



ZDL
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 2012

* for identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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HIGHLIGHTS

- Achieved a turnover of approximately RMB36,608,000 for the nine months ended 30 September 2012, representing an approximately 23.25% decrease as compared with the turnover for the corresponding period in 2011.
- Incurred a net loss of approximately RMB2,663,000 for the nine months ended 30 September 2012, compared to the net loss of approximately RMB2,505,000 for the corresponding period in 2011.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2012.

The board of directors (the “Board”) of Zheda Lande Scitech Limited* (the “Company”) is pleased to present the third quarterly results of the Company and its subsidiaries (the “Group”) for the nine and three months ended 30 September 2012.

2012 THIRD QUARTERLY RESULTS

For the nine months ended 30 September 2012, the Group recorded an unaudited turnover of approximately RMB36,608,000, representing a decrease of approximately RMB11,088,000, or approximately 23.25%, as compared with the turnover of the same period in 2011. For the three months ended 30 September 2012, the Group recorded an unaudited turnover of approximately RMB11,511,000, representing a decrease of approximately RMB3,923,000, or approximately 25.42%, as compared with the turnover of the same period in 2011.

For the nine and three months ended 30 September 2012, the Group recorded an unaudited net loss of approximately RMB2,663,000 and RMB1,609,000, respectively.

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The unaudited results of the Group for the nine and three months ended 30 September 2012 together with the unaudited comparative figures for the corresponding periods in 2011 are as follows:

| | Notes | Nine months ended 30 September | | Three months ended 30 September | |
|--|-------|-----------------------------------|-----------------|------------------------------------|-----------------|
| | | 2012 RMB'000 | 2011 RMB'000 | 2012 RMB'000 | 2011 RMB'000 |
| Turnover | 2 | 36,608 | 47,696 | 11,511 | 15,434 |
| Cost of sales | | (15,350) | (30,948) | (4,875) | (8,889) |
| Gross profit | | 21,258 | 16,748 | 6,636 | 6,545 |
| Other operating expenses | | (57) | (44) | (12) | (17) |
| Distribution and selling expenses | | (691) | (1,359) | (177) | (513) |
| General and administrative expenses | | (22,632) | (18,289) | (7,724) | (7,651) |
| Finance costs, net | | 165 | 183 | 10 | 94 |
| Share of result of associates | | (411) | 482 | (466) | 278 |
| Subsidy income | | 574 | 431 | 156 | – |
| Loss before tax | | (1,794) | (1,848) | (1,577) | (1,264) |
| Income tax | 3 | (498) | (540) | (16) | (163) |
| Loss for the period | | (2,292) | (2,388) | (1,593) | (1,427) |
| Attributable to: | | | | | |
| Owners of the Company | | (2,663) | (2,505) | (1,609) | (1,436) |
| Non-controlling interests | | 371 | 117 | 16 | 9 |
| | | (2,292) | (2,388) | (1,593) | (1,427) |
| Loss per share | | | | | |
| – Basic | 4 | RMB0.007 | RMB0.007 | RMB0.005 | RMB0.004 |

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 | | Three months ended | |
|--|--------------------------|---------|---------------------------|---------|
| | 30 September | | 30 September | |
| | 2012 | 2011 | 2012 | 2011 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Provision of telecommunication solutions | 1,000 | 464 | 301 | – |
| Trading of hardware and computer software | 11,518 | 30,568 | 2,976 | 9,133 |
| Provision of telecommunication value-added service | 24,090 | 16,664 | 8,234 | 6,301 |
| | 36,608 | 47,696 | 11,511 | 15,434 |

3. INCOME TAX

| | Nine months ended | | Three months ended | |
|------------------------|-------------------|---------|--------------------|---------|
| | 30 September | | 30 September | |
| | 2012 | 2011 | 2012 | 2011 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| The charges comprises: | | | | |
| PRC enterprise income | | | | |
| tax ("EIT") | 498 | 540 | 16 | 163 |

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

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (same periods in 2011: 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 net loss for the nine and three months ended 30 September 2012 of approximately RMB2,663,000 and approximately RMB1,609,000 (same periods in 2011: net loss of approximately RMB2,505,000 and approximately RMB1,436,000) by 356,546,000 shares (same periods in 2011: 356,546,000 shares) in issue during the relevant periods.

No diluted loss per share was presented for the nine months and three months ended 30 September 2012 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 2012 and 2011:

| | Share premium | Statutory surplus reserve | Accumulated losses |
|----------------------|--------------------------|--|-------------------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2011 | 76,570 | 10,567 | (43,520) |
| Net loss | – | – | (1,069) |
| At 30 June 2011 | 76,570 | 10,567 | (44,589) |
| Net loss | – | – | (1,436) |
| At 30 September 2011 | 76,570 | 10,567 | (46,025) |
| At 1 January 2012 | 76,570 | 10,567 | (47,102) |
| Net loss | – | – | (1,054) |
| At 30 June 2012 | 76,570 | 10,567 | (48,156) |
| Net loss | – | – | (1,609) |
| At 30 September 2012 | 76,570 | 10,567 | (49,765) |

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2012 (nine months ended 30 September 2011: Nil).

REVIEW OF THE THIRD QUARTER

Financial review

For the nine months ended 30 September 2012, the Group recorded an unaudited turnover of approximately RMB36,608,000, representing a decrease of approximately RMB11,088,000, or approximately 23.25%, as compared with the turnover of the same period in 2011. For the three months ended 30 September 2012, the Group recorded an unaudited turnover of approximately RMB11,511,000, representing an decrease of approximately RMB3,923,000 or 25.42%, as compared with the turnover of the same period in 2011.

For the nine and three months ended 30 September 2012, the Group recorded an unaudited net loss of approximately RMB2,663,000 and RMB1,609,000, respectively.

Business review

1. *Product Development*

During the period, the Company continued to reinforce its support to existing business. In-depth research and development was conducted for mobile internet application, and product function and user experience were enhanced in response to market demand. The Company maintained extensive cooperation with market operators and continued to optimize its products and services in order to gain better income.

2. *Market and Business Development*

During the period, the Company achieved sound development for its products such as Bai Shi Tong Alliance, SMS business cards, PCA, map business cards and 114 business information, industry & commerce information platform and zhekouwang platform. Our zhekouwang platform strengthened cooperation with merchants to provide consumers with bargain and discount information and service platform while offering online precise marketing service to merchants in return.

Our ECP based Jiayubao product provided a practical, multi-functional digital platform for campus use by integrating education resources and digital development trend of schools.

3. *Investment and Cooperation*

The Company continued to broaden cooperation with operators including China Mobile, China Telecom and China Unicom to press ahead its business.

Future prospects

1. *Order backlog/sales contracts*

Currently, the Company maintains close cooperation with operators for its value-added service business. Our existing products including Bai Shi Tong Alliance, SMS business cards, PCA, map business cards and 114 business information, industry & commerce information platform and zhekouwang platform all achieved steady and sustainable development. The Company also seeks to continuously expand its service scope and market share on the premise of refining and optimizing its product function.

2. *Prospects for new business or new products*

During the period, the Company continued to place emphasis on the research and development as well as innovative application of technology with the aim to support our product development and technological innovation based on market demand. For example, the Company is actively exploring ways to provide users with bargain and discount information and service while offering precise marketing platform and data analysis service to merchants, and by leveraging on the development of mobile internet technology, to provide mobile customer-end applications for mobile internet users. The Company is also planning and developing new products based on its existing products and business customers.

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

Save as disclosed below, as at 30 September 2012, 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> | | | | |
| Mr. Chen Ping | Personal | Beneficial owner | 36,392,320 | 10.21% |
| <i>Director</i> | | | | |
| Mr. Jin Lian Fu | Personal | Beneficial owner | 3,411,790 | 0.96% |

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

For the nine months ended 30 September 2012, none of the Directors, Supervisors, or chief executives was granted options to subscribe for shares of the Company. As at 30 September 2012, 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 adopted the share option scheme conditionally approved by a resolution of the shareholders of the Company dated 20 April 2002. 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. The share option scheme was expired on 20 April 2012. Up to 30 September 2012, 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 2012, 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 |
|--|------------------|-------------------------------|--|
| 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% |
| Mr. Fong For | Beneficial owner | 21,735,000 H Shares | 6.10% |
| Mr. Wu Zhong Hao | Beneficial owner | 16,490,280 Domestic Shares | 4.63% |
| Ms. Liu Qiao Ping | Beneficial owner | 10,235,340 Domestic Shares | 2.87% |
| Mr. 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 2012 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 2012.

On half of the Board

Chen Ping

Chairman

Hangzhou, the PRC, 9 November 2012