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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

FIRST QUARTERLY REPORT

2010

* 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 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.*

* For identification purpose only

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

HIGHLIGHTS

- Achieved a turnover of approximately RMB21,035,000 for the three months ended 31 March 2010, representing an approximately 30.76% decrease as compared with the turnover for the corresponding period in 2009.
- Incurred a loss of approximately RMB380,000, representing an approximately 79.39% decrease as compared with the net loss for the corresponding period in 2009.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2010.

The board of directors (the “Board”) of Zheda Lande Scitech Limited (the “Company”) is pleased to present the first quarterly report of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2010.

2010 FIRST QUARTERLY RESULTS

For the three months ended 31 March 2010, the Group recorded an unaudited turnover of approximately RMB21,035,000, representing a decrease of approximately RMB9,344,000, or approximately 30.76%, as compared with the turnover of the same period in 2009.

For the three months ended 31 March 2010, the Group recorded an unaudited loss of approximately RMB380,000, as compared with the loss of the same period in 2009 of approximately RMB1,844,000.

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

The unaudited results of the Group for the three months ended 31 March 2010 together with the unaudited comparative figures for the corresponding period in 2009 are as follows:

	Notes	For the three months ended 31 March	
		2010 RMB'000	2009 RMB'000
Turnover	2	21,035	30,379
Cost of sales		(15,157)	(19,483)
Gross profit		5,878	10,896
Other operating expenses		(9)	(243)
Distribution and selling expenses		(514)	(1,617)
General and administrative expenses		(5,489)	(9,944)
Finance costs, net		14	24
Share of results of associates		(252)	–
Value-added tax refund		310	327
Loss before taxation		(62)	(557)
Taxation	3	(296)	(462)
Loss for the period		(358)	(1,019)
Attributable to:			
– Equity holders of the Company		(380)	(1,844)
– Minority interests		22	825
		(358)	(1,019)
Interim dividend		–	–
Loss per share			
– Basic	4	RMB(0.001)	RMB(0.005)

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

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 the 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

	For the three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
Provision of telecommunication solutions		
– System integration	511	354
– Sales of self-developed software	–	5,669
	511	6,023
Trading of hardware and computer software	12,837	14,196
Provision of telecommunication value-added services	7,687	10,160
	21,035	30,379

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

3. TAXATION

	For the three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
PRC Enterprises Income Tax ("EIT")	296	462

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (2009: 15%) as they were classified as Advanced and New Technology Enterprise.

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 loss for the three months ended 31 March 2010 of approximately RMB380,000 (2009: RMB1,844,000) by the number of 356,546,000 (2009: 356,546,000) shares in issue during the period.

Diluted loss per share is not presented because of no potential diluted shares existed during the period.

5. RESERVES

Save as disclosed below, there were no movements in the reserves of the Group for the relevant periods in 2010 and 2009:

	For the three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
Accumulated losses		
At 1 January	(42,646)	(36,561)
Net loss	(380)	(1,844)
At 31 March	(43,026)	(38,405)

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2010 (2009: Nil).

REVIEW OF THE FIRST QUARTER

FINANCIAL REVIEW

For the three months ended 31 March 2010, the Group recorded an unaudited turnover of approximately RMB21,035,000, representing a decrease of approximately RMB9,344,000 or approximately 30.76% as compared with the turnover of the same period in 2009.

For the three months ended 31 March 2010, the Group recorded an unaudited loss of approximately RMB380,000, as compared with the loss of the same period in 2009 of approximately RMB1,844,000.

BUSINESS REVIEW

Product development

During the period, the Company had been focusing on the R&D of new products and businesses for the sustainable growth of the Company. The Company had leveraged on its telecommunication edge to further explore information for the development of related products for the Precise Marketing System, so as to provide a precise marketing platform for enterprises. WAP gateway and other software tools for mobile were developed to broaden our customer base as 3G mobile becomes popular, which not only capture popular WAP websites but also provide automatic crawling and viewing on different information for mobile users, allowing them to avoid the traffic jam of direct visit to websites while gaining access to the latest information anytime and anywhere. In order to help companies establish their internet image and develop their internet network, the Company has developed the China Yellow Pages to provide internet products such as electronic services platform and advertisement platform to enterprises. The Company developed the Jiaoyubao Platform while dealing the Coordinated Communication ECP for Zhejiang Telecom, which consisted of an information segment, a resources segment, an interaction segment and an IM segment, perfectly blending Jiaoyubao with the ECP terminal.

Market and business development

During the period, the Company mainly focused on telecommunication value-added business, application business and system integration business. For value-added business, our products such as the Bai Shi Tong alliance, SMS business card, personal communication assistant, map business card and the 114 business information as well as industry & commerce information platform provided by China Telecom were promoted all across Zhejiang Province, and gradually expanded into other provinces. The Company has become the general agent of the ECP products of Zhejiang Telecom and combined it with its own products for joint development and marketing. For application business, we mainly provided management information support and related software development and system maintenance for the three major telecom operators. We also provide relevant system integration solutions and the purchase and installation services of system network equipment to the operators.

FUTURE PROSPECTS

1. Status of orders in hand/sales contracts

Our value-added service business has a large customer base and maintains a stable source of customers, the respective business contracts of which will continue to be executed or renewed. For instance, we recorded stable revenue in our Telecom Number 114 Bai Shi Tong service. We will gradually expand our value-added business into other provinces and develop the customer base for our value-added business. China Telecom has just established a dedicated department to provide enterprise communication products (ECP) based on the enterprise customer IM service, and we have secured a place as its national operating partner, with which we can sell our Jiaoyubao products while dealing the ECP or vice versa. For application services, we have a stable customer base in the three major telecom operators. And there will be potential demand on software upgrading and development of new software system to allow them to switch to the new environment. Given such existing enterprise customers, we will enter into contracts in relation to the sourcing, installation and maintenance services for system integration projects and system network equipment.

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

2. Prospects of new business and new products

Through the use of our own in-depth information decoding know-how to continuously develop new products and by leveraging on its competitive edge in telecommunication and correlation of consumer behaviors, the Company has developed PMS which combines precision advertising, customer leading, customer care and effect assessment all in one. PMS offers services such as related information delivery, industry promotion, customer care and keyword bidding, which help enterprises explore new customers and maintain existing customers. Combined with Telecom Number 114 Bai Shi Tong service, it automatically matches proper enterprises according to users' needs, identify and recommend opportunities for enterprises. It has a promising market prospect and will become one of our core products in the future.

The newly-developed China Yellow Pages and Enterprise TV Station, serving as a united platform for the enterprise, provide them with Internet image-lifting, product promotion, product sales, product procurement, information collection, channel expansion and customer service. With its current cooperation with the Headquarters of Telecom Number 114 Bai Shi Tong, it will attract potential enterprise customers.

While dealing Telecom's ECP products, the Company will continue to develop its own products and businesses. With an organic combination of its own products with ECP, we will try to achieve a perfect complementation to each other and mutual development of both products.

With the business development of the three major telecom operators, our application has to adapt to such changes in respect of software upgrading and development of new software for them.

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

Save as disclosed below, as at 31 March 2010, 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 three months ended 31 March 2010, none of the Directors, Supervisors or chief executives was granted options to subscribe for shares of the Company. As at 31 March 2010, 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, had any rights to subscribe for shares (or warrants or debentures, if applicable) or to acquire shares of the Company.

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

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 31 March 2010, 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 31 March 2010, 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:

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

Long position in shares

Shareholder	Capacity	Number of shares held	Percentage of beneficial interests in the Company's share capital
Insigma 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.	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.

ZHEDA LANDE SCITECH LIMITED

FIRST QUARTERLY REPORT 2010

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 comprise 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 first quarterly report of the Group for the three months ended 31 March 2010 has 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 period from 1 January 2010 to 31 March 2010.

On behalf of the Board

Chen Ping

Chairman

14 May 2010, Hangzhou, the PRC

As at the date of this report, the Board comprises five executive directors, being Mr. Chen Ping, Ms. Dong Danqing, Mr. Chao Hong Bo, Ms. Geng Hui and Mr. Xia Zhen Hai, and three independent non-executive directors, being Mr. Zhang De Xin, Mr. Cai Xiao Fu and Mr. Gu Yu Lin.