



ZDLD
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

2016
Interim Report

* for identification purposes only

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 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 RMB28,029,000 for the six months ended 30 June 2016, representing an increase of approximately 37.01% as compared with the turnover for the corresponding period in 2015.
- Incurred a net loss of approximately RMB3,121,000 for the six months ended 30 June 2016, as compared with the net loss for the corresponding period in 2015 of approximately RMB2,999,000.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

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 2016.

2016 INTERIM RESULTS

For the six months ended 30 June 2016, the Group recorded an unaudited turnover of approximately RMB28,029,000 (2015: RMB20,458,000), representing an increase of approximately RMB7,571,000, or approximately 37.01%, as compared with the turnover of the same period in 2015.

For the six months ended 30 June 2016, the Group recorded an unaudited net loss attributable to owners of the Company of approximately RMB3,121,000 (2015: RMB2,999,000).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2016 together with the unaudited figures for the corresponding period in 2015 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 2016

	Notes	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
		2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Turnover	3	28,029	20,458	17,358	11,420
Cost of sales		(21,101)	(13,051)	(14,008)	(8,116)
Gross profit		6,928	7,407	3,350	3,304
Other operating income		381	2	331	–
Other operating expenses		(7)	(26)	(7)	(21)
Distribution and selling expenses		(5,517)	(3,505)	(2,556)	(1,404)
General and administrative expenses		(6,189)	(7,150)	(2,787)	(2,736)
Finance income, net		851	37	1,028	22
Loss before tax	4	(3,553)	(3,235)	(641)	(835)
Income tax	5	–	–	–	–
Loss for the period		(3,553)	(3,235)	(641)	(835)
Attributable to:					
Owners of the Company		(3,121)	(2,999)	(466)	(747)
Non-controlling interests		(432)	(236)	(175)	(88)
		(3,553)	(3,235)	(641)	(835)
		RMB	RMB	RMB	RMB
Loss per share					
– Basic and diluted	8	(0.62) cents	(0.84) cents	(0.09) cents	(0.21) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	(unaudited) 30 June 2016 RMB'000	(audited) 31 December 2015 RMB'000
Non-current assets			
Plant and equipment		961	1,297
Intangible assets		76	–
		1,037	1,297
Current assets			
Inventories		2,448	2,191
Trade receivables	9	15,053	1,883
Prepayments and other receivables		4,551	4,559
Bank balances and cash		93,525	106,661
		115,577	115,294
Current liabilities			
Trade and other payables	10	12,492	8,445
Receipt in advance from customers		278	787
Income tax payable		1,653	1,615
		14,423	10,847
Net current assets		101,154	104,447
NET ASSETS		102,191	105,744
Capital and reserves			
Paid-in capital		50,655	50,655
Reserves		48,631	51,752
		99,286	102,407
Equity attributable to owners of the Company		99,286	102,407
Non-controlling interests		2,905	3,337
TOTAL EQUITY		102,191	105,744

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	(unaudited)	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Net cash outflow from operating activities	(13,124)	(18,618)
Net cash outflow from investing activities	(12)	(24)
Net decrease in cash and cash equivalents	(13,136)	(18,642)
Cash and cash equivalents at beginning of period	106,661	29,247
Cash and cash equivalents at end of period	93,525	10,605

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	(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 2015	35,655	76,570	10,567	(50,770)	72,022	4,405	76,427
Net loss	-	-	-	(2,252)	(2,252)	(148)	(2,400)
Balance as at 31 March 2015	35,655	76,570	10,567	(53,022)	69,770	4,257	74,027
Net loss	-	-	-	(747)	(747)	(88)	(835)
Balance as at 30 June 2015	35,655	76,570	10,567	(53,769)	69,023	4,169	73,192
Balance as at 1 January 2016	50,655	101,336	10,567	(60,151)	102,407	3,337	105,744
Net loss	-	-	-	(2,655)	(2,655)	(257)	(2,912)
Balance as at 31 March 2016	50,655	101,336	10,567	(62,806)	99,752	3,080	102,832
Net loss	-	-	-	(466)	(466)	(175)	(641)
Balance as at 30 June 2016	50,655	101,336	10,567	(63,272)	99,286	2,905	102,191

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 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 2015.

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 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	
	For the six months ended 30 June							
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Segment turnover	-	-	21,081	10,814	6,948	9,644	28,029	20,458
Segment results	-	-	893	786	6,035	6,621	6,928	7,407
Unallocated revenue							381	2
Unallocated expenses							(11,713)	(10,681)
Finance income, net							851	37
Loss before tax							(3,553)	(3,235)
Income tax							-	-
Loss for the period							(3,553)	(3,235)
Other segment information:								
Capital expenditures	-	-	10	15	3	14	13	29
Depreciation and amortisation	-	-	395	268	131	242	526	510

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	As at	As at	As at	As at	As at	As at	As at	As at
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	-	1	15,821	5,961	2,552	1,634	18,373	7,596
Unallocated assets							98,241	108,995
Total assets							116,614	116,591
Segment liabilities	-	21	2,116	1,997	546	462	2,662	2,480
Unallocated liabilities							11,761	8,367
Total liabilities							14,423	10,847

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)		(unaudited)	
	Six months ended		Three months ended	
	30 June		30 June	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	526	510	293	215

5. INCOME TAX

	(unaudited)		(unaudited)	
	Six months ended		Three months ended	
	30 June		30 June	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax (" EIT ")	-	-	-	-

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 for the period is 25% (2015: 25%).

No provision for EIT has been made for the Company for the period (2015: Nil) as there was no assessable profit derived by the Company for the period (2015: Nil). One of the subsidiaries of the Company was subject to EIT at a rate of 15% for the period (2015: 15%) as it is classified as an Advanced and New Technology Enterprise.

During the period, no provision for Hong Kong Profits Tax has been made for the subsidiary of the Company established in Hong Kong as it did not have any assessable profits subject to Hong Kong Profits Tax for the period (2015: Nil).

6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: 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 2016 and 2015.

8. LOSS PER SHARE

The calculations of the basic loss per share are based on the net loss attributable to owners of the Company for the six months and for the three months ended 30 June 2016 of approximately RMB3,121,000 (2015: RMB2,999,000) and RMB466,000 (2015: RMB747,000), respectively, by 506,546,000 (2015: 356,546,000) shares in issue during the periods.

Diluted loss per share was the same as basic loss per share for the six months and three months ended 30 June 2016 and 2015 as there were no diluting events 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 2016 RMB'000	(audited) 31 December 2015 RMB'000
Trade receivables	19,985	6,815
Less: impairment losses	(4,932)	(4,932)
	15,053	1,883
Aging analysis of the trade receivables net of impairment losses presented based on the invoice date is as follows:		
less than one year	15,053	1,883

10. TRADE AND OTHER PAYABLES

	(unaudited) 30 June 2016 RMB'000	(audited) 31 December 2015 RMB'000
Trade payables	730	1,376
Other payables and accruals	11,762	7,069
	12,492	8,445
Aging analysis of the trade payables presented based on the invoice date is as follows:		
less than one year	504	1,060
more than one year but less than two years	18	108
more than two years but less than three years	-	-
more than three years	208	208
	730	1,376

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

1. Review of operating results for the period

For the six months ended 30 June 2016, the unaudited turnover of the Group is approximately RMB28,029,000 (2015: RMB20,458,000), representing an increase of approximately RMB7,571,000, or approximately 37.01%, as compared with that of the same period in 2015. For the three months ended 30 June 2016, the unaudited turnover of the Group is approximately RMB17,358,000 (2015: RMB11,420,000), representing an increase of approximately RMB5,938,000, or approximately 52.00%, as compared with that of the same period in 2015.

The unaudited net loss attributable to owners of the Company for the six months and the three months ended 30 June 2016 is approximately RMB3,121,000 and RMB466,000, respectively. The unaudited net loss attributable to owners of the Company for the six months and the three months ended 30 June 2015 is approximately RMB2,999,000 and RMB747,000, respectively.

During the reporting period, the competition of the Group's existing business was intensified continuously and there were increases in operating costs. The Group has been proactively developing new business, however returns were not yet created. As a result, the Group continued to record a loss during the reporting period.

2. Product research and development

During the reporting period, the Group continued to develop and optimize the existing products such as SMS business card, map business card, Bai Shi Tong Alliance and Financial Stewardship to enhance customer satisfaction. Meanwhile, the Group endlessly sought new business opportunity and proactively connected with operators.

Currently, the cash position of the Group has been improved. With the actual situation currently, the Group has not been proceeding well as expected in terms of product research and development as well as personnel development. The Group adopted a discreet attitude to find a breakthrough for the core business through M&A or investing in projects with maturity or potential.

3. Market and business development

During the reporting period, the Group continued to maintain normal operation with operators for business such as SMS business card, map business card and Bai Shi Tong Alliance, however, the business revenue from such existing telecommunication value-added services continued to decrease due to the change of existing industry environment resulting from the intensified competition. Nevertheless, the Group's distribution business of network equipment and hardware increased as compared to the same period last year.

4. Investment and cooperation

During the reporting period, the Group still maintained an excellent cooperation with every operator for the existing business and continued to seek new business opportunity and development. Besides, the Group also proactively examined a number of potential projects, however, none of them have any actual progress currently.

5. Employees information

As at 30 June 2016, the Group had approximately 47 (2015: 48) employees in total. The total staff costs of the Group for the reporting period amounted to approximately RMB2,097,000 (2015: RMB3,698,000).

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

Financial performance

- For the six months ended 30 June 2016, the Group's turnover amounted to approximately RMB28,029,000 (2015: RMB20,458,000).
- For the six months ended 30 June 2016, the Group achieved a gross profit margin of approximately 24.72% (2015: 36.21%).
- For the six months ended 30 June 2016, the Group incurred a net loss attributable to owners of the Company of approximately RMB3,121,000 (2015: RMB2,999,000).
- For the six months ended 30 June 2016, the Group recorded a loss per share of approximately RMB0.62 cents (2015: RMB0.84 cents).

Financial positions

- The Group maintained creditable financial conditions. For the six months ended 30 June 2016, the Group's working capital was mainly financed by proceeds generated from daily operations and issuance of additional H shares by the Company at the end of 2015.
- As at 30 June 2016, the Group's total bank balances and cash amounted to approximately RMB93,525,000 (31 December 2015: RMB106,661,000). The total bank balances and cash to total assets and net asset ratios as at 30 June 2016 were approximately 80.20% (31 December 2015: 91.48%) and 91.52% (31 December 2015: 100.87%), respectively.
- As at 30 June 2016, the Group had no borrowings (2015: Nil).
- As at 30 June 2016, the Group had a total asset value of approximately RMB116,614,000 (31 December 2015: RMB116,591,000).

- As at 30 June 2016, the Group had current liabilities of approximately RMB14,423,000 (31 December 2015: RMB10,847,000).
- As at 30 June 2016, the Group had owner's equity of approximately RMB99,286,000 (31 December 2015: RMB102,407,000).
- As at 30 June 2016, the Group had non-controlling interests of approximately RMB2,905,000 (31 December 2015: RMB3,337,000).
- As at 30 June 2016, the Group had a gearing ratio (i.e. the ratio of total liabilities to total assets) of approximately 12.37% (31 December 2015: 9.30%).
- As at 30 June 2016, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 12.48% (31 December 2015: 9.41%).
- As all of the Group's account payables of purchases and account receivables of sales are in Renminbi, there is no foreign exchange risk.
- As at 30 June 2016, none of the Group's assets were pledged (31 December 2015: 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 31 December 2015, bank balance of approximately RMB2,075,000 was frozen by Hangzhou Arbitration Commission (the "**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. On 20 January 2016, the Commission handed down the final judgement that the claims were dismissed from both parties and that no compensation is required from each other and, on 27 January 2016, the frozen bank balance of approximately RMB2,075,000 was released upon the judgement handed by the Commission.

FUTURE PROSPECTS

1. Order backlog/sales contracts

The existing business of the Group develops sustainably. The value-added business such as SMS business card, map business card and Bai Shi Tong Alliance, are still cooperating with operators. Despite an enlargement in sales revenue of the Group from trading of network hardware products during the reporting period, this business segment will not be our business focus in the future in view of its relatively low gross profit margin.

2. Prospects for new business or new products

The Group will continue to maintain its development for its existing business and, at the same time, the Group proactively seeks new projects and opportunities to establish future core business direction through M&A and investment.

As at the date of this report, the net proceeds of approximately RMB39,766,000 raised by the Company at the end of 2015 from the placing of its H shares has not been utilised. As at 31 July 2016, the Group had total bank balances and cash in the amount of approximately RMB87,732,000, a summary of the intended uses thereof has been set out in the 2015 annual report of the Company and the announcement of the Company dated 31 March 2016. The Company will publish further announcement(s) to inform its shareholders of any update information or material adjustment to the intended uses of the Group's bank balances and cash.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

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

Save as disclosed below, as at 30 June 2016, 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 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 and chief executive officer</i>			
Mr. Chen Ping	Beneficial owner	36,392,320 domestic shares	7.18%
	Interest of a controlled corporation	33,961,432 domestic shares (Note)	6.70%

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

Save as disclosed herein, for the six months ended 30 June 2016, 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 2016, 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 was 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 2016, 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 shares 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 of the Company carrying rights to vote in all circumstances at general meetings of the Company; 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	16.15%
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	6.74%
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	6.74%
Hangzhou Gongjia	Beneficial owner	33,961,432 domestic shares (Note 1)	6.70%

Name	Capacity and nature of interest	Number of shares held	Percentage of beneficial interests in the Company's share capital
Shanghai Aifusheng	Interest of a controlled corporation	33,961,432 domestic shares (Note 1)	6.70%
Rise Sea Limited (" Rise Sea ")	Beneficial owner	49,000,000 H shares (Note 2)	9.67%
Zhejiang Shenghua Holdings Company Limited*(浙江升華控股有限公司) (" Zhejiang Shenghua ")	Interest of a controlled corporation	49,000,000 H shares (Note 2)	9.67%
Deqing Huisheng Investment Company Limited*(德清匯升投資有限公司) (" Deqing Huisheng ")	Interest of a controlled corporation	49,000,000 H shares (Note 2)	9.67%
Mr. Xia Shilin	Interest of a controlled corporation	49,000,000 H shares (Note 2)	9.67%
Mr. Wong Nga Chi	Beneficial owner	47,000,000 H shares	9.28%
Ms. Ko Chiu Yu	Beneficial owner	36,500,000 H shares	7.21%
Ms. Gao Jie	Beneficial owner	17,500,000 H shares	3.45%
Mr. Fong For	Beneficial owner	16,560,000 H shares	3.27%

Notes:

- (1) 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.
- (2) These 49,000,000 H shares are registered under the name of Rise Sea. Rise Sea is a limited liability company incorporated in Hong Kong and is wholly-owned by Zhejiang Shenghua, a limited liability company established in the PRC. Zhejiang Shenghua is owned as to approximately 69.54% by Deqing Huisheng, a limited liability company established in the PRC, which in turn is owned as to 75% by Mr. Xia Shilin. For the purposes of the SFO, Zhejiang Shenghua, Deqing Huisheng and Mr. Xia Shilin are each deemed to be interested in the 49,000,000 H shares held by Rise Sea.

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 for the six months ended 30 June 2016 have not been audited 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 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2016, 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 2016.

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

Hangzhou City, the PRC, 12 August 2016

* *For identification purposes only*