429
Contributions to retirement benefits scheme	<u>2,463</u>	<u>2,911</u>
Total staff costs (including Directors’, chief executive’s and supervisors’ emoluments)	<b><u>20,716</u></b>	<b><u>28,340</u></b>
Auditor’s remuneration	467	620
Depreciation of plant and equipment	715	936
Amortisation of intangible assets	–	25
Impairment loss of goodwill	–	1,856
Expenses relating to short-term leases	1,546	1,730
Cost of inventories recognised as expenses	<b><u>151,683</u></b>	<b><u>79,695</u></b>

## 7. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 8. LOSS PER SHARE

The calculation of the basic loss per share was based on loss for the year of approximately RMB6,506,000 (2023: RMB42,773,000) and approximately 506,546,000 (2023: 506,546,000) shares in issue during the year ended 31 December 2024.

Diluted loss per share was the same as basic loss per share for the years ended 31 December 2024 and 2023 as there were no potential ordinary shares existed during both years.

## 9. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade and bills receivables at amortised cost	88,614	53,286
Less: allowance for impairment loss	<u>(10,270)</u>	<u>(13,426)</u>
	<u><b>78,344</b></u>	<u><b>39,860</b></u>

As at 31 December 2024, the gross amount of trade and bills receivable arising from contracts with customers amounted to approximately RMB88,614,000 (2023: RMB53,286,000). Bills receivable of approximately RMB18,828,000 (2023: RMB1,960,000) were pledged to secure bank borrowings of approximately RMB18,828,000 (2023: RMB1,960,000) as at 31 December 2024.

There was no specific credit period granted to customers under the provision of smart city solutions segment. An average credit period of 30 – 90 days (2023: 30 – 90 days) was granted to trade customers under the trading of hardware and computer software segment. Ageing analysis of the trade and bills receivables, net of allowance for impairment loss, as at the end of reporting period, presented based on the invoice date, which approximate to revenue recognition date is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 to 90 days	70,159	28,007
91 to 180 days	–	348
Over 180 days	<u>8,185</u>	<u>11,505</u>
	<u><b>78,344</b></u>	<u><b>39,860</b></u>

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

## 10. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	25,962	15,537
Other tax payables	3,551	1,083
Accrued wages and salaries	1,429	2,049
Accrued expenses and other payables	2,288	1,235
	<u>33,230</u>	<u>19,904</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 1 year	21,304	11,709
Over 1 year but less than 2 years	2,337	2,792
Over 2 years but less than 3 years	1,391	543
More than 3 years	930	493
	<u>25,962</u>	<u>15,537</u>

There was no specific credit period for payment granted by suppliers.

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

#### 1. Review of operating results for the year

##### (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 suspended the original traditional provision of e-commerce supply chain services business and is seeking other suitable business opportunities).

There were no particular seasonal fluctuations in the Group's revenue. 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 amounts of orders obtained and progress of projects and, therefore, there would be fluctuations.

In line with industry performance, the Group's hardware and computer software sales and e-commerce trading normally had relatively low gross profit margins. With the continuous optimisation of product structure and sales strategies and the improvement of service levels, the gross profit margins 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 margins, which varied among different projects and/or products.

## **(ii) Revenue**

For the year ended 31 December 2024, (i) the trading of hardware and computer software business generated revenue of approximately RMB165,296,000 (2023: RMB85,863,000), representing approximately 92.51% increase when compared to last year. During the reporting year, the business maintained a good momentum, with demand from major old customers increased significantly compared with the previous year, noticeable results in developing new customers, and a certain improvement in customer concentration, resulting in a substantial increase in revenue from the business; (ii) the provision of smart city solutions business generated revenue of approximately RMB19,747,000 (2023: RMB12,226,000), representing approximately 61.52% increase when compared to last year. The business is focused on construction projects currently. Due to the differences in the contract amounts of the projects under construction and progress of the projects in each reporting year, there would be certain fluctuations in the amount of revenue recognised in the respective reporting years. The Group has been actively expanding operation services to enhance the stable income capability of the business. During the reporting year, the Group was under great pressure due to the macroeconomic situation and increasing market competition. It actively explored the market and improved the efficiency of project delivery. The business revenue increased significantly compared with the previous year. However, due to the low base of the previous year, the revenue scale of this year is still not ideal; and (iii) the provision of e-commerce operation solution services business did not generate revenue (2023: nil). The business suspended its original traditional business and is currently looking for other suitable e-commerce service business opportunities to support the output of operation services of the provision of smart city solutions business.

For the year ended 31 December 2024, the revenue of the Group was approximately RMB185,043,000 (2023: RMB98,089,000), representing an increase of approximately RMB86,954,000, or approximately 88.65%, when compared with that of the year 2023.

### ***(iii) Gross profit margin***

For the year ended 31 December 2024, (i) the gross profit margin of the trading of hardware and computer software business was approximately 8.73% (2023: 7.18%). During the reporting year, the Group continued to adjust the market strategy and sales structure of the business, increasing the sales of brands and products with higher gross profit margins, while decreasing the sales of brands and products with low gross profit margins, to improve gross profit margin; (ii) the gross profit margin of the provision of smart city solutions business was approximately 32.41% (2023: 43.74%). The gross profit margin of the business was affected by the gross profit margins of related projects carried out during the respective reporting years, 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 provision of e-commerce operation solution services business did not generate revenue and gross profit (2023: nil). The business suspended its original traditional business and is seeking other suitable business opportunities.

The gross profit margin of the Group for the year ended 31 December 2024 was approximately 11.26% (2023: 11.74%).

### ***(iv) Loss for the year***

For the year ended 31 December 2024, (i) the trading of hardware and computer software business reported a segment profit of approximately RMB8,824,000 (2023: RMB187,000). During the reporting year, the revenue of the business increased significantly, and the gross profit margin also increased. Also, compared with the previous year, it was no longer affected by the continuous loss-making smart and safe campus business. As a result, the segment profit increased significantly and the profitability was enhanced; (ii) the provision of smart city solutions business reported segment loss of approximately RMB9,637,000 (2023: RMB30,749,000). During the reporting year, the segment loss of the business was significantly reduced. The main reasons were that in the face of severe market competition, the Group actively expanded the market to increase business orders, improved project delivery efficiency and controlled various business costs and expenses. At the same time, compared with the previous year, the impact of impairment losses on earnings was significantly reduced; and (iii) the provision of e-commerce operation solution services business did not report segment results (2023: loss of RMB236,000). As mentioned above, the Group has suspended the operation of the original traditional business.

For the year ended 31 December 2024, the net unallocated expenses of the Group were approximately RMB5,351,000 (2023: RMB11,294,000), which included an impairment loss of loan receivable of approximately RMB1,594,000 (2023: RMB5,255,000). The loan receivable represented a loan advanced by the Group to Zhejiang Dianshi Technology Co., Ltd.\* (浙江典石科技有限公司) (“**Zhejiang Dianshi**”), its former subsidiary, with a gross amount of RMB11,000,000. The loan was granted previously by the Group to Zhejiang Dianshi in the year 2021, when Zhejiang Dianshi and its subsidiaries (together referred to as the “**Disposal**

**Group**”) were held by the Group, for the Disposal Group’s ordinary working capital purposes, and was not settled after the completion (the “**Completion**”) of the disposal of all of the Group’s equity interests in Zhejiang Dianshi in the year 2022. Since Zhejiang Dianshi ceased to be a subsidiary of the Group after the Completion, the loan was constituted as a financial assistance to an independent third party. Details of the loan were set out in the announcement and circular of the Company dated 6 September 2022 and 25 November 2022, respectively. At the end of the reporting year, in accordance with IFRSs and the accounting policies of the Group, adhering to the principle of prudence, the Group conducted an impairment test on the loan receivable with reference to the results of an external assessment. Expected credit loss (the “**ECL**”) model using the credit risk methodology has been adopted for estimating the impairment loss of loan receivable. The Group measured the impairment loss allowance for the loan receivable at an amount equal to lifetime ECL of approximately RMB11,000,000 as at 31 December 2024 (2023: RMB9,406,000), as it has a significant increase in credit risk since initial recognition. Further information on the loan receivable and provision of ECL for loan receivable was set out in the notes to the consolidated financial statements.

As a result of the cumulative effect of the principal factors described above, for the year ended 31 December 2024, the Group reported a loss for the year and loss per share of approximately RMB6,506,000 (2023: RMB42,773,000) and RMB1.28 cents (2023: RMB8.44 cents), respectively.

Though the financial performance of the Group for the year ended 31 December 2024 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. Business and product development**

During the reporting year, the Group (i) performed a good work on the prevention and control of inventory and trade receivable risks in the trading of hardware and computer software business, focused internal resources, continuously adjusted the market strategy and sales structure, maintained the key customer groups, opened up other new end customers, increased the proportion of end customer sales revenue with higher gross profit margin and actively expanded the system integration services business inside and outside the province. The business scale has grown significantly and achieved good results; (ii) actively grasped the opportunities of domestic smart cities construction and development in the provision of smart city solutions business, strengthened the construction of the marketing system, seized market opportunities such as the domestic promotion of “digital governance (數字治理)” and pilot program of the “Resident Service Card\* (居民服務一卡通)”, 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 good relationships with customers have been maintained, and strived to open up new customers and new markets. During the year, the business actively explored new markets outside the province such as Jiangxi Province, Henan Province, Hubei Province and Shanxi Province, conducted market research and analysis, sought to leverage cooperation for development, focused on cooperation and innovation, and worked with strategic partners to promote market development outside the province to secure more service contracts and orders, while actively consolidating the

development and delivery of projects for existing customers inside and outside Zhejiang Province. 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. The Group have selected eight product directions suitable for key expansion, including smart unions, smart parks, smart elderly care, smart communities, and smart party building, etc. The Group have also made useful explorations on how to leverage AI technology development on new solutions application to empower business development; and (iii) suspended the operation of the original traditional provision of e-commerce supply chain services business in the provision of e-commerce operation solution services business, and seek new business opportunities that can generate revenue for the Group. However, the effect was not ideal.

### 3. Investments and cooperation

#### *(i) Business investments and cooperation*

During the reporting year, 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 the present.

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

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

During the prior reporting years, 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 and Bank of Hangzhou Co., Ltd.\* (杭州銀行股份有限公司) (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, and the expected annualised rate of returns were relatively higher than the comparable market bank deposit interest rates. The subscriptions of the Wealth Management Products were made for treasury management purposes to maximise the return on the unutilised funds of the Group. 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. As at the end of prior reporting years, 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.

In response to operating conditions, the Group has not invested in the Wealth Management Products since the second half of the year 2023. As at 31 December 2024 and 2023, there was no outstanding principal balance of Wealth Management Products. For the year ended 31 December 2024, the Group did not realise any income from the investments in the Wealth Management Products (2023: RMB197,000).

During each of the two years ended 31 December 2024, 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.

#### **4. Principal risks and uncertainties**

The Group has been operating in the domestic information and trading markets in the PRC. There was market uncertainty on whether the PRC economy growth will persist in the coming years. The Group's financial performance may be adversely affected if the domestic consumer market downturn occurred and the competition in the market continued to be intensified. The Group endeavoured to develop and transform its business towards mobile Internet industry application and services, aiming to diversify the risk of over reliance on one single business segment or product and cultivate new business and new products with more market competitiveness in order to replace the traditional uncompetitive business.

Other risks and uncertainties were set out in the notes to the consolidated financial statements.

#### **5. Employees information**

As at 31 December 2024, the Group had 83 (2023: 119) employees in total. The total staff costs of the Group for the reporting year amounted to approximately RMB20,716,000 (2023: RMB28,340,000). During the reporting year, the Group implemented staff reduction and efficiency improvement measures, controlled labour costs, and achieved certain results.

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 schemes have 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 a salary management system which linked up staff performance appraisal with a compensation system. Salary was fixed and released in accordance with performance appraisal results. After a total assessment of an employee's job performance, capability and work attitude, a comprehensive 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 success attainment of the Group's goal was assured.

The Group attached great importance to staff development and ability enhancement and provided them with a variety of quality and skill training opportunities. 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 did not have any employee share scheme or bonus plan.

## **6. Environment protection**

The Group's business did not involve any direct air and greenhouse gas emissions and environmental pollution. The key environmental impacts from the Group's operations mainly related to energy and paper consumption. To achieve environment protection, the Group encouraged its employees to reduce electricity, paper and other resources consumption throughout all its operations. Moreover, some of the business products provided by the Group would help to improve social management efficiency and save electricity, paper and other resources consumption.

## **7. Compliance**

During the year, the Group has complied with all relevant laws and regulations and has obtained all permits and business licences from various governmental authorities necessary to carry on its businesses.

# **REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS**

## **1. Financial performance**

- For the year ended 31 December 2024, the Group's revenue amounted to approximately RMB185,043,000 (2023: RMB98,089,000).
- For the year ended 31 December 2024, the Group's gross profit margin was approximately 11.26% (2023: 11.74%).
- For the year ended 31 December 2024, the Group had a loss for the year of approximately RMB6,506,000 (2023: RMB42,773,000).
- For the year ended 31 December 2024, the Group's loss per share was approximately RMB1.28 cents (2023: RMB8.44 cents).

## **2. Financial positions**

- The Group maintained creditable financial conditions. For the year ended 31 December 2024, the Group's operations were mainly financed by proceeds generated from daily operations, other internal resources and bank borrowings.

- As at 31 December 2024, the Group did not have balance of loan receivable (2023: RMB1,594,000). The significant decrease in the Group's loan receivable during the reporting year was attributable to the impairment loss recognised as mentioned above.
- As at 31 December 2024, the Group had inventories of approximately RMB6,146,000 (2023: RMB17,105,000). The significant decrease in the Group's inventories during the reporting year was mainly due to the decrease in inventories under the trading of hardware and computer software business segment.
- As at 31 December 2024, the Group had trade and bills receivables of approximately RMB78,344,000 (2023: RMB39,860,000). The significant increase in the Group's trade and bills receivables during the reporting year was mainly due to the increase in trade and bills receivables under the trading of hardware and computer software business segment as a result of the significant growth in the revenue of the business segment.
- As at 31 December 2024, the Group had contract assets of approximately RMB2,580,000 (2023: RMB4,800,000). The significant decrease in the Group's contract assets during the reporting year was mainly attributable to the decrease in contract assets recognised under the provision of smart city solutions business segment.
- As at 31 December 2024, the Group had bank balances and cash of approximately RMB15,594,000 (2023: RMB15,308,000). The bank balances and cash to total assets and net asset ratios as at 31 December 2024 were approximately 14.16% (2023: 17.57%) and 32.67% (2023: 28.22%), respectively.
- As at 31 December 2024, the Group had trade and other payables of approximately RMB33,230,000 (2023: RMB19,904,000). The significant increase in the Group's trade and other payables during the reporting year was mainly attributable to the increase in trade payables for purchases under the trading of hardware and computer software business segment as a result of the significant growth in the sales orders of the business segment.
- As at 31 December 2024, the Group had contract liabilities of approximately RMB351,000 (2023: RMB1,040,000). The significant decrease in the Group's contract liabilities during the reporting year was mainly attributable to the decrease in advance payments from customers under the provision of smart city solutions business segment.
- As at 31 December 2024, the Group had bank borrowings of approximately RMB28,828,000 (2023: RMB11,960,000). During the reporting year, the Group increased bank borrowings to finance its operations.
- As at 31 December 2024, the Group had total assets of approximately RMB110,144,000 (2023: RMB87,145,000).
- As at 31 December 2024, the Group had total liabilities of approximately RMB62,409,000 (2023: RMB32,904,000).

- As at 31 December 2024, the Group had current assets of approximately RMB107,933,000 (2023: RMB82,632,000).
- As at 31 December 2024, the Group had current liabilities of approximately RMB62,409,000 (2023: RMB32,904,000).
- As at 31 December 2024, the Group had total equity of approximately RMB47,735,000 (2023: RMB54,241,000).
- As at 31 December 2024, the Group had a gearing ratio (i.e. the ratio of total liabilities to total assets) of approximately 56.66% (2023: 37.76%).
- As at 31 December 2024, the Group had a current ratio (i.e. the ratio of current assets to current liabilities) of approximately 1.73 (2023: 2.51).
- The Group's exposure to foreign currency risk related principally to its bank balances, trade and bills receivables, other receivables and trade and other payables denominated in foreign currencies other than the functional currency of the relevant group entity. The Group currently does not have a foreign currency hedging policy. However, the Directors have continuously monitored the related foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.
- As at 31 December 2024, the Group's bills receivable amounting to approximately RMB18,828,000 (2023: RMB1,960,000) were pledged to secure banking borrowings of approximately RMB18,828,000 (2023: RMB1,960,000).

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group has no material contingent liabilities (2023: nil).

## **CAPITAL STRUCTURE**

There were no changes in the Company's capital structure during each of the two years ended 31 December 2024. The paid-in capital of the Company was RMB50,654,617, comprising 244,421,170 domestic shares of the Company of nominal value of RMB0.10 each and 262,125,000 H shares of the Company of nominal value of RMB0.10 each, as at 31 December 2024 and 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the reporting period.

## **FUTURE PROSPECTS**

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

During the reporting year, the Group's trading of hardware and computer software business maintained close cooperation with well-known hardware and software vendors in the industry, concentrated resources to develop computer hardware sales services and system integration services and encouraged the development of new customers, achieving certain results and improvement in customer concentration, laying a solid foundation for the stable development of the business. The construction service contracts of the Group's provision of smart city solutions business were being implemented in many places in and outside Zhejiang Province as planned, and the Group has established good cooperative relationships with customers in the local cities and explored customer needs, providing 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)", etc. At the same time, business contracts and orders in many other cities in provinces such as Jiangxi Province, Henan Province, Hubei Province and Shanxi Province in China were procured by way of strategic cooperation and other means. Although the Group was unable to achieve a satisfactory volume of business orders from new customers during the reporting year, through the enhancement of its sales force, the cooperation intention of potential customers was deepened, thus building a good base for the subsequent continuous generation of new contracts and orders. The Group's provision of e-commerce operation solution services business is looking for other suitable business opportunities to increase revenue.

### **2. Prospects of new business and products**

During the reporting year, the Group continued to promote business transformation and development, concentrating resources and advantages to achieve effective breakthroughs in transformation. The Group expects to, under controllable overall risk, continue to seek new business opportunities by combining its existing business and technical advantages and introducing artificial intelligence technology to explore new application scenarios, integrate and optimise resources, carry out innovative development of new businesses and/or new products, and strive to build a sustainable business ecology.

On the one hand, the Group will follow the development trend of the country's increasing emphasis on the construction of "digital China (數字中國)" and vigorous promotion of "digital governance (數字治理)" and more and more popularisation and application of artificial intelligence, 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 the enhancement of new applications of digital citizens (數字市民) based on the city brain (城市數據大腦), innovate and expand application scenarios and service functions, such as further strengthening the development of applications like smart parks, smart trade unions, smart communities, digital villages and smart housekeeping services. The Group will grasp the opportunity of the state and

governments at all levels to accelerate the improvement 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” that are convenient and beneficial to the people, provide better solutions for the advancement and improvement of their social governance and city management services, and drive the development of new customers and excavation of old customers of the business.

On the other hand, the Group will continue its cultivation in operation services. In recent years, the Group’s operational services have not progressed as expected. However, the Group will continue to promote the output of operation services for 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.

Further, the Group will actively pursue the trading of hardware and computer software business to continue to adjust market strategy and sales structure, seize the opportunities of the development of the information and innovation industry, increase cooperation and cultivation of new brands, tap into the diverse needs of more potential high-quality customers and strengthen the development of system integration services. The Group continued to vigorously promote internal business collaboration, improve internal benefit sharing mechanism, encourage the business team to seek other supporting service opportunities with the help of the market development of the provision of smart city solutions business, and encourage the business team to help promote market opportunities for new applications of the provision of smart city solutions business based on its own advantages.

The Group will, in accordance with the “Fourteenth Five-Year” strategic development plan, actively and steadily advance related work, integrate and optimise resources, strengthen business development, improve internal control management, build up talent team and continue to seek acquisitions of and investments in new businesses and new projects in order to achieve an effective breakthrough in the Group’s business development through capital expansion. The Board understands that the transformation and development of the Group will not be accomplished 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 development opportunities brought by new technologies and new markets and, through adoption of effective measures and with the transformation breakthrough and coordinated development of various business sectors, build a unique business ecosystem with effective coverage from technology to service, from product to platform, from offline to online, and from B-end to C-end in the future. The Group’s sustainable profitability in the field of mobile Internet services will be formed which will create more business value to reward the Shareholders and society.

## **AUDIT COMMITTEE**

The annual results of the Group for the year ended 31 December 2024 have been reviewed and approved by the Company’s audit committee.

## **SCOPE OF AUDITOR’S WORK ON FINAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, Confucius International CPA Limited (“**Confucius International**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Confucius International in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International on this preliminary announcement.

## **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 year ended 31 December 2024 (2023: nil).

## **CORPORATE GOVERNANCE**

The Company has adopted and compiled with all code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) as set forth in Appendix C1 to the GEM Listing Rules, except for the deviation from code provision C.2.1 as explained below, throughout the year ended 31 December 2024.

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.

Mr. Wang Feng is both the chairman (the “**Chairman**”) and chief executive officer (the “**Chief Executive Officer**”) of the Company who is responsible for managing the Board and Group business. The Board believed that vesting the roles of both the Chairman and Chief Executive Officer in the same person would facilitate the execution of the Group’s business strategies and boost effectiveness of its operations. 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 circumstances. 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 the exercise of power by the Chairman and Chief Executive Officer and protect the interests of the Company and Shareholders. However, the Board will continue to regularly review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the positions of the Chairman and Chief Executive Officer is necessary.

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

Hangzhou City, the PRC, 28 March 2025

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

*This announcement will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at [www.hkexnews.hk](http://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](http://www.landpage.com.cn).*

\* *For identification purposes only*