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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zheda Lande Scitech Limited*, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.



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 TRANSACTION

A letter from the board of directors of Zheda Lande Scitech Limited* is set on pages 4 to 10 of this circular.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

* For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of The Stock Exchange of Hong Kong Limited and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted in newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issues.

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DEFINITIONS

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

“AsiaInfo”	means AsiaInfo Technologies (China), Inc. (亞信科技 (中國)有限公司), a company incorporated in the PRC on 2 May 1995 and a wholly-owned subsidiary of AsiaInfo Holdings, Inc. (a company incorporated in Delaware, the United States of America and whose shares are listed on The NASDAQ Stock Market) and an Independent Third Party;
“Assets Transfer Agreement”	means the conditional assets transfer agreement dated 11 November 2005 between the Company (as vendor) and AsiaInfo (as purchaser) in respect of the disposal of the Telecommunications Operation Support Business;
“Board”	means the board of Directors;
“BSS”	means business support systems;
“Company”	means 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: 8106);
“Consideration”	means the consideration in the amount of not exceeding RMB8,250,000 (approximately HK\$7,933,000) in respect of the sale and purchase of Telecommunications Operation Support Business as contemplated under the Assets Transfer Agreement;
“Directors”	means the directors of the Company, including the independent non-executive Directors;
“GEM”	means the Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM;
“Group”	means the Company and its subsidiaries;

* For identification purpose only

DEFINITIONS

“HK\$”	means Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	means 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);
“Latest Practicable Date”	means 28 December 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Novation Agreements”	means the novation agreements to be entered into among AsiaInfo, the Company and its customers, whereby AsiaInfo shall assume and undertake to perform all rights, benefits, remedies, liabilities and obligations of the Company under the service agreements entered into between the Company and its customers;
“OSS”	means operation support systems;
“PRC”	means the People’s Republic of China;
“RMB”	means Renminbi, the lawful currency of the PRC;
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Technology Support and Service Agreement”	means the one (1) year term technology support and service agreement that the Company and AsiaInfo have agreed to enter into within twenty-five (25) working days from the Transfer Date;

DEFINITIONS

“Telecommunications Operation Support Business”	means the assets, intellectual properties and the Transferred Agreements held by the telecommunications operation support business unit of the Company in relation to the development of BSS, OSS and infrastructure softwares and provision of related services for the purpose of enhancing the daily business and management operations of telecommunications service providers;
“Transfer Date”	means 11 November 2005;
“Transferred Agreements”	means the operating agreements originally held by the Company to be transferred to AsiaInfo under the Assets Transfer Agreement, the details of which are set out in Appendix 1 to the Assets Transfer Agreement; and
“%”	means percentage.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Ping (*Chairman*)
Mr. Xue Shi Cheng
Mr. Hu Yang Jun
Ms. Pang Lichun
Mr. Shi Lie

Registered office:

4th Floor
108 Gu Cui Road
Hangzhou City
PRC

Independent non-executive Directors:

Mr. Cai Xiao Fu
Mr. Zhang De Xin
Mr. Guo Yu Lin

Place of business in Hong Kong:

Units 1116-1119
Sun Hung Kai Center
30 Harbour Road
Wanchai
Hong Kong

30 December 2005

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 9 December 2005, the Directors announced that the Company had entered into the Assets Transfer Agreement with AsiaInfo whereby subject to certain conditions precedent the Company agreed to sell and AsiaInfo agreed to purchase from the Company the Telecommunications Operation Support Business at a consideration not exceeding RMB8,250,000 (approximately HK\$7,933,000).

According to the Chapter 19 of the GEM Listing Rules, the disposal of Telecommunications Operation Support Business constitutes a discloseable transaction of the Company. The purpose of this circular is to provide you with further details relating to the Assets Transfer Agreement and the transactions contemplated thereunder.

* For identification purpose only

LETTER FROM THE BOARD

ASSETS TRANSFER AGREEMENT

Date: 11 November 2005

Parties: The Company, as vendor; and
AsiaInfo, as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, AsiaInfo and its ultimate beneficial owners are Independent Third Parties.

Terms: In accordance with the terms and conditions of the Assets Transfer Agreement, the Company shall sell and AsiaInfo shall purchase from the Company the Telecommunications Operation Support Business.

CONDITIONS PRECEDENT TO THE ASSETS TRANSFER AGREEMENT

The conditions precedent to AsiaInfo's performance of the Assets Transfer Agreement include but not limited to the following:

1. AsiaInfo has conducted appropriate due diligence on the Company's business, assets, accounts, finance, employees and legal affairs;
2. The Assets Transfer Agreement and the transactions contemplated thereunder have been approved by the competent authority of the Company;
3. The Company has obtained all necessary authorizations, consents and approvals in respect of the Assets Transfer Agreement and the transactions contemplated thereunder;
4. The Company has signed other necessary agreements or documents that are necessary for the purposes of assets transfer under the Assets Transfer Agreement;
5. The Company and its shareholders have performed and complied with all undertakings under the Assets Transfer Agreement;
6. All representations and warranties given by the Company under the Assets Transfer Agreement are true and accurate;
7. There is no occurrence of any incident or situation that has been or should be reasonably expected to cause material adverse change to the assets, staff and software licence to be transferred under the Assets Transfer Agreement or the transactions contemplated under the Assets Transfer Agreement;

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8. All other acts have been or to be performed by the Company for completion of the transactions contemplated under the Assets Transfer Agreement as well as all certificates, opinions, instruments or other documents as required under the Assets Transfer Agreement are reasonably satisfactory to AsiaInfo in both form and content; and
9. There is not any continuing, pending or foreseeable lawsuit or legal proceedings in addition to any unfavourable injunction, judgment, order, court order, verdict, accusation or administrative order which may (a) prevent any transaction contemplated under the Assets Transfer Agreement from completion; (b) cause cancellation of any transaction contemplated under the Assets Transfer Agreement after completion; (c) cause material adverse effect on the assets, staff or software licence to be transferred under the Assets Transfer Agreement; or (d) cause material adverse effect on AsiaInfo's rights or ability to operate its intended business as a result of the acquisition of Telecommunications Operation Support Business under the Assets Transfer Agreement.

The conditions precedent to the Company's performance of the Assets Transfer Agreement include but not limited to the following:

1. The Assets Transfer Agreement and the transactions contemplated thereunder have been approved by the competent authority of AsiaInfo;
2. All representations and warranties given by AsiaInfo to the Company under the Assets Transfer Agreement remain true and accurate as at the Transfer Date;
3. AsiaInfo has performed and complied with all undertakings under the Assets Transfer Agreement as at the Transfer Date; and
4. All other acts to be performed by AsiaInfo for completion of the transactions contemplated under the Assets Transfer Agreement as well as all certificates, opinions, instruments or other documents as required under the Assets Transfer Agreement are reasonably satisfactory to the Company in both form and content.

In the event that the conditions precedent are not fulfilled (or waived by either party in writing), the Assets Transfer Agreement shall be terminated in accordance with the provisions contained therein. The Directors confirm that all the conditions precedent to the Assets Transfer Agreement were fulfilled on or before 2 December 2005.

The Company confirmed that it had sufficient working capital for its daily operating expenses before the disposal of the Telecommunications Operation Support Business.

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CONSIDERATION

The Company and AsiaInfo have agreed that the Consideration shall not exceed RMB8,250,000 (approximately HK\$7,933,000) which are determined on the basis of the expected cash flows generated from the Telecommunications Operation Support Business and the carrying value of the underlying assets of the Telecommunications Operation Support Business. The constituent parts of the Consideration are set out as follows:

(A) Within ten (10) working days upon fulfillment of the following conditions before 31 December 2005, AsiaInfo shall pay to the Company the sum of RMB1,500,000 (approximately HK\$1,442,000) (the **“First Payment”**):

- (1) all core staff to be transferred under the Assets Transfer Agreement have signed their respective employment, confidentiality and non-competition agreements (provided by AsiaInfo) with AsiaInfo;
- (2) the Company has procured its customers to enter into the Novation Agreements with AsiaInfo and the Company with an aggregate unbilled service fees amount to RMB1,500,000 (approximately HK\$1,442,000).

(B) Within ten (10) working days upon fulfillment of the following condition before 31 December 2005, AsiaInfo shall pay to the Company the sum of RMB1,650,000 (approximately HK\$1,587,000) (the **“Second Payment”**):

The Company has procured its customers to enter into the Novation Agreements with AsiaInfo and the Company with an aggregate unbilled service fees amount to RMB4,300,000 (approximately HK\$4,135,000).

In the event that either the First Payment or the Second Payment is not made on or before 31 December 2005 due to non-fulfillment of the condition(s) in relation thereto, the Company and AsiaInfo shall further negotiate the performance of the Assets Transfer Agreement.

(C) Subsequent Payments

- (1) AsiaInfo shall pay to the Company the sum of RMB100,000 (approximately HK\$96,000) if AsiaInfo obtains renewal of the Purchase Contracts in relation to the required software for the China Telecom Intellectual Restructure Project (“中國電信智能網整合改造項目指定電話付費業務全國聯網工程(黑龍江、山西、河南和天津綜合部份) 新增需求軟件採購合同”) with the customer.
- (2) The Company shall procure AsiaInfo to enter into a cooperation agreement with Zhejiang Telecom Company Limited (浙江省電信有限公司). Where the net sales proceeds under such cooperation agreement (the **“Net Sales Proceeds (Zhejiang Telecom)”**) amount to or exceed RMB5,000,000 (approximately HK\$4,808,000), AsiaInfo shall pay to the Company the sum of RMB2,500,000 (approximately

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HK\$2,404,000) within ten (10) working days from the date of signing of the said cooperation agreement. In the event that the Net Sales Proceeds (Zhejiang Telecom) are less than RMB5,000,000 (approximately HK\$4,808,000), AsiaInfo shall pay to the Company 50% of the Net Sales Proceeds (Zhejiang Telecom).

- (3) The Company shall procure AsiaInfo to enter into a cooperation agreement with Sichuan Telecom Company Limited (四川省電信有限公司). Where the net sales proceeds under such cooperation agreement (the “**Net Sales Proceeds (Sichuan Telecom)**”) are not less than RMB500,000 (approximately HK\$481,000), AsiaInfo shall pay to the Company the sum of RMB200,000 (approximately HK\$192,000) within ten (10) working days from the date of signing of the said cooperation agreement. In the event that the Net Sales Proceeds (Sichuan Telecom) are less than RMB500,000 (approximately HK\$481,000), AsiaInfo shall pay to the Company 40% of the Net Sales Proceeds (Sichuan Telecom).
- (4) According to clause 3.1(3)(D) of the Assets Transfer Agreement, the Company and AsiaInfo shall sign the Technology Support and Service Agreement whereby the Company shall pay to AsiaInfo service fees in the sum of RMB2,598,000 (approximately HK\$2,498,000) (the “**Service Fees**”) by instalments for the technology support service provided by AsiaInfo. Provided that (i) the total amount of the outstanding service fees under the Transferred Agreements amounts to 90% of the total contracted sum under the Transferred Agreements; and (ii) the Company and AsiaInfo have reached consensus on the handling of the Transferred Agreements with no Novation Agreements signed, AsiaInfo shall pay to the Company the sum of RMB2,300,000 (approximately HK\$2,212,000).

The above payment schedule has been negotiated between the Company and AsiaInfo on normal commercial terms. The total maximum net proceeds of RMB8,250,000 (approximately HK\$7,933,000) will be applied as general working capital for the Company’s daily operation.

INFORMATION ABOUT TELECOMMUNICATIONS OPERATION SUPPORT BUSINESS

Telecommunications Operation Support Business are the assets, intellectual properties and the Transferred Agreements held by the telecommunications operation support business unit of the Company in relation to the development of BSS, OSS and infrastructure softwares and provision of related services for the purpose of enhancing the daily business and management operations of telecommunications service providers. The total asset value and net asset value of the Telecommunications Operation Support Business both amount to approximately RMB2,808,700 (approximately HK\$2,700,000), representing about 0.97% and 1.83% of those values of the Group as at 30 June 2005 respectively.

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The profits before taxation attributable to the Telecommunications Operation Support Business for each of the two years ended 31 December 2004 were approximately RMB277,000 and RMB567,000 (approximately HK\$266,000 and HK\$545,000) respectively. The profits after taxation attributable to the Telecommunications Operation Support Business for each of the two years ended 31 December 2004 were approximately RMB249,000 and RMB510,000 (approximately HK\$239,000 and HK\$490,000) respectively.

The Company disposed of the Telecommunications Operation Support Business at a consideration of not exceeding RMB8,250,000 (approximately HK\$7,933,000) and incurred a gain of not exceeding approximately RMB5,441,300 (approximately HK\$5,232,000), depending on the amount of consideration received as described above.

INFORMATION ABOUT ASIAINFO

AsiaInfo was a company incorporated in the PRC on 2 May 1995 and is engaged in the provision of telecommunications software solutions and security products and other services in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, AsiaInfo and its ultimate beneficial owners are Independent Third Parties.

REASONS AND BENEFITS OF ENTERING INTO THE ASSETS TRANSFER AGREEMENT

The entering into the Assets Transfer Agreement would enhance the Group's liquidity. The Company has decided to use the proceeds arising from the disposal as general working capital of the Company.

The Board believes that the terms of the Assets Transfer Agreement are negotiated on arm's length basis, fair and reasonable and in the interests of the shareholders of the Company as a whole. The total net proceeds of RMB8,250,000 (approximately HK\$7,933,000) will be applied as general working capital for the Company's daily operating expenses.

As a result of the disposal of the Telecommunications Operation Support Business, the total asset value and the net asset value of the Group will both increase by an amount of not exceeding approximately RMB5,441,300 (approximately HK\$5,232,000), which represents the excess of consideration of not exceeding approximately RMB8,250,000 (approximately HK\$7,933,000) received or receivable over the total asset value and the net asset value both of approximately RMB2,808,700 (approximately HK\$2,700,000) disposed of. Meanwhile, it is expected that the disposal of the Telecommunications Operation Support Business will have no effect on the liabilities of the Group.

Since the total asset value and net asset value of the Telecommunications Operation Support Business both amount to approximately RMB2,808,700 (approximately HK\$2,700,000) while the Company disposed of the same at a consideration of not exceeding approximately

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RMB8,250,000 (approximately HK\$7,933,000), the disposal of Telecommunications Operation Support Business will incur a gain of not exceeding approximately RMB5,441,300 (approximately HK\$5,232,000) to the Group and is not expected to have any negative effect on the earnings of the Group.

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 2003 and 31 December 2004 were RMB164,551,000 and RMB185,639,000 respectively.

The audited net profit of the Group for the two years ended 31 December 2003 and 31 December 2004 were RMB12,240,000 and RMB10,296,000 respectively.

The audited net asset value of the Group as at 31 December 2003 and 31 December 2004 were RMB142,629,000 and RMB149,529,000 respectively.

DISCLOSEABLE TRANSACTION

According to Chapter 19 of the GEM Listing Rules, the disposal of the Telecommunications Operation Support Business held by the Company constitutes a discloseable transaction of the Company.

FURTHER INFORMATION

Your attention is drawn to the additional information as set out in the Appendix.

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

* For identification purpose only

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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:

- (a) the information contained in this circular is accurate and complete in all material aspects and not misleading;
- (b) there are no other matters the omission of which would make any statement herein misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors, supervisors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 and 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 rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares, underlying shares and debentures of the Company:

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors or chief executives of the Company had registered an interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have 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 which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as the Directors are aware, the persons (other than Directors, supervisors or chief executives of the Company) who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO or who are 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 other member of the Group are as follows:

Long positions in the shares, underlying shares and debentures of the Company:

Shareholder	Capacity	Number of shares held	Percentage of beneficial interests in the Company's share capital
Zhejiang University Innovation Technology Company Limited	Beneficial owner	81,802,637 domestic shares	24.10%
Guoheng Media Science Group Company Limited (formerly known as Beijing Guoheng High Technology Holding Company Limited)	Beneficial owner	34,117,800 domestic shares	10.05%
Mr. Fong For	Beneficial owner	21,735,000 H shares	6.40%
Mr. Wu Zhong Hao	Beneficial owner	16,490,280 domestic shares	4.86%
Mr. Shi Chun Hua	Beneficial owner	16,490,280 domestic shares	4.86%

Save as disclosed above, the Directors are not aware of any person (other than the Directors, supervisors or chief executives of the Company) who, as at the Latest Practicable Date, has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be recorded in the register required to be kept under section 336 of the SFO, or who is 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 other member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

5. DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service agreement with the Company.

Each of Mr. Chen Ping, Mr. Xue Shi Cheng, Mr. Hu Yang Jun, Mr. Cai Xiao Fu, Mr. Zhang De Xin and Mr. Guo Yu Lin has entered into a service agreement with the Company for an initial term of three years commencing 30 September 2004 while each of Ms. Pan Lichun and Mr. Shi Lie has entered into a service contract with the Company effective from 22 August 2005 until the conclusion of the next annual general meeting of the Company at the following remunerations:

Name of Director	Office	Remuneration (RMB per annum)
Mr. Chen Ping	Executive Director	250,000
Mr. Xue Shi Cheng	Executive Director	20,000
Mr. Hu Yong Jun	Executive Director	20,000
Ms. Pan Lichun	Executive Director	20,000
Mr. Shi Lie	Executive Director	20,000
Mr. Gu Yu Lin	Independent Non-executive Director	10,000
Mr. Cai Xiao Fu	Independent Non-executive Director	5,000
Mr. Zhang De Xin	Independent Non-executive Director	5,000

Such remuneration does not include any bonus and is equivalent to the current remuneration of the Director.

All appointments are subject to termination in certain circumstances as stipulated in the relevant service agreement. In the event that the appointment of the Director is terminated in the annual general meeting of the Company without any reason, the relevant Director may claim for compensation from the Company.

As at the Latest Practicable Date, none of the above service agreements has been terminated.

Mr. Chen Ping, aged 40, is the chairman and the general manager of the Company, an advisor to students seeking their master degree and an associate professor at Zhejiang University. Mr. Chen Ping graduated from the Department of Computer Science and Technology at Zhejiang University with a bachelor degree and a master degree in computer applications in July 1987 and December 1989, respectively. Since graduation from Zhejiang University, Mr. Chen Ping has been involved in the R&D of computer networking and communication platforms, particularly in wireless data communication platforms and was awarded the Zhejiang Province Science and Technology Advancement Second Prize and Third Prize in 1993. Mr. Chen Ping had previously conducted classroom lectures in the Department of Computer Science and Technology at Zhejiang University for 7 years up to 1997. Mr. Chen Ping has published two computer networking academic textbooks and professional technology magazines in China and has published more than ten of his academic papers. Mr. Chen Ping joined the Company in May 1997. Mr. Chen Ping is a promoter and substantial shareholder of the Company who holds approximately 10.72% of the issued share capital of the Company.

Mr. Xue Shi Cheng, aged 40, is the vice chairman of the Company. Mr. Xue Shi Cheng graduated from Zhejiang Agricultural University in July 1987 and has previously worked for the State Science & Technology Commission and the Ministry of Internal Trade. Moreover, Mr. Xue Shi Cheng has served as the deputy secretary-general of Beihai Government, the vice president of Guoheng Media Science Group Company Limited (formerly known as Beijing Guoheng High Technology Holding Company Limited), a promoter and substantial shareholder of the Company, the chairman of Beijing TianXiang Garden Bio-tech Investment Co. and the vice executive chairman of Venture Capital Association of Beijing where he was involved in the seeking and co-ordination of investments. Mr. Xue Shi Cheng has been involved in the investment and capital management of high technology products in the PRC and is particularly experienced in the investment of startup companies, the capital reorganisation of high-tech enterprises, mergers and acquisitions and promoting companies to be listed on the stock exchanges. Mr. Xue Shi Cheng joined the Company in April 2001.

Mr. Hu Yang Jun, aged 31, was the deputy general manager of Zhejiang Ju Neng Dongfang Holdings Company Limited and the manager of the import and export division of Zhejiang Dongfang Group. He graduated with a bachelor degree in Chinese Language and Literature from Anhui Normal University. Mr. Hu Yang Jun was appointed as a non-executive director of the Company on 1 February 2004. Mr. Hu Yang Jun's position as non-executive director of the Company will expire on 20 September 2004 and he will not be offered for re-election at that time.

Mr. Cai Xiao Fu, 66, is a senior engineer and the chairman of Zhejiang Province Software Industry Association, inspecting and monitoring the development of Zhejiang Province IT industry. Mr. Cai graduated from Tsing Hua University's faculty of Control Automation in July 1963. He attended the Polytechnic of Cranfield in the United Kingdom during October 1981 to January 1984 to research aeronautics and computer simulation devices. Mr. Cai is currently an independent non-executive director of Sino Stride Technology (Holdings) Limited, a company whose shares are listed on the GEM (Stock Code: 8177).

Mr. Zhang De Xin, 75, graduated from the faculty of Electrical & Mechanical Engineering at Zhejiang University in July 1953 and at Tsing Hua University in June 1956 respectively. He attended Illinois Institute of Technology in the United States from June 1982 to May 1984 to conduct research in the fields of Electrical & Mechanical as well as Computer Engineering. Professor Zhang has served as a professor at Zhejiang University's faculties of Electrical & Mechanical Engineering, Wireless Engineering and Computer Science for 37 years since 1956. He has also been a committee member of Zhejiang Political Consultative Conference for two terms in 1988 and 1993. Moreover, Professor Zhang has been involved in numerous research projects and studies in computing networks. Professor Zhang is awarded winner of the Zhejiang Province Science and Technology Advancement in 1989, 1991 and 1993 for three times.

Mr. Gu Yu Lin, 35, is an assistant accountant. Mr. Gu graduated from the Faculty of Finance and Accounting of Fudan University in June 1997. Mr. Gu is currently working in the general office of Zhejiang University. He has been the independent supervisor of the Company before and was appointed as an independent non-executive Director since September 2004.

Ms. Pan Lichun, aged 37, graduated from the School of Economics of 浙江大學 (Zhejiang University) with a PhD degree. Ms. Pan was the assistant general manager and the vice general manager of 浙江天然集團股份有限公司 (Zhejiang Natural Holdings Limited) from 2000 to 2001. Ms. Pan was also the manager of investment department and the vice general manager of financial management centre in 浙江康恩貝集團有限公司 (Zhejiang Conba Group Company Limited) and the director of 浙江康恩貝製藥股份有限公司 (Zhejiang Conba Pharmaceutical Company Limited) from 2002 to 2005. Ms. Pan is currently the director and vice chief executive officer of 浙江浙大網新科技股份有限公司 (Zhejiang University Innovation Technology Company Limited) ("ZUITCL"), a limited company incorporated under the laws of the People's Republic of China, whose A shares are listed on the Shanghai Stock Exchange, and a substantial shareholder of the Company. Ms. Pan has been appointed as an executive Director with effect from 22 August 2005.

Mr. Shi Lie, aged 41, graduated from 浙江大學 (Zhejiang University) with a PhD degree in Computer Applications. Mr. Shi was the chief executive officer of 浙江浙大網新圖靈信息科技有限公司 (Zhejiang University Innovation Tuling Information Technology Company Limited) from September 1990 to August 2002. Mr. Shi is currently the director and the chief executive officer of ZUITCL. Mr. Shi has been appointed as an executive Director with effect from 22 August 2005.

Save as disclosed above, each of the above Directors has not held any directorship in other listed public companies in the last three years.

Save as disclosed above, as at the date of this announcement, each of the above Directors does not hold any interests in the shares or underlying shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the Company as defined in the GEM Listing Rules. Meanwhile, save as disclosed in this circular, each of the above Directors does not have relationships with any of the Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, as at the Latest Practicable Date, there is no other existing service agreement entered into or proposed service agreement to be entered into between any Director and any member of the Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. GENERAL

- (a) The registered office of the Company is located at 4th Floor, 108 Gu Cui Road, Hangzhou City, PRC.
- (b) The principal place of business of the Company in Hong Kong is located at Units 1116-1119, Sun Hung Kai Center, 30 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Hong Kong Registrars Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The qualified accountant and the secretary of the Company is Miss Chan Ching Yi, Yvonne who is an associate member of The Association of Chartered Certified Accountants.
- (e) The compliance officer of the Company is Mr. Xue Shi Cheng who is also an executive Director.
- (f) The Company has 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 primary duties of the audit committee of the Company are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee comprises the three independent non-executive Directors, namely Mr. Gu Yu Lin, Mr. Zhang De Xin and Mr. Cai Xiao Fu, whereas Mr. Gu Yu Lin is the chairman.

Mr. Gu Yu Lin, 35, is an assistant accountant. Mr. Gu graduated from the Faculty of Finance and Accounting of Fudan University in June 1997. Mr. Gu is currently working in the general office of Zhejiang University. He has been the independent supervisor of the Company before and was appointed as an independent non-executive Director since September 2004.

Mr. Zhang De Xin, 75, graduated from the Faculty of Electrical & Mechanical Engineering at Zhejiang University in July 1953 and at Tsing Hua University in June 1956 respectively. He attended Illinois Institute of Technology in the United States from June 1982 to May 1984 to conduct research in the fields of Electrical & Mechanical as well as Computer Engineering. Professor Zhang has served as a professor at Zhejiang University's faculties of Electrical & Mechanical Engineering, Wireless Engineering and Computer Science for 37 years since 1956. He has also been a committee member of Zhejiang Political Consultative Conference for two terms in 1988 and 1993. Moreover, Professor Zhang has been involved in numerous research projects and studies in computing networks. Professor Zhang is awarded winner of the Zhejiang Province Science and Technology Advancement in 1989, 1991 and 1993 for three times.

Mr. Cai Xiao Fu, 66, is a senior engineer and the chairman of Zhejiang Province Software Industry Association, inspecting and monitoring the development of Zhejiang Province IT industry. Mr. Cai graduated from Tsing Hua University's Faculty of Control Automation in July 1963. He attended the Polytechnic of Cranfield in the United Kingdom during October 1981 to January 1984 to research aeronautics and computer simulation devices. Mr. Cai is currently an independent non-executive director of Sino Stride Technology (Holdings) Limited, a company whose shares are listed on the GEM (Stock Code: 8177).

Save as disclosed above, each of the audit committee members has not held any directorship in any company listed on the Stock Exchange or other stock exchanges in the past three years.

- (g) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.