



ZDLD
浙大蘭德

ZHEDA LANDE SCITECH LIMITED*

浙江浙大網新蘭德科技股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8106



Third Quarterly Report 2009

* For identification purpose only

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This report, for which the directors of Zheda Lande Scitech Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to Zheda Lande Scitech Limited*. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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HIGHLIGHTS

- Achieved a turnover of approximately RMB68,562,000 for the nine months ended 30 September 2009, representing an approximately 18.38% decrease as compared with the turnover for the corresponding period in 2008.
- Incurred a net loss of approximately RMB3,020,000 for the nine months ended 30 September 2009, compared to the net loss of approximately RMB3,407,000 for the corresponding period in 2008.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009.

The board of directors (the "Board") of Zheda Lande Scitech Limited* (the "Company") is pleased to present the third quarterly report of the Company and its subsidiaries (the "Group") for the nine and three months ended 30 September 2009.

2009 THIRD QUARTERLY RESULTS

For the nine months ended 30 September 2009, the Group recorded an unaudited turnover of approximately RMB68,562,000, representing a decrease of approximately RMB15,435,000, or approximately 18.38%, as compared with the turnover of the same period in 2008. For the three months ended 30 September 2009, the Group recorded an unaudited turnover of approximately RMB19,805,000, representing a decrease of approximately RMB506,000, or approximately 2.49%, as compared with the turnover of the same period in 2008.

For the nine and three months ended 30 September 2009, the Group recorded an unaudited net loss of approximately RMB3,020,000 and RMB1,717,000, respectively.

* For identification purpose only

The unaudited results of the Group for the nine and three months ended 30 September 2009 together with the unaudited comparative figures for the corresponding periods in 2008 are as follows:

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Turnover	2	68,562	83,997	19,805	20,311
Cost of sales		(39,063)	(49,359)	(11,587)	(8,895)
Gross profit		29,499	34,638	8,218	11,416
Other operating (expenses) income, net		(207)	(2,403)	56	(93)
Distribution and selling expenses		(4,629)	(6,926)	(1,451)	(2,097)
General and administrative expenses		(27,260)	(33,620)	(8,352)	(10,982)
Finance costs, net		68	88	25	25
(Loss) gain on disposal of interests in subsidiaries		(1,148)	4,711	(1,148)	(340)
Subsidy income		1,765	696	356	295
Loss before taxation		(1,912)	(2,816)	(2,296)	(1,743)
Taxation	3	(635)	(957)	(22)	(114)
Loss for the period		(2,547)	(3,773)	(2,318)	(1,857)
Attributable to:					
– Equity holders of the Company		(3,020)	(3,407)	(1,717)	(2,210)
– Minority interests		473	(366)	(601)	353
		(2,547)	(3,773)	(2,318)	(1,857)
Loss per share – Basic	4	RMB(0.008)	RMB(0.010)	RMB(0.005)	RMB(0.007)

ZHEDA LANDE SCITECH LIMITED

THIRD QUARTERLY REPORT 2009

Notes:

1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 20 September 2001 and its H shares were listed on GEM on 3 May 2002, details of which are set out in the prospectus of the Company dated 24 April 2002 (the "Prospectus").

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

2. TURNOVER

	Nine months ended 30 September 2009		Three months ended 30 September 2009	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Provision of telecommunications solutions	14,879	10,538	2,525	574
Trading of hardware and computer software	20,399	30,134	6,898	2,957
Provision of telecommunication value-added service	33,284	43,325	10,382	16,780
	<u>68,562</u>	<u>83,997</u>	<u>19,805</u>	<u>20,311</u>

3. TAXATION

	Nine months ended 30 September 2009		Three months ended 30 September 2009	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
The charges comprises:				
PRC income tax	<u>635</u>	<u>957</u>	<u>22</u>	<u>114</u>

Pursuant to the PRC Enterprise Income Tax laws and regulations, the Company is subject to Enterprise Income Tax ("EIT") at a rate of 25%.

The subsidiaries of the Company are subject to EIT at rates ranging from 0-25% in accordance with respective local tax laws and regulations.

The business of the Group is conducted in PRC and therefore is not subject to Hong Kong profits tax.

4. LOSS PER SHARE

Loss per share has been computed by dividing net loss for the nine and three months ended 30 September 2009 of approximately RMB3,020,000 and approximately RMB1,717,000 (same periods in 2008: net loss of approximately RMB3,407,000 and approximately RMB2,210,000) by 356,546,000 shares (same periods in 2008: 339,577,000 shares) in issue during the relevant periods.

No diluted loss per share was presented for the nine months and three months ended 30 September 2009 as there was no potential dilutive securities in existence during the relevant periods.

5. RESERVES

Save as disclosed below, there were no movements in the reserves of the Group for the relevant periods in 2009 and 2008:

	Share premium <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Statutory public welfare reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>
At 1 January 2008	71,988	10,567	-	(29,205)
Net loss	-	-	-	(1,197)
At 30 June 2008	71,988	10,567	-	(30,402)
Net loss	-	-	-	(2,210)
At 30 September 2008	<u>71,988</u>	<u>10,567</u>	<u>-</u>	<u>(32,612)</u>
At 1 January 2009	76,570	10,567	-	(36,561)
Net loss	-	-	-	(1,303)
At 30 June 2009	76,570	10,567	-	(37,864)
Net loss	-	-	-	(1,717)
At 30 September 2009	<u>76,570</u>	<u>10,567</u>	<u>-</u>	<u>(39,581)</u>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (nine months ended 30 September 2008: Nil).

REVIEW OF THE THIRD QUARTER

Financial review

For the nine months ended 30 September 2009, the Group recorded an unaudited turnover of approximately RMB68,562,000, representing a decrease of approximately RMB15,435,000, or approximately 18.38%, as compared with the turnover of the same period in 2008. For the three months ended 30 September 2009, the Group recorded an unaudited turnover of approximately RMB19,805,000, representing a decrease of approximately RMB506,000 or 2.49%, as compared with the turnover of the same period in 2008.

For the nine and three months ended 30 September 2009, the Group recorded an unaudited net loss of approximately RMB3,020,000 and RMB1,717,000, respectively.

Business review

1. Product development

During the period, the Company's precision marketing systems ("PMS") related new products have been optimized and improved, with their application feature further enriched. Through the system, enterprise customers can accurately locate their own customer base, establish their own customer data, and can attain timely and specific feedbacks from customers. The Company also focused on creating the China Pages ("中國黃頁", www.chinapages.com), and is committed to providing enterprises with business e-services application platform. Enterprise products and business activities can be displayed on the platform in the form of text, pictures, video and other streaming media allowing their customers to search the relevant information of the enterprise according to their own requirements.

The Company has launched a concerted ECP communications product for Zhejiang Telecom Company and the process results in the development of educational treasure platform ("教育寶平臺"). The platform's content consists of information pages, resource pages, an interactive forum and instant messaging software, which aims at an integration of the platform vis-à-vis ECP software terminal.

2. Market and business expansion

During the period, the Company continued to promote the products and capabilities of its telecommunication value-added services business. In other aspects, businesses such as Ruyi Quanquan ("如意圈圈"), enterprise video, China Pages, PMS, 114 Business Information, etc., optimize their applications. The Company strengthened its co-operation with the operators continuously to jointly explore new products to meet market demand.

In respect of ECP products, the Company being the principal agency of Zhejiang Telecom Company, makes integration into its self-developed products.

Application business is mainly to provide information management support, related software development as well as system maintenance for the three telecom operators. It also provides system integration project and networking equipment procurement, installation and maintenance services.

3. Investment and cooperation

During the period, the relations between the Group, the Zhejiang University and other research institutions were strengthened in technical exchanges and training. The Company also continued to work together with China Mobile, China Telecom, China Unicom and other operators to promote the conduct of business.

During the period, the Group approved in an extraordinary general meeting held on 28 August 2009 the sale of 90% equity interest in Zhejiang Sichuang Information Technology Co., Ltd., the sale of 31% equity interest in Zhejiang Lande Zongheng Internet Technology Company Limited and the acquisition of 100% equity interest in Hangzhou Huaguang Computer Engineering Co., Ltd.. This is another move in the Group's business integration and strategy.

Future prospects

1. Orders in hand/Sales contract status

During the period, there are always new expansion in the Company's value-added services business. The Company's new products and business are recognized by customers, operators and partners. As regards the value-added services, the gradual accumulation of a large number of customers will be the spot upon which the Company's strength lies. Operations such as 114 Bai Shi Tong system products, communications assistant, SMS business cards and maps business cards have maintained stable income. When acting as agent for telecom company's ECP communications product, the Company also promotes its educational treasury products.

In application business, the three major telecommunication operators have a stable customer base and this fact upsurges the potential needs for a large number of software upgrades and software system development for adapting to new environment. There exists a potential old customer group which may enter into the contracts of the system integration projects and networking equipment procurement, installation and maintenance services.

2. Prospects of new business and new products

By deep examination and analysis of the large volume of customer information accumulated on hand, the Company is able to discover the patterns of customer demand. By combining the communications and Internet technology, the Company is committed to continue its development and promotion of the related business applications for enterprise customers. The existing China Pages is a good example of such business application and product format. This special application provides space services for enterprise customers, by means of multimedia (text, images, sound, video) all-round, to display business information and information retrieval services.

PMS is employed for, through examination of customer information, in-depth analysis of effective customer demand, thereby constantly introducing new products applied to the various trades. There are good market prospects and development potentials.

The newly developed China Pages, enterprise television station, etc, establish a unified platform for enterprise services, providing products such as Internet image packaging and Internet channel development to enterprise customers. There are potential enterprise customers.

In association with the agency business for telecom ECP products, the Company will continue to develop its own product and business. This will be an organic combination of the Company's own products and ECP products of telecom company, which elementarily forms a complementary nature.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

Save as disclosed below, as at 30 September 2009, none of the Directors, Supervisors or chief executives had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by directors to be notified to the Company and the Stock Exchange:

Long position in shares

Name	Type of interests	Capacity	Number of Domestic Shares held	Percentage of beneficial interests in the Company's share capital
<i>Director & Chief Executive Officer</i>				
Chen Ping	Personal	Beneficial owner	36,392,320	10.21%

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

For the nine months ended 30 September 2009, none of the Directors, Supervisors, or chief executives was granted options to subscribe for shares of the Company. As at 30 September 2009, none of the Directors, Supervisors or chief executives or any of their spouses and children under 18 years of age had any interest in, or had been granted any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) or to acquire shares of the Company.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme. A summary of the principal terms and conditions of the share option scheme are set out in the section headed "Summary of the Terms of the Share Option Scheme" in the Prospectus. Up to 30 September 2009, no option has been granted pursuant to such share option scheme.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Directors, Supervisors or chief executives, as at 30 September 2009, no persons or companies (other than the interests as disclosed above in respect of the Directors) who had equity interests or short positions in the shares or underlying share of the Company which would fall to be disclosed under Division 2 and 3 or Part XV of the SFO; or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; or who were substantial shareholders as recorded in the register maintained under section 336 of the SFO:

Long position in shares

Shareholder	Capacity	Number of shares held	Percentage of beneficial interests in the Company's share capital
Inigma Technology Co. Ltd.	Beneficial owner	81,802,637 Domestic Shares	22.94%
Shanghai Longtail Investment Management Co. Ltd.	Beneficial owner	34,117,808 Domestic Shares	9.57%
Guoheng Fashion Media Technology Group Co. Ltd. (formerly known as "Guoheng Shengxing Media Science Group Company Limited")	Beneficial owner	34,117,800 Domestic Shares	9.57%
Fong For	Beneficial owner	21,735,000 H Shares	6.10%
Wu Zhong Hao	Beneficial owner	16,490,280 Domestic Shares	4.63%
Liu Qiao Ping	Beneficial owner	10,235,340 Domestic Shares	2.87%
Shi Chun Hua	Beneficial owner	7,235,812 Domestic Shares	2.03%

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company established an audit committee in November 2001 with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Mr. Gu Yu Lin, Mr. Zhang De Xin, and Mr. Cai Xiao Fu whereas Mr. Gu Yu Lin is the chairman.

The third quarterly report of the Group for the nine months ended 30 September 2009 have been reviewed by the Company's audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the nine months ended 30 September 2009.

On half of the Board
Chen Ping
Chairman

Hangzhou, the PRC, 13 November 2009