



浙江浙大網新蘭德科技股份有限公司

**ZHEDA LANDE SCITECH LIMITED\***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 8106)**

**ANNOUNCEMENT OF FIRST QUARTERLY RESULTS  
(FOR THE THREE MONTHS ENDED 31 MARCH 2006)**

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

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*This announcement, 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 of the Stock Exchange for the purpose of giving information with regard to Zheda Lande Scitech Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purpose only

## **HIGHLIGHTS**

- Achieved a turnover of approximately RMB21,000,000 for the three months ended 31 March 2006, representing an approximately 1.32% increase as compared with the turnover for the corresponding period in 2005.
- Accomplished a net profit of approximately RMB842,000, representing an approximately 57.94% decrease as compared with the net profit for the corresponding period in 2005.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2006.

The board of directors (the “Board”) of Zheda Lande Scitech Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2006.

## **2006 FIRST QUARTERLY RESULTS**

For the three months ended 31 March 2006, the Group recorded an unaudited turnover of approximately RMB21,000,000, representing an increase of approximately RMB273,000, or approximately 1.32%, as compared with the turnover of the same period in 2005.

For the three months ended 31 March 2006, the Group recorded an unaudited net profit of approximately RMB842,000, representing a decrease of approximately RMB1,160,000, or approximately 57.94% as compared with the net profit of the same period in 2005.

The unaudited results of the Group for the three months ended 31 March 2006 together with the unaudited comparative figures for the corresponding period in 2005 are as follows:

		<b>For the three months ended 31 March</b>	
	<i>Notes</i>	<b>2006 RMB'000</b>	<b>2005 RMB'000</b>
Turnover	2	<b>21,000</b>	20,727
Cost of sales		<b>(12,135)</b>	(9,339)
Gross profit		<b>8,865</b>	11,388
Distribution costs		<b>(2,269)</b>	(2,571)
Administrative expenses		<b>(7,728)</b>	(5,637)
Other operating income, net		<b>103</b>	108
(Loss)/profit from operations		<b>(1,029)</b>	3,288
Finance costs, net		<b>(1,015)</b>	(1,016)
Share of profits/(losses) of associates		<b>2,596</b>	(143)
Value-added tax refund		<b>803</b>	–
Profit before tax		<b>1,355</b>	2,129
Tax expense	3	<b>(12)</b>	(575)
Profit for the period		<b><u>1,343</u></b>	<b><u>1,554</u></b>
Attributable to:			
– Equity holders of the Company		<b>842</b>	2,002
– Minority interests		<b>501</b>	(448)
		<b><u>1,343</u></b>	<b><u>1,554</u></b>
Earnings per share – Basic	4	<b><u>RMB0.003</u></b>	<b><u>RMB0.006</u></b>

*Notes :*

#### **1. Basis of presentation**

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 20 September 2001 and its H shares were listed on the GEM on 3 May 2002, details of which are set out in the prospectus of the Company dated 24 April 2002 (the "Prospectus").

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

## 2. Turnover

	For the three months ended 31 March	
	2006	2005
	RMB'000	RMB'000
Provision of telecommunication solutions		
– System integration	2,080	3,320
– Sales of self-developed software	2,875	7,412
	<u>4,955</u>	<u>10,732</u>
Trading of hardware and software	4,365	5,325
Other relevant services	11,680	4,670
	<u>21,000</u>	<u>20,727</u>

## 3. Tax expense

	For the three months ended 31 March	
	2006	2005
	RMB'000	RMB'000
PRC income tax	<u>12</u>	<u>575</u>

The Company has been classified as an Advanced Technology Enterprise by the Scientific Technology Committee of Zhejiang Province. As an Advanced Technology Enterprise incorporated in the National Advanced Technology Industry Development Area in Hangzhou, the Company is subject to Enterprise Income Tax (“EIT”) at a rate of 15%.

The subsidiaries of the Company are subject to EIT at rates ranging from 0-33% in accordance with respective local tax laws and regulations.

The business of the Group is conducted in PRC and therefore is not subject to Hong Kong profits tax.

## 4. Earnings per share

Earnings per share have been computed by dividing net profit for the three months ended 31 March 2006 of approximately RMB842,000 (2005: RMB2,002,000) by the number of 339,577,000 (2005: 339,577,000) shares in issue during the period.

Diluted earnings per share are not presented because of no potential diluted shares existed during the period.

## 5. Reserves

Save as disclosed below, there were no movements in the reserves of the Group for the relevant periods in 2006 and 2005:

	For the three months ended 31 March	
	2006	2005
	RMB'000	RMB'000
Retained profits		
At 1 January	4,668	33,917
Net Profit attributable to shareholders	842	2,002
	<u>5,510</u>	<u>35,919</u>
At 31 March		

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2006 (2005: Nil).

## **REVIEW OF THE FIRST QUARTER**

### **FINANCIAL REVIEW**

For the three months ended 31 March 2006, the Group recorded an unaudited turnover of approximately RMB21,000,000, representing a increase of approximately RMB273,000 or approximately 1.32% as compared with the turnover of the same period in 2005.

For the three months ended 31 March 2006, the Group recorded an unaudited net profit of approximately RMB842,000, representing a decrease of approximately RMB1,160,000 or approximately 57.94% as compared with the net profit of the same period in 2005.

### **BUSINESS REVIEW**

#### *Product development*

During the period, regarding value-added service sector, the Group continued to devote in deepening the product development and operational promotion of the original value-added business of SMS, voice message, secretarial station, WAP, etc. In the period, the Group continued to launch out related products like entrepreneurial reply voice tone business, positioning related information technology and industrial and commercial enterprise information services. With a view to integrating one province's business with other provinces, the Group was engrossed in developing cross regional management platform so as to unify and facilitate the operational management which are trans-provincial.

During the period, regarding the applied service sector, the Group has completed its project of prioritization and revonation on Java version of the management support system, now being under internal assessment. Continued effort was put on the promotion of the enterprise gateway unification solution for telecommunication business operators.

#### *Marketing and business development*

During the period, value-added business of the Group has already penetrated into various provinces and cities. The Group's value-added products had also been put into internal assesement before use, successive results were obtained. This put a step ahead by creating a creditable market environment for subsequent operations.

## *Future prospects*

### 1. Orders in hand/Sales contract status

The Group's orders in hand include the management support system capacity enlargement projects as well as the e-government projects in a number of provinces. Being one of the second phase entrepreneurial firms for management support system selected by Unicom, the Company is now engaged in the testing point item (second phase) located in Chongqing Unicom. Emphases are put on the enterprises gateway and mobile gateway. Whereas family-school link has been implemented in 150 schools and the implementation is under continuation. On the other hand, positioning business will continue the installation of the inner river ship positioning facilities. Promotions on fixed line phone value-added business has already commenced. Industrial and commercial information service project has been implemented, and has achieved a record of user groups, which bear a remarkable trend of growth.

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

Regarding the value-added service sector, the Group will further reinforce its cooperation with business operators, geared to the needs of the market and push to market series of products and services. Furthermore, the function and content of the products and services will be continuously enriched whilst operation models keep being prioritized. Concerning aspect of applied service, the Group will develop new function embedded in entrepreneurial informationized platform products, escalating system quality, push ahead testing of Java version available for entrepreneurial informationized platform. Also, development will be continued in products correlating to telecommunication business operators's decision system and warning alert system.

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

Save as disclosed below, as at 31 March 2006, none of the Directors, Supervisors or chief executives had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by directors to be notified to the Company and the Stock Exchange:

### **Long position in shares**

<b>Name</b>	<b>Type of interests</b>	<b>Capacity</b>	<b>Number of domestic shares held</b>	<b>Percentage of beneficial interests in the Company's share capital</b>
<i>Director</i>				
Chen Ping	Personal	Beneficial owner	36,392,320	10.72%

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

For the three months ended 31 March 2006, none of the Directors, Supervisors or chief executives was granted options to subscribe for shares of the Company. As at 31 March 2006, none of the Directors, Supervisors or chief executives or any of their spouses and children under 18 years of age had any interest in, or had been granted any interest in, or had been granted, or exercised, had any rights to subscribe for shares (or warrants or debentures, if applicable) or to acquire shares of the Company.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted the share option scheme. A summary of the principal terms and conditions of the share option scheme are set out in the section headed "Summary of the Terms of the Share Option Scheme" in the Prospectus. Up to 31 March 2006, no option has been granted pursuant to such share option scheme.

## **INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed below, so far as was known to any Directors, Supervisors or chief executives, as at 31 March 2006, no persons or companies (other than the interests as disclosed above in respect of the Directors) who had equity interests or short positions in the shares or underlying share of the Company which would fall to be disclosed under Division 2 and 3 or Part XV of the SFO; or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; or who were substantial shares as recorded in the register maintained under section 336 of the SFO:

### **Long position in shares**

<b>Shareholder</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Percentage of beneficial interests in the Company's share capital</b>
Zhejiang University Innovation Information Holdings Company Limited	Beneficial owner	81,802,637 domestic shares	24.10%
Guoheng Media Science Group Company Limited	Beneficial owner	34,117,800 domestic shares	10.05%
Fong For	Beneficial owner	21,735,000 H shares	6.40%
Shi Chu Hua	Beneficial owner	16,490,280 domestic shares	4.86%
Wu Zhong Hao	Beneficial owner	16,490,280 domestic shares	4.86%

## 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 comprise three independent non-executive directors, Mr. Gu Yu Lin, Mr. Zhang De Xin and Mr. Cai Xiao Fu whereas Mr. Gu Yu Lin is the chairman. The first quarterly report of the Group for the three months ended 31 March 2006 has been reviewed by the Company's audit committee.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the period from 1 January 2006 to 31 March 2006.

On behalf of the Board

**Chen Ping**

*Chairman*

12 May 2006, Hangzhou, the PRC

*As at the date of this announcement, the Board comprises five executive directors, being Mr. Chen Ping, Mr. Xue Shi Cheng, Mr. Hu Yang Jun, Ms. Pan Lichun, and Mr. Shi Lie and three independent non-executive directors, being Mr. Cai Xiao Fu, Mr. Zhang De Xin and Mr. Gu Yu Lin.*

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