



**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

**2015**  
Interim Report

\* for identification purposes 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 of Zheda Lande Scitech Limited\*, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this report misleading.*

## HIGHLIGHTS

- Achieved a turnover of approximately RMB20,458,000 for the six months ended 30 June 2015, representing an approximately 12.46% decrease as compared with the turnover for the corresponding period in 2014.
- Incurred a net loss of approximately RMB2,999,000 for the six months ended 30 June 2015, as compared with the net loss for the corresponding period in 2014 of approximately RMB2,214,000.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zheda Lande Scitech Limited\* (the “**Company**”) is pleased to present the interim report of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2015.

## 2015 INTERIM RESULTS

For the six months ended 30 June 2015, the Group recorded an unaudited turnover of approximately RMB20,458,000 (2014: RMB23,369,000), representing an decrease of approximately RMB2,911,000, or approximately 12.46%, as compared with the turnover of the same period in 2014.

For the six months ended 30 June 2015, the Group recorded an unaudited net loss of approximately RMB2,999,000 (2014: RMB2,214,000).

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2015 together with the unaudited figures for the corresponding period in 2014 are set out as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2015

	Notes	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Turnover	3	<b>20,458</b>	23,369	<b>11,420</b>	11,812
Cost of sales		<b>(13,051)</b>	(13,599)	<b>(8,116)</b>	(7,097)
Gross profit		<b>7,407</b>	9,770	<b>3,304</b>	4,715
Other operating income		<b>2</b>	530	<b>-</b>	526
Other operating expenses		<b>(26)</b>	(23)	<b>(21)</b>	(22)
Distribution and selling expenses		<b>(3,505)</b>	(4,679)	<b>(1,404)</b>	(2,058)
General and administrative expenses		<b>(7,150)</b>	(7,725)	<b>(2,736)</b>	(3,711)
Finance costs, net		<b>37</b>	16	<b>22</b>	10
Loss before tax	4	<b>(3,235)</b>	(2,111)	<b>(835)</b>	(540)
Income tax	5	<b>-</b>	(70)	<b>-</b>	(70)
Loss for the period		<b>(3,235)</b>	(2,181)	<b>(835)</b>	(610)
Attributable to:					
Owners of the Company		<b>(2,999)</b>	(2,214)	<b>(747)</b>	(668)
Non-controlling interests		<b>(236)</b>	33	<b>(88)</b>	58
		<b>(3,235)</b>	(2,181)	<b>(835)</b>	(610)
Loss per share – Basic	8	<b>RMB(0.008)</b>	RMB(0.006)	<b>RMB(0.002)</b>	RMB(0.002)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		(unaudited) 30 June 2015 RMB'000	(audited) 31 December 2014 RMB'000
	Notes		
<b>Non-current assets</b>			
Plant and equipment		1,435	1,945
		<b>1,435</b>	1,945
<b>Current assets</b>			
Inventories		3,279	2,286
Trade receivables	9	3,000	6,724
Prepayments and other receivables		70,159	52,413
Bank balances and cash		10,605	29,247
		<b>87,043</b>	90,670
<b>Current liabilities</b>			
Trade and other payables	10	13,237	14,107
Receipt in advance from customers		451	466
Income tax payable		1,598	1,615
		<b>15,286</b>	16,188
<b>Net current assets</b>		<b>71,757</b>	74,482
<b>NET ASSETS</b>		<b>73,192</b>	76,427
<b>Capital and reserves</b>			
Paid-in capital		35,655	35,655
Reserves		33,368	36,367
		<b>69,023</b>	72,022
Equity attributable to owners of the Company		<b>69,023</b>	72,022
Non-controlling interests		4,169	4,405
<b>TOTAL EQUITY</b>		<b>73,192</b>	76,427

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	<b>(unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Net cash outflow from operating activities	<b>(18,618)</b>	(1,975)
Net cash outflow from investing activities	<b>(24)</b>	(128)
Net decrease in cash and cash equivalents	<b>(18,642)</b>	(2,103)
Cash and cash equivalents at beginning of period	<b>29,247</b>	17,460
Cash and cash equivalents at end of period	<b>10,605</b>	15,357

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	(unaudited)						
	Paid-in capital	Share premium	Statutory surplus reserve	Accumulated losses	Equity attributable to owners of the Company	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2014	35,655	76,570	10,567	(39,533)	83,259	5,003	88,262
Net loss	-	-	-	(1,546)	(1,546)	(25)	(1,571)
Balance as at 31 March 2014	35,655	76,570	10,567	(41,079)	81,713	4,978	86,691
Net (loss) profit	-	-	-	(668)	(668)	58	(610)
Balance as at 30 June 2014	35,655	76,570	10,567	(41,747)	81,045	5,036	86,081
Balance as at 1 January 2015	<b>35,655</b>	<b>76,570</b>	<b>10,567</b>	<b>(50,770)</b>	<b>72,022</b>	<b>4,405</b>	<b>76,427</b>
Net loss	-	-	-	(2,252)	(2,252)	(148)	(2,400)
Balance as at 31 March 2015	<b>35,655</b>	<b>76,570</b>	<b>10,567</b>	<b>(53,022)</b>	<b>69,770</b>	<b>4,257</b>	<b>74,027</b>
Net loss	-	-	-	(747)	(747)	(88)	(835)
Balance as at 30 June 2015	<b>35,655</b>	<b>76,570</b>	<b>10,567</b>	<b>(53,769)</b>	<b>69,023</b>	<b>4,169</b>	<b>73,192</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2015*

## 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 condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" published by the International Accounting Standards Board and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2014.

## 3. TURNOVER AND SEGMENT INFORMATION

Turnover comprises income from provision of telecommunication solutions, trading of hardware and computer software and provision of telecommunication value-added services, net of business tax and discounts during the period.

The Group's operating segments, based on information reported to the chief operating decision maker, being the executive Directors, for the purpose of resource allocation and performance assessment are as follows:

1. Provision of telecommunication solutions
2. Trading of hardware and computer software
3. Provision of telecommunication value-added services

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segment of the Group. The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment.



	(unaudited)							
	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	2015		2014		2015		2014	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment turnover	-	-	10,814	12,459	9,644	10,910	20,458	23,369
Segment results	-	-	786	630	6,621	9,140	7,407	9,770
Unallocated revenue							2	530
Unallocated expenses							(10,681)	(12,427)
Finance costs, net							37	16
Loss before tax							(3,235)	(2,111)
Income tax							-	(70)
Loss for the period							(3,235)	(2,181)
Other segment information:								
Capital expenditures	-	-	15	67	14	61	29	128
Depreciation and amortisation	-	-	268	293	242	264	510	557

	(unaudited) As at 30 June 2015 RMB'000	(audited) As at 31 December 2014 RMB'000	(unaudited) As at 30 June 2015 RMB'000	(audited) As at 31 December 2014 RMB'000	(unaudited) As at 30 June 2015 RMB'000	(audited) As at 31 December 2014 RMB'000	(unaudited) As at 30 June 2015 RMB'000	(audited) As at 31 December 2014 RMB'000
Segment assets	-	94	3,055	6,385	4,337	4,021	7,392	10,500
Unallocated assets							81,086	82,115
Total assets							88,478	92,615
Segment liabilities	-	-	3,002	2,405	590	284	3,592	2,689
Unallocated liabilities							11,694	13,499
Total liabilities							15,286	16,188

Both revenue and non-current assets of the Group's operating segments are derived from or located in the PRC. Accordingly, no geographical information is presented.

#### 4. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Depreciation and amortisation	510	557	215	208

## 5. INCOME TAX

	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
PRC Enterprise Income Tax ("EIT")	-	70	-	70

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC enterprises is 25% (2014: 25%).

No provision for EIT has been made for the Company for the period as there was no assessable profit derived by the Company for the period (2014: Nil). Certain subsidiaries of the Company were subject to EIT at a rate of 15% (2014: 15%) as they were classified as Advanced and New Technology Enterprise.

During the period, no provision for Hong Kong Profits Tax has been made for the subsidiary established in Hong Kong as the subsidiary did not have any assessable profit subject to Hong Kong Profits Tax (2014: Nil).

## 6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## 7. RESERVES

Other than those disclosed in the condensed consolidated statement of changes in equity, there were no movements in the reserves of the Group for the relevant periods in 2015 and 2014.

## 8. LOSS PER SHARE

Loss per share has been computed by dividing net loss attributable to owners of the Company for the six months and for the three months ended 30 June 2015 of approximately RMB2,999,000 (2014: RMB2,214,000) and RMB747,000 (2014: RMB668,000), respectively, by 356,546,000 (2014: 356,546,000) ordinary shares in issue during the relevant periods.

Diluted loss per share was the same as basic loss per share for the six months and three months ended 31 June 2015 and 2014 as there were no potential diluted shares existed during the relevant periods.

## 9. TRADE RECEIVABLES

There were no specific credit period granted to customers except for an average credit period of 60-90 days to the Group's trade customers under trading of hardware and computer software segment. Trade receivables consisted of:

	(unaudited) 30 June 2015 RMB'000	(audited) 31 December 2014 RMB'000
Trade receivables	7,506	11,656
Less: impairment losses	(4,506)	(4,932)
	<b>3,000</b>	6,724
Aging analysis of the trade receivables net of impairment losses is as follows:		
less than one year	<b>3,000</b>	6,724

## 10. TRADE AND OTHER PAYABLES

	(unaudited) 30 June 2015 RMB'000	(audited) 31 December 2014 RMB'000
Trade payables	1,573	1,684
Other payables and accruals	11,664	12,423
	<b>13,237</b>	14,107
Aging analysis of the trade payables presented based on the invoice date is as follows:		
less than one year	<b>1,275</b>	1,386
more than one year but less than two years	90	90
more than two years but less than three years	55	55
more than three years	153	153
	<b>1,573</b>	1,684

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATION REVIEW

#### 1. Review of operating results for the period

For the six months ended 30 June 2015, the unaudited turnover of the Group is approximately RMB20,458,000, representing a decrease of approximately RMB2,911,000, or approximately 12.46%, as compared with that of the same period in 2014. For the three months ended 30 June 2015, the unaudited turnover of the Group is approximately RMB11,420,000, representing a decrease of approximately RMB392,000, or approximately 3.32%, as compared with that of the same period in 2014.

The unaudited net loss of the Group for the six months and the three months ended 30 June 2015 is approximately RMB2,999,000 and RMB747,000, respectively. The unaudited net loss of the Group for the six months and the three months ended 30 June 2014 is approximately RMB2,214,000 and RMB668,000, respectively.

The decline in the results of the Group for the reporting period was mainly attributable to a decrease in turnover and gross profit of the Group as a result of the continuous deterioration of the operating environment and intensified market competition in all business segments.

#### 2. Product research and development

During the period, the Group mainly focused on improving the extended functions and experience of existing products. New functions are added to products such as mobile phone music and PCA to satisfy the diverse needs of users.

#### 3. Market and business development

The Group's existing business revenue gradually dropped due to keen market competition. Existing businesses of the Group include China Telecom's 114 Bai Shi Tong Alliance, missed call alert, mobile phone music, SMS business cards, PCA, map business cards, 114 business information, industry and commerce information platform and zhe zhe wang website. During the period, the Group continued to implement the development strategy of mobile Internet and integrated e-commerce and discount information services. The Group is also making efforts to stabilize existing business and search for new market opportunities at the same time, striving for the introduction of industrial application under the Internet+ environment.

#### **4. Investment and cooperation**

During the period, the Group continued to maintain close cooperation relationship with operators such as China Mobile, China Unicom and China Telecom and continued to cooperate with research institutions like Zhejiang University on joint research and development projects.

#### **5. Employees information**

As at 30 June 2015, the Group had approximately 48 (2014: 91) employees in total. The total staff costs of the Group for the reporting period amounted to approximately RMB3,698,000 (2014: RMB3,664,000).

The Group's human resources management strategy is formulated in accordance with the Group's guidelines of development strategy on one hand and with requirements under long term vision planning as its target direction on the other. At the same time, incentive scheme will be embedded in other human resources programs and flourishing result is expected from this cross match. The Group opened wide for recruitment channels, set up mechanisms for attracting human resources, grasped for human development and formulated a good system in people deployment and incubation. The Group implemented an annual income target system which was linked up with staff performance appraisal and compensation system. Target annual income was confirmed and released in accordance with performance appraisal result. After a total assessment on employee's job performance, capability and work attitude, an integrated evaluation could be established for the employee which would be used as referencing standard. Through the integration of the two systems, the employees were effectively motivated and the attainment of the Group's target was assured.

The Group did envisage on employee's personal development and provided employees with training courses on quality and skills. Training plan was given to suit individual staff so as to help each one more compatible with the Company's job requirement and ensured comprehensive development during his career life.

The Group did not issue any share options nor had any bonus plan.

## FINANCIAL REVIEW

- The Group has maintained sound financial conditions. For the six months ended 30 June 2015, the Group was mainly financed by funds generated from daily operations.
- As at 30 June 2015, the Group's bank balances and cash amounted to approximately RMB10,605,000 (31 December 2014: RMB29,247,000).
- As at 30 June 2015, the Group had no outstanding borrowings (31 December 2014: Nil).
- As at 30 June 2015, the Group had a total asset value of approximately RMB88,478,000 (31 December 2014: RMB92,615,000).
- As at 30 June 2015, the Group had current liabilities of approximately RMB15,286,000 (31 December 2014: RMB16,188,000).
- As at 30 June 2015, the Group had equity attributable to owners of the Company of approximately RMB69,023,000 (31 December 2014: RMB72,022,000).
- As at 30 June 2015 the Group had non-controlling interests of approximately RMB4,169,000 (31 December 2014: RMB4,405,000).
- As at 30 June 2015, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 17.28% (31 December 2014: 17.48%).
- As at 30 June 2015, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 17.56% (31 December 2014: 17.85%).
- Since substantially all of the Group's trade payables generated from purchases and trade receivables generated from sales are denominated in Renminbi, the Directors do not consider that the Group is exposed to any material foreign currency exchange risk.
- As at 30 June 2015, none of the Group's assets were pledged (31 December 2014: Nil).

## CONTINGENT LIABILITY

Hangzhou Huaguang Computer Engineering Co., Ltd.\* (杭州華光計算機工程有限公司) (“**Hangzhou Huaguang**”), a wholly-owned subsidiary of the Company, was involved in an arbitration application (the “**Arbitration Application**”) filed by Ningbo Zhongke Guotai Information Technology Co., Ltd.\* (寧波中科國泰信息技術有限公司) (“**Ningbo Zhongke**”) in relation to the dispute arising from the sales and purchase contract entered into between Hangzhou Huaguang and Ningbo Zhongke. According to the Arbitration Application, Ningbo Zhongke required, among others, that Hangzhou Huaguang to refund the equipment payment and interests amounted to approximately RMB5,899,000 and settle the arbitration fees. As at 30 June 2015, bank balance of approximately RMB1,775,000 was frozen by Hangzhou Arbitration Commission in relation to the Arbitration Application. Details of the Arbitration Application are set out in the announcement of the Company dated 29 November 2013. Up to the date of this report, the arbitration is still in progress.

## CAPITAL STRUCTURE

On 22 January 2014, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed to place, during the placing period, on a best effort basis, the placing shares comprising up to 150,000,000 new H shares at the placing price, on behalf of the Company to the placees who will be independent third parties. The placing has been approved by the shareholders of the Company in their extraordinary general meeting and class meetings held on 25 April 2014 and then the China Securities Regulatory Commission (中國證券監督管理委員會). Subsequently, the long stop date of the original placing agreement was extended to 24 April 2015 by two supplemental agreements (together with the original placing agreement, the “**Placing Agreements**”). However, the Company was informed by the placing agent that potential placees could not be located and the placing has not been successful on or before 24 April 2015. Accordingly, the Placing Agreements have lapsed and the placing will not proceed. Details of the lapse of the Placing Agreements are set out in the announcement of the Company dated 24 April 2015.



## **FUTURE PROSPECTS**

### **1. Order backlog/sales contracts**

Currently, the Group is working closely with operators in respect of value-added service business. Products and business contracts including China Telecom's 114 Bai Shi Tong Alliance, missed call alert, mobile phone music, SMS business cards, PCA, map business cards, 114 business information, industry and commerce information platform and zhe zhe wang website were being operated and implemented continuously. However, market competition and the Company's insufficient capability in research and development led to a drop in revenue of various businesses. The Company is taking active measures to stabilize business revenue and develop new products.

### **2. Prospects for new business or new products**

During the period, the Group formulated a product plan and increased technological input in order to actively develop its business under the Internet+ environment. The Company is currently building up talents and technical specialists of the industry and collecting data on the industry as preparation for the introduction of industrial application.

## **ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES**

### **Directors', supervisors' and chief executives' interests in securities**

Save as disclosed below, as at 30 June 2015, none of the Directors, supervisors or chief executives of the Company 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	Capacity and nature of interest	Number of shares held	Percentage of beneficial interests in the Company's share capital
<i>Director and 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 <i>(Note)</i>	9.53%

### *Note:*

These 33,961,432 domestic shares are registered under the name of Hangzhou Gongjia Information Technology Co., Ltd.\* (杭州共佳信息技術有限公司) (“**Hangzhou Gongjia**”), a limited liability company established in the PRC. Hangzhou Gongjia is wholly-owned by Shanghai Aifusheng Information Technology Co., Ltd.\* (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, an executive Director and the chief executive officer of the Company, 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. Mr. Chen Ping is a director of each of Hangzhou Gongjia and Shanghai Aifusheng.

### **Directors', supervisors' and chief executives' rights to acquire shares**

For the six months ended 30 June 2015, none of the Directors, supervisors or chief executives of the Company was granted options to subscribe for shares of the Company. As at 30 June 2015, none of the Directors, supervisors or chief executives of the Company 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's share option scheme (the "**Share Option Scheme**") conditionally approved by a resolution of the shareholders of the Company dated 20 April 2002 had expired on 20 April 2012. No options had been granted by the Company under the Share Option Scheme since its adoption.

### **Interest disclosable under the SFO and substantial shareholders**

Save as disclosed below, so far as was known to any Directors, supervisors or chief executives of the Company, as at 30 June 2015, there were 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 Divisions 2 and 3 of 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 of the Company 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.* (浙大網新科技股份有限公司)	Beneficial owner	81,802,637 domestic shares	22.94%
Shanghai Longtail Investment Management Co., Ltd.* (上海長尾投資管理有限公司)	Beneficial owner	34,117,808 domestic shares	9.57%
Guoheng Fashion Media Technology Group Co., Ltd.* (國恒時尚傳媒科技集團股份有限公司)	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.

## **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 the three independent non-executive Directors, Mr. Gu Yu Lin, Mr. Zhang De Xin and Mr. Cai Xiao Fu, with Mr. Gu Yu Lin as the chairman.

The condensed interim financial statements and the interim report for the six months ended 30 June 2015 have not been audited or reviewed by the Company's auditors, but 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 six months ended 30 June 2015.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 June 2015, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and code of conduct regarding securities transactions by Directors.

## **CORPORATE GOVERNANCE**

The Company has endeavoured to compile with all code provisions as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2015.

By order of the Board  
**Zheda Lande Scitech Limited\***  
**Chen Ping**  
*Chairman*

Hangzhou City, the PRC, 7 August 2015

\* *For identification purposes only*