

INTERIM REPORT
2009



ZZNode



ZZNode Technologies Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 2371)

The board of directors (the “Board”) of ZZNode Technologies Company Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009 and the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
Turnover	3	6,789	10,522
Cost of sales and services		<u>(3,536)</u>	<u>(9,736)</u>
Gross profit		3,253	786
Other income	4	515	353
Research and development expenditure		(1,679)	(1,551)
Selling and marketing expenses		(420)	(526)
Administrative expenses		(5,131)	(11,974)
Finance costs	5	(121)	(31)
Change in fair value of financial assets at fair value through profit or loss		23,937	(286)
Loss on disposal of subsidiaries		–	(22,360)
Share of result of an associate		<u>–</u>	<u>(195)</u>
Profit (loss) before tax	6	20,354	(35,784)
Income tax	7	<u>–</u>	<u>–</u>
Profit (loss) for the period attributable to owners of the Company		<u>20,354</u>	<u>(35,784)</u>
<i>Other comprehensive expense</i>			
Exchange difference arising on translation to presentation currency		<u>(121)</u>	<u>–</u>
Total comprehensive income (expense) for the period attributable to owners of the Company		<u>20,233</u>	<u>(35,784)</u>
Earnings (loss) per share			
– Basic (RMB cents)	9	<u>5.03</u>	<u>(8.90)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		30 June 2009	31 December 2008
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		878	1,033
Investment properties		8,859	8,872
Deposit paid for acquisition of investment	10	21,197	21,228
Receivable in respect of a terminated transaction – long-term portion	11	<u>4,416</u>	<u>15,479</u>
		<u>35,350</u>	<u>46,612</u>
Current assets			
Inventories		34	–
Trade receivables	12	5,473	7,207
Prepayments, deposits and other receivables		1,281	1,166
Receivable in respect of a terminated transaction – current portion	11	26,497	28,746
Financial assets at fair value through profit or loss		46,000	7,987
Bank balances and cash		<u>1,603</u>	<u>3,887</u>
		<u>80,888</u>	<u>48,993</u>
Current liabilities			
Trade payables	13	4,231	8,493
Other borrowings		5,655	–
Advances from customers, accrued charges and other payables		<u>1,340</u>	<u>2,333</u>
		<u>11,226</u>	<u>10,826</u>
Net current assets		<u>69,662</u>	<u>38,167</u>
		<u>105,012</u>	<u>84,779</u>
Capital and reserves			
Share capital		42,816	42,816
Reserves		<u>62,196</u>	<u>41,963</u>
Equity attributable to owners of the Company		<u>105,012</u>	<u>84,779</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total equity attributable to owners of the Company at 1 January	84,779	119,387
Change in equity during the period:		
– Exchange difference arising on translation to presentation currency	(121)	–
– Profit (loss) for the period	20,354	(35,784)
Total comprehensive income (expense) for the period	20,233	(35,784)
Issue of shares upon exercise of share options	–	4,945
	20,233	(30,839)
Total equity attributable to owners of the Company at 30 June	105,012	88,548

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW*For the six months ended 30 June 2009*

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash used in operating activities	(7,134)	(12,045)
Net cash used in investing activities	(644)	(72,610)
Net cash generated from financing activities	<u>5,494</u>	<u>11,113</u>
Net decrease in cash and cash equivalents	(2,284)	(73,542)
Cash and cash equivalents at the beginning of period	<u>3,887</u>	<u>77,718</u>
Cash and cash equivalents at the end of period	<u><u>1,603</u></u>	<u><u>4,176</u></u>
Represented by		
Bank balances and cash	<u><u>1,603</u></u>	<u><u>4,176</u></u>

NOTES

1. GENERAL

The Company was incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and address of its principal place of business in Hong Kong is located at Suites 1205-1207, 12th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.

With effect from 3 August 2009, the principal share registrar and transfer office of the Company in the Cayman Islands has been changed to HSBC Trustee (Cayman) Limited, P.O. Box 484, HSBC House, 68 West Bay Road, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The unaudited condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKFRS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior year adjustment has been required.

HKAS 1 (Revised 2007) “Presentation of Financial Statements”

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 “Operating Segments”

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 “Segment Reporting”.

The Group has not early adopted the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised 2008)	Business Combinations ¹
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfer of Assets from Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfer on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control of a subsidiary will be accounted for as equity transactions. The directors of the Company (the “Directors”) anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the development and provision of telecommunications operational support system products and solutions in the People's Republic of China (the "PRC").

The Group's activities including the sales of self-developed software and third party software and hardware, and maintenance, training and other services, are delivered as part of total solution services provided by the Group and the rental income from the operating leases of Group's investment properties.

Segment information about these businesses is presented below:

	Turnover		Segment result	
	six months ended 30 June			
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Operating divisions				
Sales of self-developed software	–	3,792	–	(1,528)
Sales of third party software and hardware	1,372	3,038	69	390
Maintenance, training and other services	5,417	3,660	940	123
Property investment	–	32	(30)	32
	<u>6,789</u>	<u>10,522</u>	<u>979</u>	<u>(983)</u>
Unallocated other income			24,452	353
Unallocated corporate expenses			(4,956)	(12,568)
Finance costs			(121)	(31)
Loss on disposal of subsidiaries			–	(22,360)
Share of result of an associate			–	(195)
			<u>20,354</u>	<u>(35,784)</u>
Profit (loss) before tax			20,354	(35,784)
Income tax			–	–
			<u>20,354</u>	<u>(35,784)</u>
Profit (loss) for the period			<u>20,354</u>	<u>(35,784)</u>

4. OTHER INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of financial assets at fair value through profit or loss	139	108
Dividend income	4	–
Interest income	2	149
Sundry income	370	96
	<u>515</u>	<u>353</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on other borrowings	121	31

6. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
After charging:		
Staff costs, including directors' emoluments	1,621	1,048
Depreciation of property, plant and equipment	162	160
Operating lease rentals in respect of rented premises	778	522
Research and development expenditure	1,679	1,171
Add: Amortisation of intangible assets	–	380
	<u>1,679</u>	<u>1,551</u>
And after crediting:		
Changes in fair value of financial assets at fair value through profit or loss	23,937	–

7. INCOME TAX

The statutory tax rate for Shanghai Zhizhen Node Technology Development Co., Ltd. 上海直真節點技術開發有限公司 (“ZZNode (Shanghai)”) is 18%. However, they receive preferential tax treatment as explained below:

ZZNode (Shanghai) is also recognized as an advanced technology and software enterprise according to the Shanghai State Tax Notices 滬國稅浦政 2002 No. 70 of (Circular of the Ministry of Finance, the State Administration of Taxation and General Administration of Customs on the Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries) 《關於鼓勵軟件產業和集成電路產業發展有關稅收政策問題的通知》 approved by the State Tax Bureau and Local Tax Bureau of Pudong New District of Shanghai Municipality. It is exempted from the PRC Enterprise Income Tax for the two years ended 31 December 2003 and entitled to a 50% tax reduction for the three years ended 31 December 2006. Therefore, ZZNode (Shanghai) is subject to PRC Enterprise Income Tax at 18%.

No provision for PRC Enterprise Income Tax was made for the six months ended 30 June 2009 and 2008 as the Company's subsidiary in the PRC incurred a tax loss.

No provision for Hong Kong profits tax was made in the consolidated statement of comprehensive income for the six months ended 30 June 2009 and 2008 as the Group did not have any assessable profit arising in Hong Kong for both periods.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2009 of approximately RMB20,354,000 (six months ended 30 June 2008: loss RMB35,784,000) and the weighted average number of ordinary shares of 405,000,000 during the period (six months ended 30 June 2008: 402,292,818).

No diluted earnings per share for the six months ended 30 June 2009 and 2008 has been presented because there were no potential ordinary shares outstanding for the period.

10. DEPOSIT PAID FOR ACQUISITION OF INVESTMENT

As at 30 June 2009, the deposit paid of HK\$24,000,000 (approximately RMB21,197,000) represented a deposit for the potential acquisition of Precious Luck Enterprises Limited. Details of the transaction are set out in the announcements made by the Company dated 13 May 2008, 3 June 2008, 30 June 2008, 29 July 2008, 1 September 2008, 30 September 2008, 29 October 2008, 30 December 2008, 30 January 2009, 26 March 2009, 22 April 2009, 21 May 2009, 11 June 2009, 10 July 2009 and 11 September 2009. As of the date of this announcement, the transaction has not yet been completed.

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Deposit paid for acquisition of investment	<u>21,197</u>	<u>21,228</u>

11. RECEIVABLE IN RESPECT OF A TERMINATED TRANSACTION

As at 30 June 2009, the Group had a receivable of HK\$35,000,000 (approximately RMB30,913,000) in respect of a terminated transaction. The details of the termination of the transaction are set out in the announcement of the Company dated 22 December 2008. The balance is unsecured and bears interest at 3 per cent per annum.

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Long-term portion	4,416	15,479
Current portion	<u>26,497</u>	<u>28,746</u>
	<u>30,913</u>	<u>44,225</u>

12. TRADE RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables net of accumulated impairment losses:

	30 June	31 December
	2009	2008
	(Unaudited)	(Audited)
	RMB'000	RMB'000
0 to 90 days	1,890	6,912
91 to 180 days	3,200	295
181 to 270 days	383	–
	<u>5,473</u>	<u>7,207</u>

13. TRADE PAYABLES

The suppliers normally grant credit period to the Group ranging from 30 days to 90 days. The following is an aged analysis of trade payables:

	30 June	31 December
	2009	2008
	(Unaudited)	(Audited)
	RMB'000	RMB'000
0 to 90 days	340	8,493
More than 90 days but within one year	3,891	–
	<u>4,231</u>	<u>8,493</u>

14. OPERATING LEASE COMMITMENTS

At 30 June 2009, the Group had commitments for future minimum lease payments under operating leases in respect of rented office premises that fall due as follows:

	30 June	31 December
	2009	2008
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within one year	2,172	2,038
In the second to fifth year (both years inclusive)	409	1,464
	<u>2,581</u>	<u>3,502</u>

15. RELATED PARTY TRANSACTION

The Group's key management personnel are all Directors and the remuneration of the Directors during the periods are as follow:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fees	239	210
Salaries and other benefits	774	586
Retirement benefits scheme contribution	21	21
	<u>1,034</u>	<u>817</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately RMB6,789,000 (six months ended 30 June 2008: approximately RMB10,522,000), representing a decrease of approximately 35.5% as compared to the last corresponding period. Of these, turnover derived from sales of third party software and hardware decreased from approximately RMB3,038,000 in the last corresponding period to approximately RMB1,372,000, representing a decrease of approximately 54.8%. Turnover derived from maintenance, training and other services was approximately RMB5,417,000 (six months ended 30 June 2008: approximately RMB3,660,000), representing an increase of approximately 48.0%.

The Group recorded a gross profit of approximately RMB3,253,000 (six months ended 30 June 2008: approximately RMB786,000). The overall gross margin increased from approximately 7.5% of last corresponding period to approximately 47.9%.

Administrative expenses for the six months ended 30 June 2009 was approximately RMB5,131,000 (six months ended 30 June 2008: approximately RMB11,974,000). The reduction in expenses was primarily due to decrease in consultancy and legal and professional fees during the period as compared to the corresponding period in 2008, which were incurred in relation to the disposal of subsidiaries in January 2008.

Profit attributable to owners of the Company was approximately RMB20,354,000 (six months ended 30 June 2008: loss approximately RMB35,784,000). Basic earnings per share was approximately RMB5.03 cents (six months ended 30 June 2008: basic loss per share RMB8.90 cents.)

Business Review

During the first half of the year 2009, the Group was principally engaged in the provision of broadband value-added business platforms for both household and business customers, as well as wireless network optimization services and software development services.

Due to the economic downturn and global financial crisis, the macroeconomic environment has been adversely affected despite the huge economic stimulus package adopted by the PRC government and the issuance of 3G licenses in 2008. Investments made by telecommunication operators in the construction of 3G networks and systems were undertaken in a more prudent manner, resulting in a slower-than-expected pace of 3G development. Intense competition for talent was also experienced in the network optimization service business. Value-added businesses are pending for further development upon recovery of the sector.

Outlook

Software Development and Network Optimization

The Group will actively expand its network optimization services. Apart from strengthening its cooperation with partners, the Group will try to approach operators directly in order to secure orders for network optimization services. At the same time, the Group will tighten its cost control over network optimization services with a view to creating more opportunities in the current 3G network era. The Group will also increase its collaboration with China Mobile and China Unicom and become more aggressive in its value-added business management platform service.

Material Acquisition and Disposal/Future Plans for Material Investment

On 13 May 2008, the Company announced a very substantial acquisition of the 100% equity interest in Precious Luck Enterprises Limited. The Directors expect that, through this acquisition, the Company will take part in the operation and broadcasting across a network of outdoor mega LED displays throughout the PRC's major cities and it will generate revenue from broadcasting and advertisements placed and will generate stable income to the Group. As at the date of this announcement, the Company had paid HK\$24,000,000 as the earnest money and this acquisition is not yet completed.

The Group is actively exploring the feasibility of expansion into other business segments with a view to diversify the Group's business portfolio and to generate stable and solid revenue.

Advance to an Entity

On 19 December 2008, Perfection Asia Limited ("Perfection Asia"), a wholly-owned subsidiary of the Company, has requested for refund of the earnest money paid in the sum of HK\$50,000,000 in relation to failure of conditions precedent for entering into the formal sale and purchase agreement for a proposed acquisition with Wellcom International Limited. For more details, please refer to the Company's announcements dated 7 April 2008, 29 September 2008 and 22 December 2008, and the 2008 Annual Report. As at 30 June 2009, the balance of the earnest money was HK\$35,000,000.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flows and the bank balance.

As at 30 June 2009, the Group had bank balances and cash of approximately RMB1,603,000 (at 31 December 2008: RMB3,887,000).

The Group's net current assets totaled approximately RMB69,662,000 as at 30 June 2009, against RMB38,167,000 as at 31 December 2008. The Group's current ratio was approximately 7.21 as at 30 June 2009 as compared with 4.53 as at 31 December 2008.

Gearing Ratio

As at 30 June 2009, the Group did not have any long-term debts while its shareholders' funds amounted to approximately RMB105,012,000, representing a net gearing ratio (calculated as total borrowings less cash and bank balances to total equity) of 3.9% as at 30 June 2009, as compared with zero as at 31 December 2008.

Capital Structure

As at 30 June 2009, the Company's issued share capital is HK\$40,500,000 and the number of its issued ordinary shares is 405,000,000 shares.

Significant Investment

As at 30 June 2009, the Group held investment properties and investment in listed securities amounted to approximately RMB8,859,000 (31 December 2008: RMB8,872,000) and approximately RMB46,000,000 (31 December 2008: RMB7,987,000) respectively. During the period, the Group had additions to investment in listed securities in the amount of approximately RMB14,996,000. The Group recorded a slightly decrease in value of investment properties was due to conversion difference in RMB and a significant increase in fair value of investment in listed securities of approximately RMB23,937,000 as at 30 June 2009. The Directors expect that investment in listed securities will enhance the Group's earning potentials.

Foreign Exchange Exposure

Substantially all of the business transactions of the Group are denominated in RMB and Hong Kong dollars. The Group adopts a conservative financial policy. During the six months ended 30 June 2009, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

Charge on Group Assets and Contingent Liabilities

As at 30 June 2009, the Group has pledged its financial assets with carrying value of RMB46,000,000 to a financial institution to secure other borrowings granted to the Group.

As at 30 June 2009, the Group did not have any material contingent liabilities.

Capital Commitment

As at 30 June 2009, the Group did not have any material capital commitment.

Subsequent Event

On 10 July 2009 and 17 July 2009, Smart Century Investment Limited, a wholly-owned subsidiary of the Company, provided financial assistance in the sum of HK\$20,000,000 and HK\$3,200,000 respectively (“Financial Assistance”) to Apex One Enterprises Limited (“Apex One”), a 49%-owned and affiliated company of the Company. The Financial Assistance is to provide funding for Apex One to carry out its investment business. The Financial Assistance is interest free, unsecured and has no fixed terms of repayment.

Employee Information and Remuneration Policy

As at 30 June 2009, the Group has 57 employees (31 December 2008: 37).

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. We are confident that our employees will continue to provide a firm foundation for the success of the Group and will maintain high standard of service to our clients.

SHARE OPTION SCHEME

The Group operated two equity-settled share option schemes, (a) the Share Option Scheme and (b) the Share Incentive Scheme, under which the Board might, at its discretion, offer any employees (whether full time or part time), executives or officers of the Company or any of its subsidiaries (including any executive Director), consultants, agents or legal and financial advisers to the Company or its subsidiaries and the relevant eligible grantees as set out in the Share Option Scheme and Share Incentive Scheme, whom the Board considered, in its sole discretion, as having contributed to the Company or any of its subsidiaries.

During the six months ended 30 June 2009, no option was granted under the Share Option Scheme and Share Incentive Scheme respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2009, none of the Directors and the chief executives of the Company held any interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the "SFO")) and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

At no time during the six months ended 30 June 2009 was the Company or any of its subsidiaries a party to any arrangements to enable any of the Directors or Company's members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Directors, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 30 June 2009.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2009, the following persons (other than Directors or chief executives of the Company) had interests or short positions directly or indirectly in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of substantial shareholders of the Company	Nature of interests	No. of shares/ underlying shares in the Company	Approximate percentage of the issued share capital in the Company
Ascher Group Limited (<i>Note 1</i>)	Corporate	377,520,000	93.21%
Mr. Lu Xing ("Mr. Lu")	Held by controlled corporation (<i>Note 2</i>)	377,520,000	93.21%
Rotaland Limited (<i>Note 1</i>)	Corporate	1,074,480,000	265.30%
Mr. Ho Wai Kong ("Mr. Ho")	Held by controlled corporation (<i>Note 3</i>)	1,074,480,000	265.30%
Hensford Group Limited	Corporate	61,000,000	15.06%
Ms. Yeung Yuk Wa	Beneficial owner	48,480,000	11.97%

Notes:

- On 27 April 2008, Million Gold Holdings Limited, a wholly-owned subsidiary of the Company with limited liability, together with the Company, entered into an agreement with Rotaland Limited and Ascher Group Limited in relation to the acquisition of the entire issued share capital of Precious Luck (the "Acquisition"), a company incorporated in the British Virgin Islands with limited liability which is beneficially owned by Rotaland Limited as to 74% and Ascher Group Limited as to 26%. Upon completion, 377,520,000 and 1,074,480,000 convertible notes will be issued to Ascher Group Limited and Rotaland Limited respectively. However, as at the date of this report, the Acquisition is not yet completed.
- Ascher Group Limited is a company incorporated in the British Virgins Islands with limited liability and wholly owned by Mr. Lu.
- Rotaland Limited is a company incorporated in the British Virgins Islands with limited liability and wholly owned by Mr. Ho.

Save as disclosed above, as at 30 June 2009, the Company had not been notified of any interest or short position being held by any substantial shareholder in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on director of the Company are as follows:

Ms. Chan Shui Sheung, Ivy has resigned as a director of Century 21 Surveyors Limited.

Mr. Lam Raymond Shiu Cheung has resigned as the independent non-executive director of China Railway Logistics Limited (“China Railway”, Stock Code: 8089) and China Bio-Med Regeneration Technology Limited (“China Bio-Med”, Stock Code: 8158) on 17 June 2009 and 26 June 2009 respectively, both China Railway and China Bio-Med are listed on GEM Board of the Stock Exchange.

Mr. Lam Ka Wai, Graham has been appointed as the independent non-executive director of Finet Group Limited (“Finet Group”, Stock Code: 8317) on 5 August 2009, Finet Group is listed on GEM Board of The Stock Exchange. Mr. Lam Ka Wai, Graham being the independent non-executive director of Artfield Group Limited (“Artfield”, Stock Code: 1229), Artfield had changed the name to China Sonangol Resources Enterprise Limited.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2009, the Company has applied and complied with the code provisions in the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 of the Listing Rules.

During the six months ended 30 June 2009 and up to the date of this announcement, there are the following deviations to the CG Code:

- (i) According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. While after the resignation of chairman and chief executive officer of the Company on 20 February 2008, the Company does not have any officer with the title “chairman” and “chief executive officer”. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

- (ii) According to the code provision A.4.1 of the CG Code, all non-executive directors should be appointed for a specific term of service. While three independent non-executive directors of the Company appointed in January 2008, namely Mr. Chow Shiu Ki, Mr. Lam Raymond Shiu Cheung and Mr. Lam Ka Wai, Graham, are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

COMPLIANCE WITH MODEL CODE

During the six months ended 30 June 2009, the Company has adopted a code of conduct regarding securities transactions by its directors on terms no less exactly than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). The Company had made specific enquiries of all Directors, and the Company was not aware of any non-compliance with the required standard in the Model Code.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2009.

AUDIT COMMITTEE

The Audit Committee currently consists of all the independent non-executive directors of the Company, namely, Mr. Chow Shiu Ki, Mr. Lam Raymond Shiu Cheung and Mr. Lam Ka Wai, Graham. The audit committee has reviewed the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters. The unaudited financial interim results and the interim report of the Group for the six months ended 30 June 2009 have been reviewed by the Audit Committee.

By Order of the Board
ZZNode Technologies Company Limited
Chan Shui Sheung, Ivy
Executive Director

Hong Kong, 16 September 2009

As at the date of this report, the Board comprises Ms. Chan Shui Sheung, Ivy, Ms. So Wai Lam, Mr. Liu Yong Fei, Mr. Tin Ka Pak and Mr. Chen Fu Ju as executive directors; Mr. Chow Shiu Ki, Mr. Lam Raymond Shiu Cheung and Mr. Lam Ka Wai, Graham as independent non-executive directors.