



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 **2013**

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

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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.*

HIGHLIGHTS

- Achieved a turnover of approximately RMB43,348,000 for the nine months ended 30 September 2013, representing an approximately 18.41% increase as compared with the turnover for the corresponding period in 2012.
- Achieved a net profit of approximately RMB435,000 for the nine months ended 30 September 2013, compared to the net loss of approximately RMB2,663,000 for the corresponding period in 2012.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013.

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 2013.

2013 THIRD QUARTERLY RESULTS

For the nine months ended 30 September 2013, the Group recorded an unaudited turnover of approximately RMB43,348,000, representing an increase of approximately RMB6,740,000, or approximately 18.41%, as compared with the turnover of the same period in 2012. For the three months ended 30 September 2013, the Group recorded an unaudited turnover of approximately RMB17,290,000, representing an increase of approximately RMB5,779,000, or approximately 50.20%, as compared with the turnover of the same period in 2012.

For the nine and three months ended 30 September 2013, the Group recorded an unaudited net profit and net loss of approximately RMB435,000 and RMB 645,000, respectively.

The unaudited results of the Group for the nine and three months ended 30 September 2013 together with the unaudited comparative figures for the corresponding periods in 2012 are as follows:

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Turnover	2	43,348	36,608	17,290	11,511
Cost of sales		(19,825)	(15,350)	(10,361)	(4,875)
Gross profit		23,523	21,258	6,929	6,636
Other operating expenses		(44)	(57)	(17)	(12)
Distribution and selling expenses		(423)	(691)	(136)	(177)
General and administrative expenses		(22,164)	(22,632)	(7,374)	(7,724)
Finance costs, net		6	165	3	10
Share of results of an associate		-	(411)	-	(466)
Subsidy income		364	574	2	156
Profit (loss) before tax		1,262	(1,794)	(593)	(1,577)
Income tax	3	(552)	(498)	(51)	(16)
Profit (loss) for the period		710	(2,292)	(644)	(1,593)
Attributable to:					
Owners of the Company		435	(2,663)	(645)	(1,609)
Non-controlling interests		275	371	1	16
		710	(2,292)	(644)	(1,593)
Earnings (loss) per share – Basic	4	RMB0.001	RMB(0.007)	RMB(0.002)	RMB(0.005)

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		Three months ended 30 September	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Provision of telecommunication solutions	101	1,000	-	301
Trading of hardware and computer software	14,401	11,518	7,819	2,976
Provision of telecommunication value-added service	28,846	24,090	9,471	8,234
	43,348	36,608	17,290	11,511

3. INCOME TAX

	Nine months ended		Three months ended	
	30 September		30 September	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
The charges comprises:				
PRC enterprise income tax ("EIT")	552	498	51	16

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 some of its subsidiaries were subject to EIT at rate of 15% (2012: 15%) as they were classified as Advanced and New Technology Enterprise. The business of the Group is conducted in the 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 net profit for the nine months and net loss for the three months ended 30 September 2013 of approximately RMB 435,000 and approximately RMB 645,000, respectively (2012: net loss of approximately RMB2,663,000 and approximately RMB1,609,000) by 356,546,000 shares (2012: 356,546,000 shares) in issue during the relevant periods.

No diluted earnings (loss) per share were presented for the nine months and three months ended 30 September 2013 and 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 2013 and 2012:

	Share premium RMB'000	Statutory surplus reserve RMB'000	Accumulated losses RMB'000
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)
At 1 January 2013	76,570	10,567	(38,775)
Net profit	–	–	1,080
At 30 June 2013	76,570	10,567	(37,695)
Net loss	–	–	(645)
At 30 September 2013	76,570	10,567	(38,340)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (2012: Nil).

REVIEW OF THE THIRD QUARTER

Financial review

For the nine months ended 30 September 2013, the Group recorded an unaudited turnover of approximately RMB43,348,000, representing an increase of approximately RMB6,740,000, or approximately 18.41%, as compared with the turnover of the same period in 2012. For the three months ended 30 September 2013, the Group recorded an unaudited turnover of approximately RMB17,290,000, representing an increase of approximately RMB 5,779,000 or 50.20%, as compared with the turnover of the same period in 2012.

For the nine and three months ended 30 September 2013, the Group recorded an unaudited net profit and net loss of approximately RMB435,000 and RMB645,000, respectively.

Business review

1. *Product development*

During the period, the Company continued to conduct in-depth research on mobile internet application and study the demand for industrial applications in order to enhance product functions.

2. *Market and business development*

The Company continued to strengthen the cooperation with operators and expand the business integration with different regions through the resources and channels support from operators.

During the period, the Company achieved sound development for its products such as Bai Shi Tong Alliance, SMS business cards, 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 service while offering online precise marketing service to merchants in return.

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, 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 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 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 the directors to be notified to the Company and the Stock Exchange:

Long position in shares

Name	Capacity and nature of interest	Number of shares held	Percentage of beneficial interests in the Company's share capital
<i>Director & Chief Executive Officer</i>			
Mr. Chen Ping	Beneficial owner	36,392,320 Domestic Shares	10.21%
	Interest of a controlled corporation	33,961,432 Domestic Shares (Note)	9.53%

Note: These 33,961,432 Domestic Shares are registered under the name of Hangzhou Gongjia Information Technology Company Limited (杭州共佳信息技术有限公司) ("Hangzhou Gongjia"), a limited liability company established in the PRC. Hangzhou Gongjia is wholly-owned by Shanghai Aifusheng Information Technology Company Limited (上海艾孚生信息科技有限公司) ("Shanghai Aifusheng"), a limited liability company established in the PRC and is owned by Mr. Chen Ping and an associate of Mr. Chen Ping as to 90% and 10%, respectively. For the purposes of the SFO, Mr. Chen Ping is deemed to be interested in the 33,961,432 Domestic Shares held by Hangzhou Gongjia.

These 33,961,432 Domestic Shares were acquired by Hangzhou Gongjia from three individual holders of Domestic Shares during the reporting period.

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

For the nine months ended 30 September 2013, none of the directors, supervisors, or chief executives was granted options to subscribe for shares of the Company. As at 30 September 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, 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 2013, 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 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

Name	Capacity and nature of interest	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%
Hangzhou Gongjia	Beneficial owner	33,961,432 Domestic Shares	9.53%
Shanghai Aifusheng	Interest of a controlled corporation	33,961,432 Domestic Shares (Note)	9.53%
Mr. Fong For	Beneficial owner	21,735,000 H Shares	6.10%

Note: These 33,961,432 Domestic Shares are registered under the name of Hangzhou Gongjia. Hangzhou Gongjia is a wholly-owned subsidiary of Shanghai Aifusheng which is in turn owned by Mr. Chen Ping, an executive director and the chief executive officer of the Company, and an associate of Mr. Chen Ping as to 90% and 10%, respectively.

These 33,961,432 Domestic Shares were acquired by Hangzhou Gongjia from three individual holders of Domestic Shares during the reporting period.

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 2013 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 2013.

On behalf of the Board

Chen Ping
Chairman

Hangzhou, the PRC, 14 November 2013

* *For identification purposes only*