

5 September 2025

*To: The independent board committee of Shenghua Lande Scitech Limited**

Dear Sir/Madam,

**(1) UNCONDITIONAL MANDATORY CASH OFFER
BY FORTUNE (HK) SECURITIES LIMITED FOR AND ON BEHALF OF
CHEMCLOUD (HK) DATA TECHNOLOGY LIMITED FOR
ALL THE H SHARES IN SHENGHUA LANDE SCITECH LIMITED*
AND
(2) UNCONDITIONAL MANDATORY CASH OFFERS
BY SHANGHAI XINYUN ZHILIAN DATA TECHNOLOGY CO., LTD.*
FOR ALL THE DOMESTIC SHARES IN
SHENGHUA LANDE SCITECH LIMITED***

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the Composite Document dated 5 September 2025 jointly issued by Shenghua Lande and the Offerors to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

With reference to the letter from the Board (the “Board Letter”) contained in the Composite Document, on 25 July 2025, (i) Zhejiang Shenghua and Xinyun Zhilian entered into the Domestic Shares Sale and Purchase Agreement, pursuant to which Zhejiang Shenghua agreed to sell, and Xinyun Zhilian agreed to acquire 193,316,930 Domestic Shares (representing approximately 38.16% of the total issued Shares of Shenghua Lande as at the Latest Practicable Date); and (ii) Rise Sea and Visionary Technology entered into the H Shares Sale and Purchase Agreement, pursuant to which Rise Sea agreed to sell, and Visionary Technology agreed to acquire 65,022,000 H Shares (representing approximately 12.84% of the total issued Shares of Shenghua Lande as at the Latest Practicable Date). The Domestic Shares Sale and Purchase Agreement was completed on 28 July 2025 and the H Shares Sale and Purchase Agreement was completed on 31 July 2025.

Upon the Completion of the H Shares Sale and Purchase Agreement, Rise Sea directly held 52,578,000 H Shares, representing approximately 10.38% of the total issued Shares of Shenghua Lande as at the Latest Practicable Date. Rise Sea has provided the Offerors with the Irrevocable Undertaking not to accept the Offers and not to dispose of any Domestic Shares and H Shares or otherwise make any of the Domestic Shares and H Shares held by it available for acceptance under the Offers until the end of the Offer Period.

Immediately upon the Completion, the Offerors and parties acting in concert with each of them are interested in a total of 65,022,000 H Shares and 193,316,930 Domestic Shares, representing an aggregate of approximately 51.00% of the total issued Shares of Shenghua Lande as at the Latest Practicable Date. By virtue of the Acting in Concert Agreement, Xinyun Zhilian and Visionary Technology, being parties acting in concert, became a group of controlling Shareholder of Shenghua Lande.

Accordingly, the Offerors (being Xinyun Zhilian and Chemcloud (HK)) are required to make mandatory unconditional general offers in cash for all the issued Shares, including H Shares and Domestic Shares, not already owned or agreed to be acquired by the Offerors and Visionary Technology pursuant to Rule 26.1 of the Takeovers Code.

The Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Chen Ping (being the non-executive Director) and Mr. Cai Jiamei, Ms. Huang Lianxi and Ms. Huang Xuanzhen (being all independent non-executive Directors), has been established to advise the Independent Shareholders as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offers pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

We were not aware of (i) any relationships or interests between (a) Gram Capital and Shenghua Lande; or (b) Gram Capital and the Offerors or its concert parties; or (ii) any services provided by Gram Capital to (a) Shenghua Lande; or (b) the Offeror or its concert parties, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the Offerors (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offerors (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offerors (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by Shenghua Lande, its advisers and/or the Directors and the Offerors (where applicable), which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offers. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the sections headed "1. RESPONSIBILITY STATEMENT" of Appendix III and "1. RESPONSIBILITY STATEMENT" of Appendix IV to the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of Shenghua Lande, the Offerors or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Shenghua Lande Group or the Shareholders as a result of the Offers. Shenghua Lande has been separately advised by its own professional advisers with respect to the Offers and the preparation of the Composite Document (other than this letter).

We have assumed that the Offers will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offers, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offers. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offers, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offers

According to the Composite Document, (i) Fortune Securities, for and on behalf of Chemcloud (HK), is making the H Share Offer; and (ii) Xinyun Zhilian is making the Domestic Share Offer in accordance with the Takeovers Code on the following basis:

For each H Share HK\$0.079 in cash
For each Domestic Share RMB0.072 in cash

The H Share Offer Price of HK\$0.079 per H Share and the Domestic Share Offer Price of RMB0.072 per Domestic Share is equal to the price paid by the Purchasers for each Target Share under the Share Sale and Purchase Agreements.

As at the Latest Practicable Date, there were a total of 506,546,170 Shares in issue, comprising 262,125,000 H Shares and 244,421,170 Domestic Shares. As at the Latest Practicable Date, there is not any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Shenghua Lande in issue which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares and Shenghua Lande has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares.

Further details of the Offers are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

(2) Information on Shenghua Lande Group

With reference to the Board Letter, Shenghua Lande is a joint stock company incorporated in the PRC with limited liability, and the H Shares of which are listed on GEM. The Shenghua Lande Group is principally engaged in, amongst others, (i) the trading of hardware and computer software; and (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).

Financial Performance

Set out below are the consolidated financial information of the Shenghua Lande Group for the two years ended 31 December 2024 and the six months ended 30 June 2025 (together with comparative figures for the six months ended 30 June 2024), as extracted from Shenghua Lande's annual report for the year ended 31 December 2024 (the "2024 Annual Report") and interim report for the six months ended 30 June 2025 (the "2025 Interim Report"):

	For the six months ended 30 June 2025 ("1H2025") (<i>unaudited</i>) RMB'000	For the six months ended 30 June 2024 ("1H2024") (<i>unaudited</i>) RMB'000	Year-on-year change %	For the year ended 31 December 2024 ("FY2024") (<i>audited</i>) RMB'000	For the year ended 31 December 2023 ("FY2023") (<i>audited</i>) RMB'000	Year-on- year change %
Revenue	122,172	78,986	54.68	185,043	98,089	88.65
– Provision of smart city solutions	8,171	7,320	11.63	19,747	12,226	61.52
– Trading of hardware and computer software	114,001	71,666	59.07	165,296	85,863	92.51
Gross profit	12,215	7,314	67.01	20,834	11,515	80.93
Loss for the year	(47)	(7,920)	(99.41)	(6,506)	(42,773)	(84.79)

Note: According to Shenghua Lande's annual report for FY2023, the business segment of provision of e-commerce operation solution services completed the disposal of all of the Shenghua Lande Group's equity interests in Zhejiang Dianshi Technology Co., Ltd.* (浙江典石科技有限公司) in the fourth quarter of 2022 and ceased the provision of maternal and infant community marketing services business, and has suspended the original traditional provision of e-commerce supply chain services business and is seeking other suitable business opportunities.

FY2023 vs FY2024

As illustrated in the table above, the Shenghua Lande Group's revenue increased from approximately RMB98.09 million for FY2023 to approximately RMB185.04 million for FY2024, representing a year-on-year increase of approximately 88.65%. With reference to the 2024 Annual Report, such increase was mainly due to (i) the increase of approximately 92.51% in revenue generated from trading of hardware and computer software (the **"Trading of Hardware and Software Segment"**) for FY2024 as compared to that for FY2023, which was mainly derived from the significantly increased demand from major old customers, noticeable results in developing new customers and a certain improvement in customer concentration; and (ii) the increase of approximately 61.52% in revenue generated from provision of smart city solutions (the **"Smart City Solutions Segment"**) for FY2024 as compared to that for FY2023, which was the fluctuations in the amount of revenue recognized due to the differences in the contract amounts of the projects under construction and progress of the projects between FY2023 and FY2024.

As illustrated in the table above, the Shenghua Lande Group also recorded a significant increase of approximately 80.93% in gross profit for FY2024 as compared to that for FY2023. With reference to the 2024 Annual Report, such increase was mainly attributable to the improvement of gross profit margin of the Trading of Hardware and Software Segment (from 7.18% for FY2023 to 8.73% for FY2024, which was the results of the fact that Shenghua Lande Group continued to adjust the market strategy and sales structure of such 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), but partially offset by the decrease in the gross profit margin of the Smart City Solutions Segment (from 43.74% for FY2023 to 32.41% for FY2024, which was mainly affected by the fluctuations of the gross profit margins of related projects carried out during FY2024).

As illustrated in the table above, the Shenghua Lande Group's loss for FY2024 decreased significantly by approximately 84.79% as compared to that for FY2023. With reference to the 2024 Annual Report, such financial improvement was mainly derived from the following factors:

- the abovementioned increases in the Shenghua Lande Group's revenue and gross profit, which further led to (a) the increased segment profit and enhanced profitability of the Trading of Hardware and Software Segment (from approximately RMB0.19 million for FY2023 to approximately RMB8.82 million for FY2024), and (b) the decreased segment loss of the Smart City Solutions Segment (from approximately RMB30.75 million for FY2023 to approximately RMB9.64 million for FY2024);
- the substantial decrease in the Shenghua Lande Group's other operating expenses (from approximately RMB18.28 million for FY2023 to approximately RMB4.56 million for FY2024), which was mainly attributable to the decreases in impairment losses of trade and bills receivables, loan receivable, other receivables and goodwill; and
- the substantial decrease in the Shenghua Lande Group's research and development expenditure (from approximately RMB13.19 million for FY2023 to approximately RMB4.45 million for FY2024).

Furthermore, we noted that save for the payment of a final dividend of RMB0.01 per share for the year ended 31 December 2003, Shenghua Lande had not paid any dividend since the listing of the H Shares in 2002.

According to the 2024 Annual Report, the Shenghua Lande Group's total assets and net assets were approximately RMB110.14 million and RMB47.74 million respectively as at 31 December 2024.

1H2024 vs 1H2025

As illustrated in the table above, the Shenghua Lande Group's revenue increased from approximately RMB78.99 million for 1H2024 to approximately RMB122.17 million for 1H2025, representing a year-on-year increase of approximately 54.68%. With reference to the 2025 Interim Report, such increase was mainly due to (i) the increase of approximately 59.07% in revenue generated from Trading of Hardware and Software Segment for 1H2025 as compared to that for 1H2024, which was mainly derived from the substantially increased delivery orders, in particular orders from major old customers; and (ii) the increase of approximately 11.63% in revenue generated from Smart City Solutions Segment for 1H2025 as compared to that for 1H2024, which was mainly derived from (a) the Shenghua Lande Group's active expansion into customer markets and improved project delivery efficiency; and (b) the fluctuations in the amount of revenue recognized due to the differences in the contract amounts of the projects under construction and progress of the projects between 1H2024 and 1H2025 (i.e. as the project contract values and progress schedules differ between 1H2024 and 1H2025, the revenue recognized from projects also differs).

Along with the increase in the Shenghua Lande Group's revenue and the improvement of gross profit margin of the Smart City Solutions Segment (from 22.77% for 1H2024 to 40.19% for 1H2025, as a result of the effectively reducing project cost investment (causing by the reduction of the number of technical personnel responsible for the implementation of certain project), the Shenghua Lande Group also recorded a significant increase of approximately 67.01% in gross profit for 1H2025 as compared to that for 1H2024. As for the Trading of Hardware and Software Segment, due to factors such as the increase in procurement costs for some business orders and growth in orders from major customers with relatively lower gross profit margins during 1H2025, the overall gross profit margin of the Trading of Hardware and Software Segment decreased slightly from 7.88% for 1H2024 to 7.83% for 1H2025.

Mainly driven by the substantial decreased segment loss of the Smart City Solutions Segment (from approximately RMB8.59 million for 1H2024 to approximately RMB1.11 million for 1H2025) as results of (i) the abovementioned increase in segment revenue and gross profit margin of Smart City Solutions Segment; (ii) the decrease in various operating costs and expenditure (such as general and administrative expenses and research and development expenditure), which was primarily due to effective reductions in labour costs; and (iii) the reversal of impairment loss of trade and bills receivables was recorded for such segment for 1H2025 as compared to impairment loss of trade and bills receivables was recorded for such segment for 1H2024, the Shenghua Lande Group's loss for the period decreased from approximately RMB7.92 million for 1H2024 to approximately RMB0.05 million for 1H2025, representing a year-on-year decrease of approximately 99.41%.

As at 30 June 2025, the Shenghua Lande Group's total assets and net assets were approximately RMB131.33 million and RMB47.69 million respectively.

Industry Overview

As illustrated in the table under the sub-section headed "Financial performance" above, the majority of the Shenghua Lande Group's revenue for FY2023, FY2024 and 1H2025 were derived from the Trading of Hardware and Software Segment (being trading of hardware and computer software, accounting for approximately 87.54%, 89.33% and 93.31% of the revenue for FY2023, FY2024 and 1H2025 respectively). Given the Shenghua Lande Group is principally engaged in trading of hardware and computer software in the PRC, we searched for certain indicators in the PRC which are related to the hardware and computer software as summarised below:

Set out below are the turnover of PRC private industrial enterprises (including private limited liability corporations, private share-holding limited corporations, sole proprietorship companies and partnership enterprises as defined in "Regulations on the Classification of Market Entity Statistics (Guotongzi [2023] No.14)" (《關於市場主體統計分類的劃分規定》(國統字(2023)14號))) with principal business being manufacture of computers, communication and other electronic equipment for 2019, 2020, 2021, 2022 and 2023 (being the latest available five-year statistics), as published by the National Bureau of Statistics of the PRC:

	2019	2020	2021	2022	2023
Turnover of PRC private industrial enterprises with principal business being manufacture of computers, communication and other electronic equipment (RMB billion)	2,195	2,822	3,493	3,697	3,903
Year-on-year change (%)	22.21	28.56	23.78	5.84	5.57

According to the table above, the turnover of PRC private industrial enterprises with principal business being manufacture of computers, communication and other electronic equipment experienced an overall growth from 2019 to 2023. This growth was rapid between 2019 to 2021, followed by a moderate pace in 2022 and 2023. The turnover increased from approximately RMB2,195 billion in 2019 to approximately RMB3,903 billion in 2023, representing a compound annual growth rate ("CAGR") of approximately 15.48%.

Set out below are the software business income (*Note*) in the PRC (together with the software products income (*Note*) in the PRC) for 2020, 2021, 2022, 2023 and 2024 (being the latest available five-year statistics), as published by the National Bureau of Statistics of the PRC:

	2020	2021	2022	2023	2024
Software business income (RMB billion)	8,158.59	9,550.20	10,779.01	12,364.27	13,727.56
Year-on-year change (%)	13.20	17.06	12.87	14.71	11.03
Software products income (RMB billion)	2,104.50	2,297.04	2,486.30	2,771.45	3,041.70
Year-on-year change (%)	0.90	9.15	8.24	11.47	9.75

Note: The statistical coverage includes enterprises with revenue from principal business of over RMB5 million of software and IT service etc.

According to the table above, the software business income in the PRC grew continuously during the last five years from 2020 to 2024, and reached approximately RMB13,727.56 billion in 2024, representing a CAGR of approximately 13.89%. In line with the continuous growth in the software business income in the PRC, the software products income also increased continuously from approximately RMB2,104.50 billion in 2020 to approximately RMB3,041.70 billion in 2024, with a CAGR of approximately 9.65%. Given that the Shenghua Lande Group is principally engaged in trading of hardware and computer software in the PRC as aforementioned, the condition of software market in the PRC is closely linked to the Shenghua Lande Group's business development prospects.

In addition, we also summarised the policies which were respectively related to computer hardware and software as issued by the PRC government as below:

On 8 May 2015, the State Council of the PRC issued an article titled "Made in China 2025*" (《中國製造2025》), which stated that the PRC government should strengthen the development of internet infrastructure, and organize the development of intelligent control systems, industrial application software, fault diagnosis software and related tools, as well as sensing and communication system protocols, to achieve real-time connectivity, precise identification, effective interaction, and intelligent control among people, equipment, and products.

On 10 August 2023, the Ministry of Industry and Information Technology of the PRC and the Ministry of Finance of the PRC jointly issued an article titled "Notice on Printing and Distributing the Action Plan for Stabilizing Growth in the Electronic Information Manufacturing Industry (2023-2024)*" (《關於印發電子信息製造業2023-2024年穩增長行動方案的通知》), which stated that the main objectives of the PRC government were to achieve an average annual growth rate of around 5% in the value-added output of the computer, communication, and other electronic equipment manufacturing industry during 2023-2024, while promoting consumption upgrades in traditional sectors. By leveraging technological and product innovation, the PRC government aims to revitalize traditional electronic consumption, such as mobile phones, computers, and televisions, and continuously unleash domestic market demand.

On 31 December 2023, the National Data Administration of the PRC, the Cyberspace Administration of China, the Ministry of Science and Technology of the PRC, the Ministry of Industry and Information Technology of the PRC, the Ministry of Transport of the PRC, the Ministry of Agriculture and Rural Affairs of the PRC, the Ministry of Commerce of the PRC, the Ministry of Culture and Tourism of the PRC, the National Health Commission of the PRC, the Ministry of Emergency Management of the PRC, the People's Bank of China, the National Financial Regulatory Administration of the PRC, the National Healthcare Security Administration of the PRC, the Chinese Academy of Sciences, the China Meteorological Administration, the National Cultural Heritage Administration of the PRC and the National Administration of Traditional Chinese Medicine of the PRC jointly issued an article titled "Three-Year Action Plan for 'Data Element x' (2024-2026)*" (《“數據要素x”三年行動計劃(2024-2026年)》), which stated that the PRC government should support manufacturing enterprises in collaborating with software companies to actively explore multidimensional innovative applications based on design, simulation, experimentation, production, and operational data, and to develop new industrial software and equipment in areas such as generative design, virtual-physical fusion testing, and intelligent unmanned systems.

Having considered that (i) the turnover of PRC private industrial enterprises with principal business being manufacture of computers, communication and other electronic equipment increased continuously from 2019 to 2023 with a CAGR of approximately 15.48%; (ii) the software business income (together with the software products income) increased continuously from 2020 to 2024 with a CAGR of approximately 13.89%; and (iii) the relevant PRC government-issued policies as aforementioned stipulated the critical role, and promoted the applications, of hardware and computer software in multiple industries, we are of the view that the prospects of the hardware and computer software industry in the PRC are generally positive in long-run.

(3) Information on the Offerors

The Offerors comprised Xinyun Zhilian and Chemcloud (HK), both of which were directly wholly-owned by Shanghai Chemcloud, which in turn, ultimately controlled by Dr. WANG Zheng (王征). The followings are the background information of the Offerors, Shanghai Chemcloud and Dr. WANG Zheng (王征), as extracted from the section headed “Letter from Fortune Securities and Xinyun Zhilian” of the Composite Document:

- Xinyun Zhilian is a limited liability company established in PRC. Xinyun Zhilian is principally engaged in providing technical services such as chemical trading service platforms, big data services and artificial intelligence data platforms, etc. Xinyun Zhilian is directly wholly-owned by Shanghai Chemcloud.
- Chemcloud (HK) is a limited liability company established in Hong Kong. Chemcloud(HK) is principally engaged in technology artificial intelligence software development, technical services, chemical trade and logistics and transportation. Chemcloud (HK) is directly wholly-owned by Shanghai Chemcloud.
- Shanghai Chemcloud is a limited liability company established in PRC and is owned as to approximately (i) 65.34% by Shanghai Yilan Enterprise Management Partnership (Limited Partnership)* (上海亦藍企業管理合夥企業(有限合夥)) (“Shanghai Yilan”). Shanghai Yilan is held as to 87.14% by its general partner, namely Shanghai Yelanyao Enterprise Management Co., Ltd.* (上海葉瀾瑤企業管理有限公司) (“Shanghai Yelanyao”). Shanghai Yelanyao is held as to 78.46% by Dr. WANG Zheng (王征); (ii) 18.67% by Shanghai Qinghui Yening Enterprise Management Partnership (Limited Partnership)* (上海清輝夜凝企業管理合夥企業(有限合夥)) (“Qinghui Yening”). Qinghui Yening is held as to 77.32% by its general partner, namely Dr. WANG Zheng (王征); and (iii) 9.33% by Shanghai Xiaheyu Enterprise Management Partnership (Limited Partnership)* (上海夏和嶼企業管理合夥企業(有限合夥)) (“Shanghai Xiaheyu”). Shanghai Xiaheyu is held as to 0.1% by its general partner, namely Dr. WANG Zheng (王征), and none of the limited partners of Shanghai Xiaheyu holds 50% or more of the equity interest of Shanghai Xiaheyu. As such, Shanghai Chemcloud is ultimately controlled by Dr. WANG Zheng (王征).

- Dr. WANG Zheng (王征) has many years of professional experience in fund investment, corporate strategy, pharmaceutical research and development, and the construction of industrial Internet platforms, etc. He worked in the China investment department of SK Group (a Fortune Global 500 company) of South Korea from September 2001 to December 2006, where he was responsible for investment in the pharmaceutical field and has experience in managing multiple large-scale projects. In 2020, Dr. WANG Zheng (王征) co-founded Shanghai Chemcloud.

(4) Intentions of the Offeror in relation to the Shenghua Lande Group

With reference to the section headed “Letter from Fortune Securities and Xinyun Zhilian” of the Composite Document:

- The Offerors intend that the Shenghua Lande Group will continue with its principal business of (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) and maintain the employment of the operational employees of the Shenghua Lande Group (except for senior management and staff movements in the ordinary and usual course of business or due to reasons including but not limited to personal performance or conduct issues). The Offerors further confirm that as of the Latest Practicable Date, they have no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation or disposal of existing business of the Shenghua Lande Group or to acquire or inject any new business to the Shenghua Lande Group, or to introduce any major changes to the existing principal business of the Shenghua Lande Group, or to redeploy any fixed assets of the Shenghua Lande Group.
- The Offerors intend Shenghua Lande to remain listed on the Stock Exchange. If, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares, or that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares. The directors of the Offerors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. As at the Latest Practicable Date, the Offerors confirm that they have no plan to appoint any new director(s) to the Board before the end of the Offer Period.

(5) Offer Price

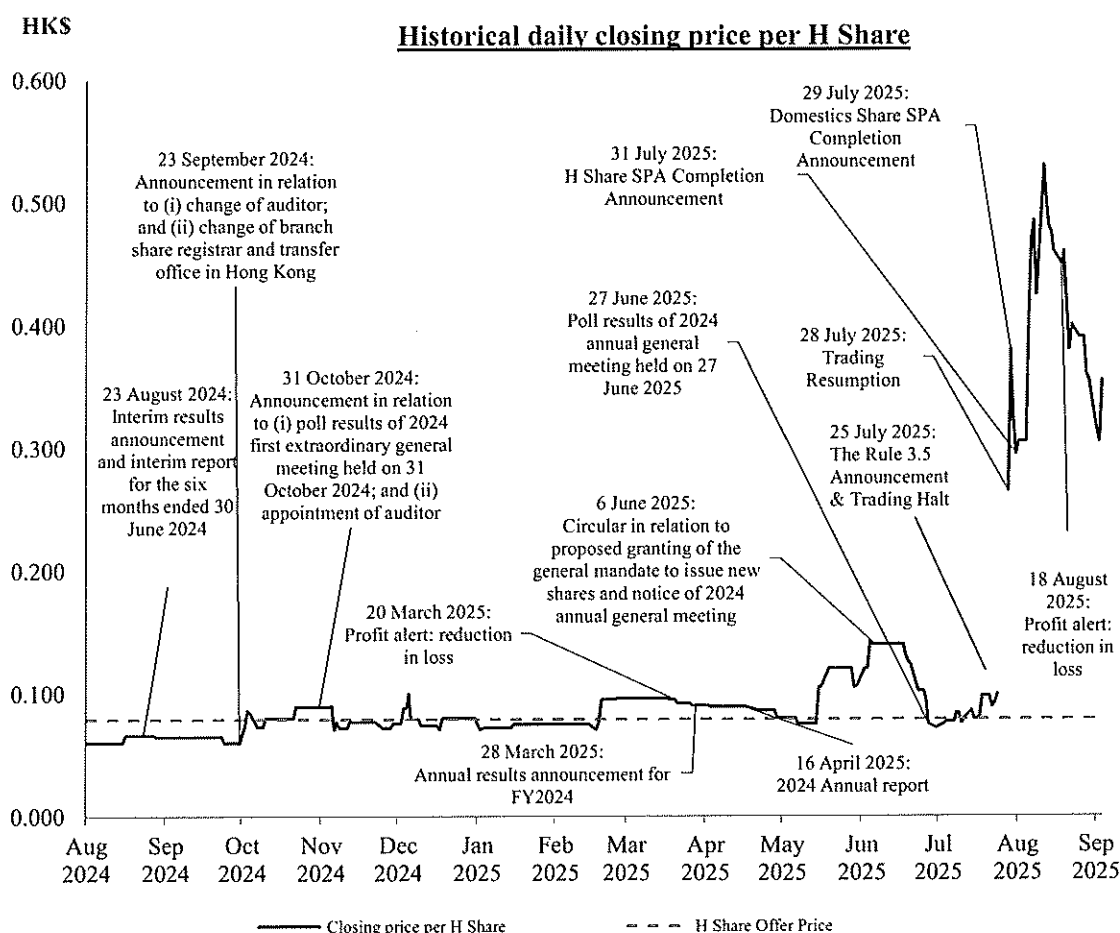
5.1 Offer Price comparison

The H Share Offer Price of HK\$0.079 per H Share or the Domestic Share Offer Price of RMB0.072 (equivalent to HK\$0.079, based on the Exchange Rate) per Domestic Share represents:

- (i) a discount of approximately 77.75% to the closing price of HK\$0.355 per H Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 20.20% over the closing price of HK\$0.099 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 17.19% over the average closing price of HK\$0.095 per H Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 10.43% over the average closing price of HK\$0.088 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 18.78% over the average closing price of HK\$0.097 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a discount of approximately 23.73% to the audited consolidated net asset value per Share of Shenghua Lande (“NAV per Share”) of approximately RMB0.094 (equivalent to approximately HK\$0.104, based on the Exchange Rate) as at 31 December 2024, based on a total of 506,546,170 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value of Shenghua Lande of approximately RMB47,735,000 as at 31 December 2024; and
- (vii) a discount of approximately 23.65% to the unaudited NAV per Share of approximately RMB0.094 (equivalent to approximately HK\$0.103, based on the Exchange Rate) as at 30 June 2025, based on a total of 506,546,170 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value of Shenghua Lande of approximately RMB47,688,000 as at 30 June 2025 (the “2025 NAV Discount”).

5.2 Historical price performance of the H Shares

Set out below is a chart showing the movement of the closing prices of the H Shares during the period from 1 August 2024 (being approximately one year prior to Last Trading Day) up to the Last Trading Day (the “Pre-Announcement Period”, 240 trading days in total) and the period from 28 July 2025, being the first trading day after the Rule 3.5 Announcement being published, up to and including the Latest Practicable Date (the “Post-Announcement Period”, 28 trading days in total, together with the Pre-Announcement Period, the “Review Period”). We are of the view that the Review Period is an adequate and representative review period to illustrate the general trend and level of movement of the closing prices of the H Shares, which is also a commonly adopted period for historical price performance analyses.



Source: the Stock Exchange's website

Note: Trading in the H Shares was halted from 9:00 a.m. on 25 July 2025 (“Trading Halt”) and resumed at 9:00 a.m. on 28 July 2025 (“Trading Resumption”).

During the Review Period, the highest and lowest closing prices of the H Shares as quoted on the Stock Exchange were HK\$0.060 and HK\$0.530 respectively. The Offer Price of HK\$0.079 falls within the closing price range of the H Shares as quoted on the Stock Exchange during the Review Period. In addition, the Offer Price of HK\$0.079 is (i) higher than the closing prices of H Shares for 114 trading days (representing less than 50% of the total of 268 trading days during the Review Period); and (ii) equal to or lower than the closing prices of H Shares for 154 trading days (representing more than 50% of the total of 268 trading days during the Review Period), out of the total of 268 trading days during the Review Period.

Pre-Announcement Period

From the start of the Review Period, the closing price of H Shares fluctuated between HK\$0.060 per H Share and HK\$0.066 per H Share for August 2024 and September 2024. From October 2024, the closing price of H Shares of the first and second trading days increased sharply, representing increases of 23.33% and 16.22% as compared to the respective previous trading days and reached HK\$0.086 per H Share on 3 October 2024, and then fluctuated between HK\$0.071 per H Share and HK\$0.090 per H Share until the beginning of December 2024.

After the closing price of H Shares reached HK\$0.100 per H Share on 5 December 2024, being the highest closing price from 1 August 2024 to 31 December 2024, the closing price of H Shares fluctuated, once again, between HK\$0.071 per H Share and HK\$0.080 per H Share during the period from 6 December 2024 to 18 February 2025. On 19 February 2025, the closing price of H Shares sharply increased by approximately 23.38% and reached HK\$0.095 per H Share, but thereafter formed a decreasing trend and reached HK\$0.075 per H Share on 7 May 2025 and remained at HK\$0.075 per H Share until 14 May 2025.

On 15 May 2025, the closing price of H Shares surged by 40.00% and reached HK\$0.105, and thereafter formed an increasing trend and reached HK\$0.142 per H Share on 4 June 2025, which was also the highest closing price of the H Shares during the Pre-Announcement Period. Thereafter, the closing price of H Shares decreased to HK\$0.072 per H Share on 30 June 2025 but recovered to HK\$0.099 per H Share on the Last Trading Day.

Save for the boost in the PRC stock market at the end of September 2024 and beginning of October 2024 due to favourable policies promulgated by the PRC regulators/government, we did not identify any specific reason which caused the aforesaid fluctuation of the closing price of the H Shares during the Pre-Announcement Period.

The Offer Price of HK\$0.079 is (i) higher than the closing prices of H Shares for 114 trading days; and (ii) equal to or lower than the closing prices of H Shares for 126 trading days, out of the total of 240 trading days during the Pre-Announcement Period.

Post-Announcement Period

Trading in the H Shares was halted from 9:00 a.m. on 25 July 2025 and resumed at 9:00 a.m. on 28 July 2025 pending for the publication of the Rule 3.5 Announcement. Following the resumption of trading on 28 July 2025, the closing price of H Shares surged approximately 167.68% from HK\$0.099 per H Share to HK\$0.265 per H Share. In the subsequent days, the closing price fluctuated within the range of HK\$0.295 to HK\$0.530 till the Latest Practicable Date.

The Offer Price of HK\$0.079 is lower than the closing prices of H Shares for all trading days during the Post-Announcement Period.

Despite that the Offer Price falls within the closing price range of the H Shares as quoted on the Stock Exchange during the Review Period, the Offer Price is equal to or lower than the closing prices of H Shares for over half of the number of trading days during the Pre-Announcement Period and is lower than the closing prices of H Shares for all trading days during the Post Announcement Period. Moreover, the Offer Price represented deep discounts (ranging from approximately 70.19% to approximately 85.09%) to the closing prices of the H Shares during the Post-Announcement Period.

Therefore, we are of the view that the Offer Price (the Domestic Share Offer Price is equivalent to the H Share Offer Price at the Exchange Rate) is not attractive and is not fair and reasonable from the perspective of the historical market trading price performance of the H Shares.

Independent H Shareholders should note that the information provided above does not indicate the future performance of the Shares, and the H Share price may rise or fall between the Latest Practicable Date and the close of the Offer Period.

5.3 Historical trading liquidity of the H Shares

The number of trading days, the average daily number of the H Shares traded per month, and the respective percentages of the H Shares' monthly trading volume as compared to (i) the total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date; and (ii) the total number of issued H Shares as at the Latest Practicable Date during the Review Period are tabulated as below:

Month	Number of trading days	Average daily trading volume (the "Average Volume") Shares	% of the Average Volume to total number of issued H Shares held by Independent H Shareholders as at Latest Practicable Date (Note 1) %	% of the Average Volume to total number of issued H Shares as at Latest Practicable Date (Note 2) %
2024				
August	22	2,500	0.0019	0.0010
September	19	11,316	0.0086	0.0043
October	21	14,762	0.0112	0.0056
November	21	123,810	0.0940	0.0472
December	20	28,000	0.0213	0.0107
2025				
January	19	1,053	0.0008	0.0004
February	20	20,750	0.0158	0.0079
March	21	1,667	0.0013	0.0006
April	19	11,842	0.0090	0.0045
May	20	14,250	0.0108	0.0054
June	21	201,667	0.1531	0.0769
July				
– from 1 July 2025 to the Last Trading Day	17	466,765	0.3543	0.1781
– from 28 July 2025 to 31 July 2025	4	10,691,250	8.1163	4.0787
		(Note 3)		
August 2025	21	1,674,524	1.2712	0.6388
September 2025 (up to and including the Latest Practicable Date)	3	1,595,000	1.2109	0.6085

Source: the Stock Exchange website

Notes:

1. Based on 131,725,000 H Shares held by the Independent H Shareholders as at the Latest Practicable Date.
2. Based on 262,125,000 H Shares in issue as at the Latest Practicable Date.
3. Out of total trading volume of 77,812,000 H Shares as quoted on 29 July 2025, 65,022,000 were excluded as such volume was the transfer of H Shares pursuant to the H Shares Sale and Purchase Agreement.
4. Trading in H Shares was halted from 9:00 a.m. on 25 July 2025 and resumed at 9:00 a.m. on 28 July 2025.

We noted from the above table that the Average Volume was extremely thin during the Pre-Announcement Period. During the Pre-Announcement Period (except for June 2025 and July 2025), the Average Volume was below 0.1% of both (i) the total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date; and (ii) of the total number of issued H Shares as at the Latest Practicable Date.

Upon the publication of the Rule 3.5 Announcement, and up to the Latest Practicable Date (i.e. the Post-Announcement Period), the Average Volume for the period from 28 July 2025 to 31 July 2025, for August 2025 and for September 2025 (up to and including the Latest Practicable Date) in each month represented approximately 8.1163%, 1.2712% and 1.2109% of the total number of issued H Shares held by the Independent Shareholders as at the Latest Practicable Date. Such relatively higher liquidity might be stimulated by the publication of the Rule 3.5 Announcement. However, the sustainability of such relatively high liquidity may be uncertain.

We also noted that the H Shares recorded zero trading volume in 173 trading days out of the total of 268 trading days during the Review Period.

In addition, as the Domestic Shares are unlisted shares, there is no open market for Domestic Shareholders to trade the Domestic Shares. The Domestic Share Offer could provide the Domestic Shareholders the opportunity to realise part/all of their investments in Shenghua Lande.

5.4 Trading multiples analysis

To assess the fairness and reasonableness of the Offer Price, we attempted to conduct trading multiple analysis by searching for comparable listed companies on the Stock Exchange, which is an approach generally adopted for the purpose of analyses the fairness and reasonableness of the Offer Price. As the Shenghua Lande Group generated more than 50% of its revenue for FY2024 from the trading of hardware and computer software business, we searched for Hong Kong listed companies (i) which are principally engaged in similar business (i.e. the distribution of technology hardware and equipment); and (ii) which derived more than 50% of their revenue from such business in aggregate for their latest financial year. We found three companies (the “Comparable Companies”) listed below which met the aforesaid criteria and they are exhaustive.

Trading multiple analyses including price-to-earnings ratio, price-to-book ratio and price-to-sales ratio (“PSR”) are commonly adopted methods for valuation of companies. Given that (i) price-to-earnings ratio is inapplicable as the Shenghua Lande Group was loss-making for FY2024; (ii) price-to-book ratio is inapplicable as (a) price-to-book ratio is typically used for companies in capital-intensive industries (such as manufacturing and financial industry) and reflects the valuation of the company’s assets by the market ; and (b) the Shenghua Lande Group operates with a light-asset model (according to the 2024 Annual Report and 2025 Interim Report , as at 31 December 2023, 31 December 2024 and 30 June 2025, the Shenghua Lande Group’s fixed assets (i.e. plant and equipment) represented approximately 3%, 2% and 1% of the Shenghua Lande Group’s total assets, respectively); and (iii) the trading of hardware and computer software business is sales driven, not asset driven, we therefore adopted PSR for analysis.

As the number of Comparable Companies is limited, particularly as only two of which principally operate in the same business location as Shenghua Lande Group (i.e. the PRC), we consider that the trading multiples analysis is inapplicable for this case and the insufficient trading multiple analysis is **NOT** a meaningful comparative analysis.

Despite that the trading multiple analysis is not a meaningful comparative analysis as concluded above, we set out the PSRs of the Comparable Companies based on their closing prices as at the date of the Rule 3.5 Announcement and their then latest published financial information for Shareholders’ information, as follows:

Company name (Stock code)	Principal business	Principal business location	Market capitalisation as at the date of Rule 3.5 Announcement <i>Approximate HK\$ million</i>	PSR <i>(Note 1)</i>
Apex Ace Holding Limited (6036)	The company is an investment holding company mainly engaged in the provision of digital storage products.	The PRC	468	0.15
VSTEC Holdings Ltd (856)	The company is an investment holding company mainly engaged in the development of information technology product channel and the provision of technical solution integration services.	North Asia and South East Asia	12,920	0.15
Changhong Jiahua Holdings Limited (3991)	The company is an investment holding company principally engaged in the distribution of information technology products.	The PRC	1,309	0.03

Company name (Stock code)	Principal business	Principal business location	Market capitalisation as at the date of Rule 3.5 Announcement <i>Approximate HK\$ million</i>	PSR (Note 1)
Maximum				0.15
Minimum				0.03
Average				0.11
Median				0.15
The Offers			40	0.20

Source: the Stock Exchange's website

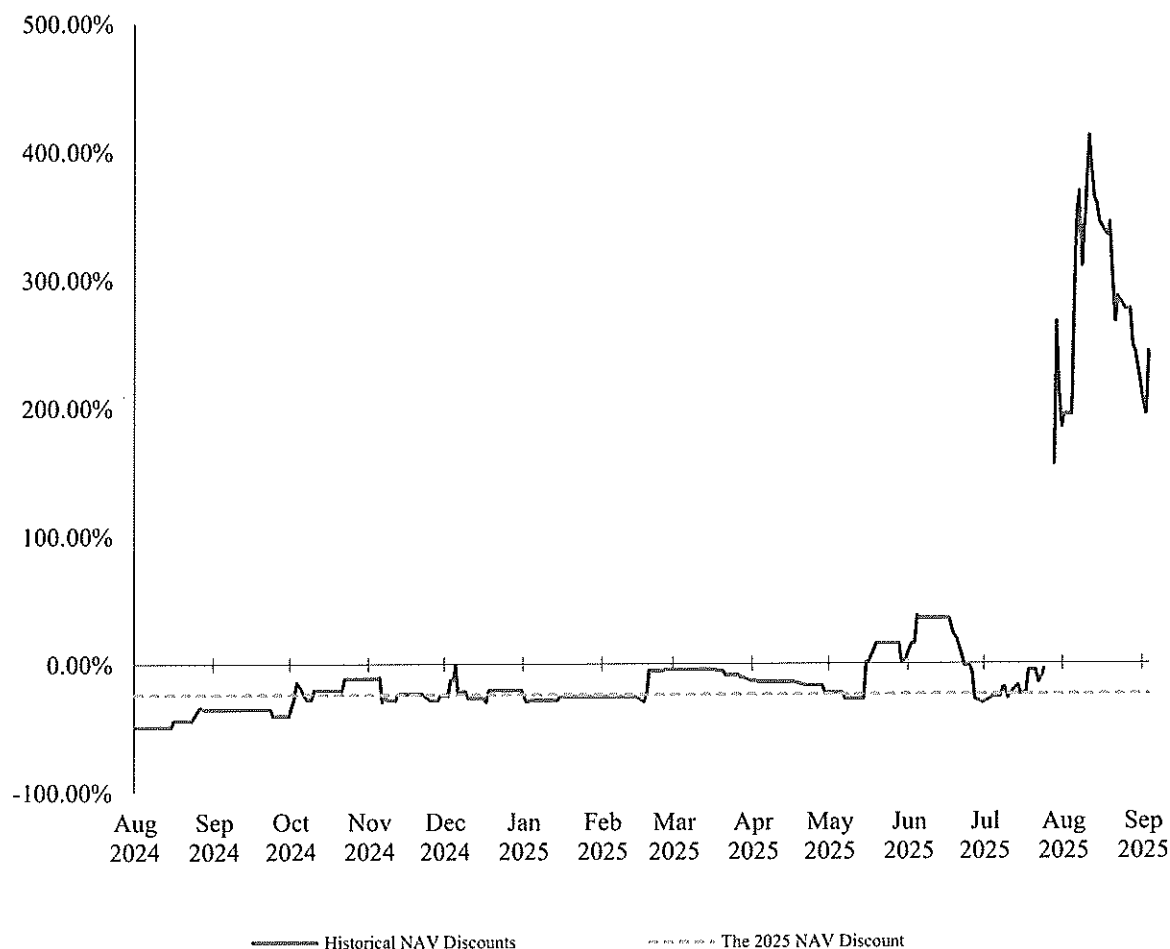
Notes:

1. The PSRs of the Comparable Companies were calculated based on their respective then latest published total revenue for the latest full financial year, their respective closing prices as quoted on the Stock Exchange and the total issued shares (but excluding treasury shares) as at the date of Rule 3.5 Announcement.
2. The implied PSR of Shenghua Lande was calculated based on the Offer Price, the number of Shares in issue as at the Latest Practicable Date and the Shenghua Lande Group's revenue for FY2024.

5.5 Historical discount of closing prices of the H Shares to the NAV per Share

As abovementioned, the Offer Price represented a discount of approximately 23.65% (i.e. the 2025 NAV Discount) to the unaudited NAV per Share as at 30 June 2025. Accordingly, we also reviewed the discounts of the closing prices of the H Shares to the then latest prevailing NAV per Share, during the Review Period (the "Historical NAV Discount(s)") as set out in the charts below:

Movements of the Historical NAV Discounts & 2025 NAV Discount



Source: the Stock Exchange's website

Notes:

1. The Historical NAV Discounts from 1 August 2024 to 23 August 2024 were calculated based on the daily H Share closing prices and the NAV per Share as at 31 December 2023.
2. The Historical NAV Discounts from 26 August 2024 to 28 March 2025 were calculated based on the daily H Share closing prices and the NAV per Share as at 30 June 2024.
3. The Historical NAV Discounts from 31 March 2025 to 29 August 2025 were calculated based on the daily H Share closing prices and the NAV per Share as at 31 December 2024.
4. The Historical NAV Discounts from 1 September 2025 to the Latest Practicable Date were calculated based on the daily H Share closing prices and the NAV per Share as at 30 June 2025.

As illustrated in the above chart, the historical closing prices of H Share to NAV per Share ranged from a discount of 49.02% to a premium of 37.10%, with an average discount of approximately 17.74% during the Pre-Announcement Period. The 2025 NAV Discount is within the aforesaid range and close to the average during the Pre-Announcement Period.

Driven by the significant surge in closing prices of the H Shares upon the publication of Rule 3.5 Announcement, the closing prices of H Shares represented premiums over the NAV per Share, ranging from approximately 155.85% to 411.70%. The 2025 NAV Discount is far below the aforesaid range during the Post-Announcement Period.

As at 31 December 2024 and 30 June 2025, the Shenghua Lande Group's assets consisted primarily of receivables, which represented approximately 75% or more of its total assets. In contrast, plant and equipment accounted for less than 2%. Given that the Shenghua Lande Group's business model does not require substantial fixed assets, a shareholder may not attribute significant value to its asset position.

Given that the closing prices per H Share had been above the NAV per Share during the Pre-Announcement Period and is far above the NAV per Share during the Post-Announcement Period, whereas the Offer Price represented discount to NAV per Share, we are of the view that the Offer Price (the Domestic Share Offer Price is equivalent to the H Share Offer Price at the Exchange Rate) is not attractive and is not fair and reasonable from the perspective of the NAV per Share.

RECOMMENDATION

Having considered the factors and reasons set out above, in particular:

- (i) despite that the Shenghua Lande Group is still loss-making for FY2024 and 1H2025, the financial performance of the Shenghua Lande Group improved as indicated by the increase in revenue and gross profit and decrease in loss for FY2024 as compared to those for FY2023 and for 1H2025 as compared to those for 1H2024, and the prospects of hardware and computer software industry are generally positive in long-run; and
- (ii) the Offer Price (the Domestic Share Offer Price is equivalent to the H Share Offer Price based on the Exchange Rate) is not attractive and is not fair and reasonable so far as the Independent Shareholders are concerned considering that (a) the Offer Price is equal to or lower than the closing prices of H Shares for over half of the number of trading days during the Pre-Announcement Period and is lower than the closing prices of H Shares for all trading days during the Post-Announcement Period; and (b) the Offer Price represented deep discounts of approximately 70.19% to 85.09% to the closing prices of the H Shares during the Post-Announcement Period. Furthermore, the closing prices per H Share had been above the NAV per Share during the Pre-Announcement Period and is far above the NAV per Share during the Post-Announcement Period, whereas the Offer Price represented discount to NAV per Share,

we are of the view that:

- A. for the Independent H Shareholders, notwithstanding that the H Share Offer could provide them with an opportunity to realise part/all of their investments in Shenghua Lande without adversely affecting the price of the shares, the H Share Offer is not fair and reasonable so far as the Independent H Shareholders are concerned given that (a) the Offer Price is not attractive and is not fair and reasonable so far as the Independent H Shareholders are concerned considering paragraph (ii) as mentioned above (in particular, the Offer Price represented deep discounts to the closing prices of the H Shares during the Post-Announcement Period); and (b) the liquidity of the H Shares significantly improved during the Post-Announcement Period; and
- B. for the Independent Domestic Shareholders, notwithstanding that the Domestic Share Offer could provide them with an opportunity to realise part/all of their investments in Shenghua Lande (given the absence of an open market for trading the Domestic Shares), the Domestic Share Offer is not fair and reasonable so far as the Independent Domestic Shareholders are concerned, due to the following:
- the Offer Price is not attractive and is not fair and reasonable so far as the Independent Domestic Shareholders are concerned considering paragraph (ii) as mentioned above. In particular, the Offer Price represented discounts to NAV per Share of Shenghua Lande as at 31 December 2024 and 30 June 2025;
 - the illiquid nature of Domestic Shares should have been fully understood by the holders of Domestic Shares at the time of their decision to invest or hold such shares; and
 - there may be alternative opportunities for Domestic Shareholders to trade the Domestic Shares, such as through private transaction, the consideration of which may direct link to H Share price (being significantly higher than the Offer Price).

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offers.

Independent Shareholders who wish to realise their investment in Shenghua Lande are reminded that they should carefully and closely monitor the market price and liquidity of the H Shares during the Offer Period and consider selling their H Shares in the open market or selling their Domestic Shares in private transaction during the Offer Period, where possible, if the net proceeds from the sale of such H Shares in the open market or net proceeds from sale of such Domestic Shares in private transaction would exceed the net amount receivable under the Offers.

In addition, as the Domestic Shares are unlisted, there is no open market for Domestic Shareholders to trade the Domestic Shares. For those Domestic Shareholders who wish to realize their investment in Shenghua Lande but are unable to find a potential buyer or agree on a private transaction (particularly if the net proceeds from such a private sale would not exceed the net amount receivable under the Domestic Share Offer), the Domestic Share Offer may provide an opportunity to realize part or all of their investment in Shenghua Lande.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

* *For identification purposes only*