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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 **2013**

## **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.*

\* For identification purpose only

## HIGHLIGHTS

- Achieved a turnover of approximately RMB14,006,000 for the three months ended 31 March 2013, representing an increase of approximately 19.33% as compared with the turnover for the corresponding period in 2012.
- Achieved a profit of approximately RMB362,000, as compared with the net loss of approximately RMB750,000 for the corresponding period in 2012.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2013.

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 2013.

## 2012 FIRST QUARTERLY RESULTS

For the three months ended 31 March 2013, the Group recorded an unaudited turnover of approximately RMB14,006,000, representing an increase of approximately RMB2,269,000, or approximately 19.33%, as compared with the turnover of the same period in 2012.

For the three months ended 31 March 2013, the Group recorded an unaudited profit of approximately RMB362,000, as compared with the loss of the same period in 2012 of approximately RMB750,000.

The unaudited results of the Group for the three months ended 31 March 2013 together with the unaudited comparative figures for the corresponding period in 2012 are as follows:

	Notes	For the three months ended 31 March	
		2013 RMB'000	2012 RMB'000
Turnover	2	<b>14,006</b>	11,737
Cost of sales		<b>(5,868)</b>	(4,773)
Gross profit		<b>8,138</b>	6,964
Other operating expenses		<b>(14)</b>	(31)
Distribution and selling expenses		<b>(199)</b>	(257)
General and administrative expenses		<b>(7,138)</b>	(7,204)
Finance costs, net		<b>(2)</b>	32
Share of result of an associate		<b>-</b>	95
Value-added tax refund		<b>13</b>	18
Profit (loss) before tax		<b>798</b>	(383)
Income tax	3	<b>(268)</b>	(222)
Profit (loss) for the period		<b>530</b>	(605)
Attributable to:			
Owners of the Company		<b>362</b>	(750)
Non-controlling interests		<b>168</b>	145
		<b>530</b>	(605)
Earnings (loss) per share			
– Basic and diluted	4	<b>RMB0.1 cents</b>	RMB(0.21) cents

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	
	2013 RMB'000	2012 RMB'000
Provision of telecommunication solutions	100	78
Provision of telecommunication value-added services	10,276	7,705
Trading of hardware and computer software	3,630	3,954
	<b>14,006</b>	11,737

### 3. INCOME TAX

	For the three months ended 31 March	
	2013 RMB'000	2012 RMB'000
PRC Enterprises Income Tax ("EIT")	268	222

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% (2012: 25%).

The Company was subject to EIT at a rate of 15% (2012: 15%) as it was 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. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share has been computed by dividing profit for the three months ended 31 March 2013 of approximately RMB362,000 (2012: loss of RMB750,000) by the number of 356,546,000 (2012: 356,546,000) shares in issue during the period.

Diluted earnings (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 2013 and 2012:

	For the three months ended 31 March	
	2013 RMB'000	2012 RMB'000
Accumulated losses		
At 1 January	(38,775)	(47,102)
Net profit (loss)	362	(750)
At 31 March	(38,413)	(47,852)

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2013 (2012: Nil).

## **REVIEW OF THE FIRST QUARTER**

### **Financial review**

For the three months ended 31 March 2013, the Group recorded an unaudited turnover of approximately RMB14,006,000, representing an increase of approximately RMB2,269,000 or approximately 19.33% as compared with the turnover of the same period in 2012.

For the three months ended 31 March 2013, the Group recorded an unaudited profit of approximately RMB362,000, as compared with the loss of the same period in 2012 of approximately RMB750,000.

### **Business review**

#### ***Product development***

During the period, the Company continued to work with operators on the existing products, such as SMS business cards, map business cards, 114 Bai Shi Tong of its traditional business. The Company has been developing the scope of market and increasing the integration with different provinces and cities.

In the technological aspect, the Company has dedicated itself to research and development of the application and functions of our existing products. Jiaoyubao, co-developed by the Company and China Telecom, has reached more and more schools. The Company will strengthen the research and development on digital campus and design products that meet the needs of students and parents and also work well with the resources of schools.

#### ***Market and business development***

During the period, the Company's value-added service has continued to achieve stable development supported by China Telecom's 114 Bai Shi Tong Alliance, SMS business cards, PCA, map business cards, 114 business information and industry and commerce information platform. Some progress has been made in promoting the Coordinated Communication ECP products to the industry.

## **Future prospects**

### **1. *Orders on hand/Status of sales contracts***

Currently, the Company continues to work closely with operators. The products and business contracts including Bai Shi Tong Alliance, SMS business cards, PCA, map business cards, 114 business information and industry and commerce information platform will continue to be in force. The Company is also actively strengthening its cooperation with operators and has been putting effort launching new products for application in the industry.

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

During the period, the Company's product strategy was to design telecommunications value-added services and products based on market demand, together with the upgrading of telecommunications technology and continuous communication and cooperation with operators. For products that have passed the Company's internal tests, we are currently contacting and negotiating with operators for implementation. The Company's Precise Marketing System (PMS) and Number 114 service system can automatically match businesses with customers according to their needs, searching and proposing opportunities for businesses. The function and segment design of Jiaoyubao products not only allow instant communication, contents such as education resources for various levels, counseling and training are also provided to serve practical purposes.



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

Save as disclosed below, as at 31 March 2013, 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 &amp; Chief Executive Officer</i>				
Mr. 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 2013, none of the Directors, Supervisors or chief executives was granted options to subscribe for shares of the Company. As at 31 March 2013, 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.

## 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. Up to 31 March 2013, no option has been granted pursuant to such share option scheme. The Share Option Scheme was expired on 20 April 2012.

## 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 2013, 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.	Beneficial owner	34,117,800 Domestic shares	9.57%
Mr. Fong For	Beneficial owner	21,735,000 H shares	6.10%

<b>Shareholder</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Percentage of beneficial interests in the Company's share capital</b>
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 first quarterly report of the Group for the three months ended 31 March 2013 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 2013 to 31 March 2013.

On behalf of the Board  
**Chen Ping**  
*Chairman*

15 May 2013, Hangzhou, the PRC