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浙江浙大網新蘭德科技股份有限公司

ZHEDA LANDE SCITECH LIMITED*

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

(Stock Code : 8106)

DISCLOSEABLE AND CONNECTED TRANSACTION

The Board is pleased to announce that on 14 June 2006, the Company entered into the Structure Contracts with Zhejiang Tianxin and/or Zhejiang Tianxin (Shareholders) (as the case may be) pursuant to which, amongst others, the Company will be provided with (i) the right to receive the cash revenues received by Zhejiang Tianxin from its operations which is surplus to its requirements, having regard to its forecast working capital needs, capital expenditure, and other short-term anticipated expenditure through various commercial arrangements; (ii) the right to acquire 78% equity interest of Zhejiang Tianxin, as and when permitted by the relevant PRC laws, rules and regulations, for a pre-paid amount, that is, RMB10,000,000 (approximately HK\$9,615,000); (iii) the right to ensure that the Company will own (a) the principal intellectual property rights of Zhejiang Tianxin and (b) all future intellectual property rights of Zhejiang Tianxin on an exclusive basis; and (iv) a pledge over 78% equity interest in Zhejiang Tianxin.

The entering into the Structure Contracts constitutes a discloseable transaction for the Company under the GEM Listing Rules. As Ms. Tao Tsaiyun, the mother of Mr. Chen Ping (the executive director, chairman and substantial shareholder of the Company) and a Connected Person of the Company, holds 78% equity interest in Zhejiang Tianxin, Zhejiang Tianxin is an associate of Ms. Tao Tsaiyun and therefore a Connected Person of the Company. The entering into of the Structure Contracts also constitutes a connected transaction for the Company under the GEM Listing Rules. Since the Consideration is less than HK\$10,000,000 and each of the Percentage Ratios is less than 25%, the entering into of the Structure Contracts is exempt from the independent shareholders' approval requirements pursuant to rule 20.32 of the GEM Listing Rules.

The Structure Contracts are negotiated and entered into on an arm's length basis in the ordinary and usual course of business of the Group and on normal and commercial terms which, in the Directors' opinion, are fair and reasonable and in the interests of the Shareholders as a whole.

A circular containing, *inter alia*, details of the Structure Contracts and the transactions contemplated thereunder will be despatched to the Shareholders according to the requirements of the GEM Listing Rules.

THE STRUCTURE CONTRACTS

A brief summary of the terms of each of the constituent contracts and documents of the Structure Contracts are set out as follows:-

(1) Framework Contract

Date : 14 June 2006

Parties : The Company
Zhejiang Tianxin
Zhejiang Tianxin (Shareholders)

The Framework Contract serves as the backbone of the Structure Contracts whereby the respective parties to the Framework Contract have agreed to sign each of the Exclusive Right to Purchase Contract, the Pledge Contract, the Exclusive Business Cooperation Contract and the Powers of Attorney (where applicable) and provide certain representations and warranties pertinent to the implementation of the Structure Contracts and the future cooperation between the Company and Zhejiang Tianxin.

(2) Exclusive Right to Purchase Contract

Date : 14 June 2006

Parties : The Company
Zhejiang Tianxin
Zhejiang Tianxin (Shareholders)

Under the Exclusive Right to Purchase Contract, the Company will pay to Ms. Tao Tsaiyun RMB10,000,000 (approximately HK\$9,615,000) and Ms. Tao Tsaiyun will grant to the Company (or its designee) the right to acquire up to but not exceeding 78% equity interest in Zhejiang Tianxin (or any part thereof) currently owned by Ms. Tao Tsaiyun. Such right to purchase may be exercised by the Company (or its designee) at any time subject to the lifting of the restrictions under the relevant PRC laws, rules and regulations against foreign investment in PRC enterprises engaged in the Business.

Under the current PRC laws, rules and regulations, there are certain restrictions against foreign investment in PRC enterprises engaged in the Business. As the relaxation and lifting of the aforementioned restrictions will be subject to the policy of the PRC Government, the Directors are in no position to advise when these restrictions will be fully lifted. Subject to the lifting of the restrictions under the relevant PRC laws, rules and regulations against foreign investment in PRC enterprises engaged in the Business, the Company shall be able to acquire up to but not exceeding 78% equity interest in Zhejiang Tianxin (or any part thereof) and such equity interest shall be transferred at no additional consideration to the Company free from any liens, charges or other encumbrances whatsoever and together with the benefit of all rights attaching thereto at the time of exercise of the right to purchase, including the right to all dividend and other distributions thereafter declared, paid or made in respect thereof.

The Exclusive Right to Purchase Contract also contains covenants given by the Company, Zhejiang Tianxin and Zhejiang Tianxin (Shareholders) with respect to the governance and the conduct of the business by Zhejiang Tianxin, including, among others, a covenant by the Zhejiang Tianxin, together with Zhejiang Tianxin (Shareholders) who should procure the Company, not to sell, transfer or dispose in any way of Zhejiang Tianxin's assets without the prior written approval of the Company or the Exclusive Right to Purchase Contract provides otherwise.

(3) Pledge Contract

Date : 14 June 2006

Parties : The Company
Zhejiang Tianxin
Ms. Tao Tsaiyun

To secure the full performance and discharge of the obligations of Zhejiang Tianxin under the Exclusive Business Cooperation Contract (including but not limited to the immediate and complete payment of the Service Fees (as defined below)), Ms. Tao Tsaiyun has agreed to enter into the Pledge Contract and has granted to the Company a continuing first priority security interest over her interests in the issued share capital of Zhejiang Tianxin (the "**Pledged Securities**"). The Company is entitled to exercise its right to purchase the Pledged Securities for free or otherwise sell the Pledged Securities, on the occurrence of specified events, including, among others, any non-payment in full by Zhejiang Tianxin of the Service Fees (as defined below) or breach of other obligations under the Pledge Contract or any breach by Ms. Tao Tsaiyun of terms under the Pledge Contract.

(4) Exclusive Business Cooperation Contract (attaching two Software Copyright Transfer Contracts and one Software Copyright Licensing Contract)

Date : 14 June 2006

Parties : The Company
Zhejiang Tianxin

Pursuant to the Exclusive Business Cooperation Contract, the Company has agreed to provide to Zhejiang Tianxin extensive technology support and consultation services including but not limited to technology services, technology development, business consultation, licensing of intellectual property rights, market consultation, product research and development and system maintenance. The parties (or their related parties) may, during the effective period of the Exclusive Business Cooperation Contract, (1) enter into further technology and consultation service agreements to prescribe specific terms and mode of provision of such services; (2) where necessary, enter into licensing agreements whereby the Company may license certain intellectual property rights to Zhejiang Tianxin; and (3) where necessary, enter into lease agreements whereby the Company may lease certain equipment and/or assets to Zhejiang Tianxin.

As consideration, Zhejiang Tianxin has agreed to pay to the Company service fees (the “**Service Fees**”), the amount of which will be determined and calculated on the basis of 78% of the cash revenues generated by Zhejiang Tianxin and its subsidiaries (either directly or indirectly controlled or interested in) from their operations through various commercial arrangements after deducting the forecast working capital needs, capital expenditure and other short-term anticipated expenditure. The Service Fees shall be paid to the Company on a quarterly basis. In the event that Zhejiang Tianxin and its subsidiaries shall generate no surplus cash in any quarter of the financial year as a result of their working capital needs, the Company shall receive no Service Fees in such quarter.

Under the Exclusive Business Cooperation Contract, the parties have agreed that the Company shall own all present and future rights, proprietary rights, interests, intellectual property rights generated or created as a result of performance of the Exclusive Business Cooperation Contract, whether or not they are developed by Zhejiang Tianxin, on an exclusive basis.

(4A) Software Copyright Transfer Contracts

Date : 14 June 2006

Parties : The Company
Zhejiang Tianxin

Pursuant to the two Software Copyright Transfer Contracts, Zhejiang Tianxin has agreed to assign certain copyrights (the “**Softwares’ Copyrights**”) of specific softwares owned by Zhejiang Tianxin to the Company at a consideration of RMB1 (approximately HK\$0.96) in respect of each assignment.

(4B) Software Copyright Licensing Contract

Date : 14 June 2006

Parties : The Company
Zhejiang Tianxin

Pursuant to the Software Copyright Licensing Contract, the Company has agreed to grant Zhejiang Tianxin a licence to use the Softwares’ Copyrights owned by the Company upon assignment of the same pursuant to Software Copyright Transfer Contracts for the payment of royalties the amount of which will be included in the Service Fees to be paid to the Company under the Exclusive Business Cooperation Contract.

(5) Powers of Attorney

Date : 14 June 2006

Executed by : Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min

Ms. Tao Tsaiyun is currently the legal representative and sole director of Zhejiang Tianxin. The Structure Contracts do not contain any provision specifying the board composition of Zhejiang Tianxin upon completion of the transactions as contemplated under the Structure Contracts. However, each of Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min executed a power of attorney in favour of the Company pursuant to which he/she appoints the Company as his/her only and lawful attorney in his/her name and on his/her behalf to do or execute all or any of the following acts or things:

- (i) to attend the shareholders' meetings of Zhejiang Tianxin;
- (ii) to exercise his/her voting rights in the shareholders' meetings of Zhejiang Tianxin in accordance with the relevant PRC laws and Zhejiang Tianxin's articles of association;
- (iii) to act as his/her authorized representative in the shareholders' meeting of Zhejiang Tianxin and appoint the legal representative (chairman of the board of directors), directors, supervisors, general manager and other senior managerial staff of Zhejiang Tianxin; and
- (iv) (in respect of Ms. Tao Tsaiyun only) to sign the agreement for the transfer of all or any part of 78% equity interest in Zhejiang Tianxin currently owned by Ms. Tao Tsaiyun subject to the lifting of the restrictions under the relevant PRC laws, rules and regulations against foreign investment in PRC enterprises engaged in the Business.

As Ms. Tao Tsaiyun (the legal representative and sole director of Zhejiang Tianxin), the mother of Mr. Chen Ping (the executive director, chairman and substantial shareholder of the Company) and a Connected Person of the Company, holds 78% equity interest in Zhejiang Tianxin, Zhejiang Tianxin is an associate of Ms. Tao Tsaiyun and therefore a Connected Person of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the other shareholders of Zhejiang Tianxin, namely, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min are Independent Third Parties.

As a result of the Structure Contracts, the Group is able to recognize and receive the economic benefit of the business and operations of Zhejiang Tianxin. The Structure Contracts are also designed to provide the Company with effective control over and (to the extent permitted by the relevant PRC laws, rules and regulations) the right to acquire the equity interest in Zhejiang Tianxin. In summary, the Structure Contracts provide the Company with:

1. the right to receive the cash revenues received by Zhejiang Tianxin from its operations which is surplus to its requirements, having regard to its forecast working capital needs, capital expenditure, and other short-term anticipated expenditure through various commercial arrangements;
2. the right to acquire 78% equity interest of Zhejiang Tianxin, as and when permitted by the relevant PRC laws, rules and regulations, for a pre-paid amount, that is, RMB10,000,000 (approximately HK\$9,615,000);

3. the right to ensure that the Company will own (i) the principal intellectual property rights of Zhejiang Tianxin; and (ii) all future intellectual property rights of Zhejiang Tianxin on an exclusive basis; and
4. a pledge over 78% equity interest in Zhejiang Tianxin.

Zhong Lun Law Firm, the independent PRC legal advisers of the Company, has confirmed that each of the constituent contracts and documents of the Structure Contracts is valid, legally binding and enforceable under the PRC laws.

CONSIDERATION

The Consideration comprises (i) RMB10,000,000 (approximately HK\$9,615,000), being the consideration payable by the Company to Ms. Tao Tsaiyun in respect of the right to acquire up to but not exceeding 78% equity interest in Zhejiang Tianxin (or any part thereof) under the Exclusive Right to Purchase Contract (the “**First Consideration**”); and (ii) RMB2 (approximately HK\$1.9), being the consideration payable by the Company to Zhejiang Tianxin in respect of the assignment of Softwares’ Copyrights under each of the two Software Copyright Transfer Contracts (the “**Second Consideration**”).

The Consideration has been agreed after arm’s length negotiations with reference to the audited net asset value of Zhejiang Tianxin for the year ended 31 December 2005 of approximately RMB13,117,000 (approximately HK\$12,612,500) and represents a discount of approximately 2.3% of 78% of such net asset value (approximately RMB10,231,260 (approximately HK\$9,837,750)).

The First Consideration shall be paid to a designated bank account of Zhejiang Tianxin within fifteen (15) days after the date of the Exclusive Right to Purchase Contract. Zhejiang Tianxin shall release the First Consideration to Ms. Tao Tsaiyun upon completion of all registration and approval procedures regarding the transfer of the 78% equity interest in Zhejiang Tianxin and delivery of all relevant documents of title.

The Second Consideration shall be paid to Zhejiang Tianxin within three (3) days from the date of the Software Copyright Transfer Contracts according to the directions of Zhejiang Tianxin.

The Directors are of the view that the Consideration and the mode of payment as mentioned above has been negotiated and determined on an arm’s length and on normal commercial terms. The Consideration payable to Zhejiang Tianxin and Ms. Tao Tsaiyun will be satisfied by cash out of the internal resources of the Group.

INFORMATION ABOUT ZHEJIANG TIANXIN

Zhejiang Tianxin was a company incorporated in the PRC on 5 September 2003 and is engaged in technology development, provision of technology services and technology consultation in respect of computer software and internet technology, retail, wholesale and foreign investment involving computers and computer accessories, communication equipment, communication products and electronic products. As at the date of the Structure Contracts, its shareholding is held as to 78%, 10%, 8%, 3% and 1% by Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min.

The audited net asset value of Zhejiang Tianxin as at 31 December 2005, prepared under accounting principles generally accepted in PRC, was approximately RMB13,117,000 (approximately HK\$12,612,500).

The table below sets out the audited loss before and after taxation for Zhejiang Tianxin for each of the two years ended 31 December 2005, prepared under accounting principles generally accepted in PRC, respectively.

| Zhejiang Tianxin | Year ended 31 December 2004 RMB('000) | Year ended 31 December 2005 RMB('000) |
|-------------------------|--|--|
| Loss before taxation | 2,320 | 4,560 |
| Loss after taxation | 2,320 | 4,560 |

REASONS AND BENEFITS OF ENTERING INTO THE STRUCTURE CONTRACTS

As a result of the Structure Contracts, the Group is able to recognize and receive the economic benefit of the business and operations of Zhejiang Tianxin. The Structure Contracts are also designed to provide the Company with effective control over and (to the extent permitted by the relevant PRC laws, rules and regulations) the right to acquire the equity interest in Zhejiang Tianxin. Further, the arrangements under the Structure Contracts, taken as a whole, permit the results and financial position of Zhejiang Tianxin to be consolidated with the Company as if it was a subsidiary of the Company and that the economic benefit of the businesses of Zhejiang Tianxin and its subsidiaries flows to the Company.

The Board believes that the terms of the Structure Contracts are negotiated on arm's length basis, fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Group's principal activities are the provision of telecommunication solutions, trading of hardware and computer software and investment holdings.

The audited turnover of the Group for the two years ended 31 December 2004 and 31 December 2005 were RMB185,639,000 and RMB118,208,000 respectively.

The audited net profit of the Group for the year ended 31 December 2004 was RMB10,296,000. The audited net loss of the Group for the year ended 31 December 2005 was RMB28,348,000.

The audited net asset value (excluding minority interests) of the Group as at 31 December 2004 and 31 December 2005 were RMB149,529,000 and RMB121,181,000 respectively.

DISCLOSEABLE AND CONNECTED TRANSACTION

According to the GEM Listing Rules, the entering into the Structure Contracts constitutes a discloseable transaction of the Company.

As Ms. Tao Tsaiyun, the mother of Mr. Chen Ping (the executive director, chairman and substantial shareholder of the Company) and a Connected Person of the Company, holds 78% equity interest in Zhejiang Tianxin, Zhejiang Tianxin is an associate of Ms. Tao Tsaiyun and therefore a Connected Person of the Company. The entering into of the Structure Contracts also constitutes a connected transaction for the Company under the GEM Listing Rules. Since the Consideration is less than

HK\$10,000,000 and each of the Percentage Ratios is less than 25%, the entering into of the Structure Contracts is exempt from the independent shareholders' approval requirements pursuant to rule 20.32 of the GEM Listing Rules.

A circular containing, *inter alia*, details of the Structure Contracts and the transactions contemplated thereunder will be dispatched to the Shareholders according to the requirements of the GEM Listing Rules.

DEFINITIONS

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| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules; |
| “Business” | the value-added telecommunications business in the PRC, including the telecommunications and information services provided by means of public network infrastructure which improves the economic performance and functional value of the network. The value-added telecommunications services that are widely provided in the PRC include electronic mails, video text, electronic data interchange (EDI), fax store and forward, online database search and internet; |
| “Company” | Zheda Lande Scitech Limited* (浙江浙大網新蘭德科技股份有限公司), the H Shares of which are listed and traded on the GEM (stock code : 08106); |
| “Connected Person” | has the meaning ascribed to it under the GEM Listing Rules; |
| “Consideration” | RMB10,000,002 (approximately HK\$9,615,002), being the consideration payable by the Company to Zhejiang Tianxin and Ms. Tao Tsaiyun under the Structure Contracts (comprising RMB10,000,000 (approximately HK\$9,615,000), being the consideration payable by the Company to Ms. Tao Tsaiyun in respect of the right to acquire up to but not exceeding 78% equity interest in Zhejiang Tianxin (or any part thereof) under the Exclusive Right to Purchase Contract and RMB2 (approximately HK\$1.9), being the consideration payable by the Company to Zhejiang Tianxin in respect of the assignment of Softwares' Copyrights under each of the two Software Copyright Transfer Contracts); |
| “Directors” | the directors of the Company, including the independent non-executive directors; |
| “Exclusive Business Cooperation Contract” | the exclusive business cooperation contract among the Company, Zhejiang Tianxin and Zhejiang Tianxin (Shareholders) dated 14 June 2006, the principal terms of which are set out in the paragraph headed “The Structure Contracts” in this announcement; |
| “Exclusive Right to Purchase Contract” | the exclusive right to purchase contract among the Company, Zhejiang Tianxin and Zhejiang Tianxin (Shareholders) dated 14 June 2006, the principal terms of which are set out in the paragraph headed “The Structure Contracts” in this announcement; |

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| “GEM” | the Growth Enterprise Market operated by the Stock Exchange; |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC; |
| “Independent Third Party” | to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, any person who is not connected to any director, supervisor, chief executive, promoter, substantial shareholder or management shareholder (both as defined in the GEM Listing Rules) of the Company or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules), nor a connected person (as defined in the GEM Listing Rules); |
| “Percentage Ratios” | has the meaning ascribed to it under the GEM Listing Rules; |
| “Pledge Contract” | the pledge contract among the Company, Zhejiang Tianxin and Ms. Tao Tsaiyun dated 14 June 2006, the principal terms of which are set out in the paragraph headed “The Structure Contracts” in this announcement; |
| “Powers of Attorney” | the powers of attorney executed by each of Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min, the principal terms of which are set out in the paragraph headed “The Structure Contracts” in this announcement; |
| “PRC” | the People’s Republic of China; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shareholders” | shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Structure Contracts” | a suite of contracts and documents all dated 14 June 2006 entered into by/between/among the Company and/or Zhejiang Tianxin and/or Zhejiang Tianxin (Shareholders) (as the case may be) comprising the Framework Contract, the Exclusive Right to Purchase Contract, the Share Pledge Contract, the Exclusive Business Corporation Contract and the Powers of Attorney, the principal terms of each of these contracts and documents are set out in the paragraph headed “The Structure Contracts” in this announcement; |
| “Zhejiang Tianxin” | Zhejiang Tianxin Science and Technology Development Company Limited* (浙江天信科技發展有限公司), a company incorporated in the PRC on 5 September 2003, and as at the date of the Structure Contracts, its shareholding is held as to 78%, 10%, 8%, 3% and 1% by Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min; |

“Zhejiang Tianxin
(Shareholders)”

All shareholders of Zhejiang Tianxin, namely, Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min who hold 78%, 10%, 8%, 3% and 1% equity interest in Zhejiang Tianxin respectively; and

“%”

percentage.

By Order of the Board
ZHEDA LANDE SCITECH LIMITED*
Chen Ping
Chairman

Hangzhou, the PRC, 15 June 2006

* For identification purpose only

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.

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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

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