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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 with limited liability)

(Stock Code : 8106)

MAJOR AND CONNECTED TRANSACTIONS CROSS-GUARANTEE AGREEMENTS

On 4 July 2006, the Company entered into the First Agreement with Insigma Group and Zheda Tuling, pursuant to which the Company agreed to provide Zheda Tuling with a guarantee for the maximum amount of RMB50,000,000 to secure Zheda Tuling's obligations in respect of its bank facilities and, in return, Insigma Group agreed to provide the Company with a guarantee for the maximum amount of RMB60,000,000 to secure the Company's obligations in respect of its bank facilities.

On 4 July 2006, the Company entered into the Second Agreement with Insigma Group and Qware Technology, pursuant to which the Company agreed to provide Qware Technology with a guarantee for the maximum amount of RMB30,000,000 to secure Qware Technology's obligations in respect of its bank facilities and, in return, Insigma Group agreed to provide the Company with a guarantee for the maximum amount of RMB40,000,000 to secure the Company's obligations in respect of its bank facilities.

The entry of each of the First Agreement and the Second Agreement constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules. The entry of the First Agreement and the Second Agreement, when aggregated pursuant to Rule 19.22 of the GEM Listing Rules, also constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules. As Zheda Tuling is a Connected Person of the Company, the entry of the First Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. The Agreements are subject to approval of the Independent Shareholders at the EGM.

At the request of the Company, trading of the Company's H shares has been suspended from 9:30 a.m. on 3 July 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Company's H shares with effect from 9:30 a.m. on 6 July 2006.

THE AGREEMENTS

The principle terms of the Agreements are summarized below:

Parties

First Agreement: The Company, Insigma Group and Zheda Tuling

Second Agreement: The Company, Insigma Group and Qware Technology

Date

4 July 2006

Provision of guarantee

First Agreement: The Company shall provide Zheda Tuling with a guarantee for the maximum amount of RMB50,000,000 to secure Zheda Tuling's obligations in respect of its bank facilities. In return, Insigma Group shall provide the Company with a guarantee for the maximum amount of RMB60,000,000 to secure the Company's obligations in respect of its bank facilities.

Second Agreement: The Company shall provide Qware Technology with a guarantee for the maximum amount of RMB30,000,000 to secure Qware Technology's obligations in respect of its bank facilities. In return, Insigma Group shall provide the Company with a guarantee for the maximum amount of RMB40,000,000 to secure the Company's obligations in respect of its bank facilities.

The provision of guarantees by the Company to each of Zheda Tuling and Qware Technology pursuant to the First Agreement and the Second Agreement respectively is not conditional on the provision of guarantees by Insigma Group to the Company.

The guarantees to be provided by Insigma Group to the Company pursuant to the Agreements are not back-to-back guarantees, i.e., if Zheda Tuling or Qware Technology defaults in their repayment obligations under the principal loan agreements, the Company is not entitled to receive any indemnification from Insigma Group. In the event Insigma Group in breach of the Agreements, defaults in the provision of the guarantees to the Company, the Company is entitled to institute legal proceedings against Insigma Group for recovery of losses and damages.

The amount of guarantees was determined after arm's length negotiation between the parties taking into account the estimation on the financial needs of the parties.

Condition precedent

The provision of guarantees pursuant to each of the Agreements is conditional upon the approval of the respective Agreements and the transactions contemplated thereunder at the EGM by the Independent Shareholders as required by the GEM Listing Rules. Notwithstanding the foregoing, the First Agreement and the Second Agreement are not conditional on each other.

If the above condition precedent is not fulfilled on or before 31 December 2006 or such other date as the parties to the Agreement shall agree in writing, the Agreement shall be terminated and have no effect. In such event neither party shall have any claims against the other for any loss or damages, save for antecedent breaches.

Term of guarantee

Three years

Type of bank facilities

Bank facilities including bank loans and bills payable

Early termination

If the borrower is suffering from substantive loss or in the process of dissolution, the guarantor shall have the rights to terminate the relevant Agreement forthwith and report to the relevant financial institutions.

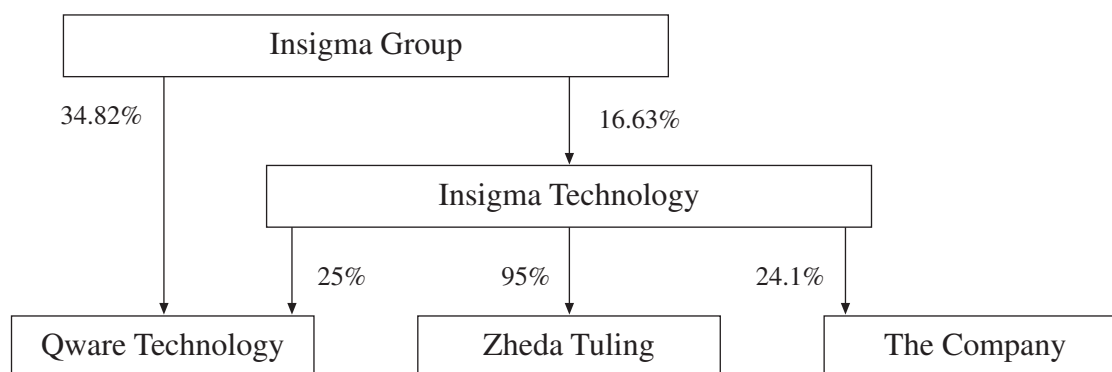
Other terms

The period of cross guarantee of each of the Agreements is three years from the date on which the respective Agreements and the transactions contemplated thereunder are approved by the Independent Shareholders at the EGM as required by the GEM Listing Rules, within which period the borrowers is entitled to request the guarantor to execute the relevant guarantee documentations. Upon expiry of the period of cross guarantee, the parties may negotiate for a renewal of the relevant Agreement.

INFORMATION OF THE PARTIES

The Company	A joint stock limited company incorporated in the PRC with limited liability and its H shares are listed on GEM. The Group's principal activities are the provision of telecommunication solutions, trading of hardware and computer software and investment holdings.
Insignia Group	A sino-foreign joint venture company with a registered capital of RMB337,026,000 and is involved in invention and development of computer software and telecommunication equipment, consultancy services on economic data and environmental protection data, and research and development of high and new technology.
Zheda Tuling	A limited liability company incorporated in the PRC and is involved in sales, services, and research and development in respect of information technology products.
Qware Technology	A sino-foreign joint venture company incorporated in the PRC and is principally engaged in development, services, consultancy and transfer in respect of information technology, system integration, and design, installation and engineering contractual services in respect of security system.

Set out below is the existing shareholding relationship between the parties:



Mr. Shi Lie, an executive Director, is the director of each of Insigma Group, Insigma Technology, and Zheda Tuling. Ms. Pan Lichun, an executive Director, is the director of each of Insigma Technology, Zheda Tuling and Qware Technology.

Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Insigma Group, Zheda Tuling and Qware Technology and their respective ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR ENTERING INTO THE AGREEMENT

With the tightening of the lending policies and regulations of banks in the PRC, it is a common practice for banks in the PRC to request for either guarantees or pledge of assets as security of bank facilities granted to borrowers. To the best knowledge and understanding of the Directors, banks in the PRC would only accept guarantees provided by creditworthy enterprises, but not corporate guarantee of individual company for the banking facilities of its own so as to reduce the risk of non-recovery. As such, banks in the PRC prefer third party guarantee to pledge of assets as security of bank facilities as risk of non-recovery is lower.

It is a usual practice of banks in the PRC requiring borrowers to provide valuation reports by professional valuers for their consideration before they will accept pledge of assets as security of bank facilities. Under the cross guarantee arrangements, the Company is not required to incur any valuation fees. The Company is also not required to pay any fee or charge or provide any security in relation to reciprocal guarantees. Accordingly, administrative and finance costs of the Company under the cross guarantee arrangements will be lower than that under pledging of assets as security.

Under the cross guarantee arrangements, the amount of the reciprocal guarantees to be provided by Insigma Group to the Company exceeds the amount of guarantees to be provided by the Company to each of Zheda Tuling and Qware Technology.

The Directors consider that the cross-guarantee arrangement facilitates the Company to obtain bank facilities as it is the practice and preference of banks in the PRC to require the provision of third party guarantee as security of bank facilities, and minimize the costs of the Company's financing activities.

The Company has reviewed the information of Zheda Tuling and Qware Technology, including their respective financial information, in assessing their repayment ability. Having considered the foregoing reasons and the repayment ability and financial position of Zheda Tuling and Qware Technology, the Directors (including the independent non-executive Directors, but except in respect of the First Agreement and the transaction contemplated thereunder, as they will form the Independent Board Committee to advise the Independent Shareholders in relation to the First Agreement and the transactions contemplated thereunder) are of the view that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACTS

The entering into the Agreements and the provision of guarantees pursuant thereto will not have any immediate effects on the earnings and assets and liabilities of the Company. However, the Company will be responsible for repayment of the bank facilities of which it will have provided guarantee together with payment of all related interests, penalties, damages and the banks' expenses incurred in the enforcement of the relevant principal bank facilities agreements and guarantees, if there shall be any default in repayment of such bank facilities. In such case, the Company may have to use its internal resources to fulfill its obligations under the guarantees.

THE GEM LISTING RULES

The entry of each of the First Agreement and the Second Agreement constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. The entry of the First Agreement and the Second Agreement, when aggregated pursuant to Rule 19.22 of the GEM Listing Rules, also constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules. As Zheda Tuling is a Connected Person of the Company, the entry of the First Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

The EGM will be convened for the purpose of seeking the Independent Shareholders' approval for the Agreements and the transactions contemplated thereunder in which voting will be taken by poll. Insignia Technology together with its associates with interests in the Agreements, holding approximately 24.10% of the issued share capital of the Company, will abstain from voting on the resolutions to approve the Agreements and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Agreements; (ii) a letter of recommendation in respect of the First Agreement and the transactions contemplated thereunder from the Independent Board Committee to the Shareholders; (iii) a letter of advice on the First Agreement and the transactions contemplated thereunder from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of EGM and other information on the Company required under Chapters 19 and 20 of the GEM Listing Rules, will be sent to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading of the Company's H shares has been suspended from 9:30 a.m. on 3 July 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Company's H shares with effect from 9:30 a.m. on 6 July 2006.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Agreement”	the First Agreement or the Second Agreement (as the case may be) and “Agreements” shall mean the First Agreement and the Second Agreement
“associates”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Company”	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 PRC with limited liability and whose H shares are listed on GEM
“Connected Person”	has the meaning as defined under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve, among other things, the Agreements and all the transactions contemplated thereunder or any adjournment thereof
“First Agreement”	the cross-guarantee agreement dated 4 July 2006 entered into among the Company, Insignia Group and Zheda Tuling
“GEM”	the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company constituted by three independent non-executive Directors, namely Mr. Cai Xiao Fu, Mr. Zhang De Xin and Mr. Gu Yu Lin, to advise the Independent Shareholders in relation to the First Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Insignia Technology and its associates
“Independent Third Party”	person or entity which are independent of and not connected with the Company or its subsidiaries and any Connected Persons of the Company and any of their respective associates
“Insignia Group”	浙江浙大網新集團有限公司 (Zheda Insignia Group Co. Ltd.), a sino-foreign joint venture company incorporated in the PRC

“Inigma Technology”	浙大網新科技股份有限公司 (Inigma Technology Co. Ltd.) (formerly known as 浙江浙大網新科技股份有限公司 (Zhejiang University Innovation Technology Company Limited)), a joint stock limited company incorporated in the PRC with limited liability and whose shares are listed on the Shanghai Stock Exchange, and a substantial shareholder of the Company holding approximately 24.10% of the Company’s issued share capital
“PRC”	the People’s Republic of China
“Qware Technology”	浙江浙大網新快威科技有限公司 (Zheda Innovation Qware Technology Co. Ltd.), a sino-foreign joint venture company established in the PRC
“RMB”	Renmenbi, the lawful currency of the PRC
“Second Agreement”	the cross-guarantee agreement dated 4 July 2006 entered into among the Company, Inigma Group and Qware Technology
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zheda Tuling”	浙江浙大網新圖靈信息科技有限公司 (Zhejiang University Innovation Tuling Information Technology Company Limited), a limited liability company incorporated in the PRC

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

Hangzhou, the PRC, 5 July 2006

* For identification purposes 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 the Company 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 for the purpose of giving information with regard to the Company. 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 is 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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