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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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.

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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 TRANSACTION

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A letter from the board of directors of Zheda Lande Scitech Limited\* is set on pages 3 to 7 of this circular.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*

\* For identification purpose only

22 March 2006

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

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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 of Hong Kong Limited. 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 issuers.

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## DEFINITIONS

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

|                            |   |
|----------------------------|---|
| <b>“Agreement”</b>         | means the Equity Interests Transfer Agreement dated 28 February 2006 between Zhejiang Sichuang (as vendor) and Zhejiang Lianlian (as purchaser) in respect of the disposal of 44% of the equity interest in Hangzhou Yintong;   |
| <b>“Company”</b>           | means Zheda Landa 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);   |
| <b>“Consideration”</b>     | means the consideration in the amount of RMB6,160,000 (approximately HK\$5,923,000) in respect of the sale and purchase of 44% of the equity interest in Hangzhou Yintong as contemplated under the Agreement;  |
| <b>“Directors”</b>         | means the directors of the Company, including the independent non-executive directors;  |
| <b>“GEM”</b>               | means the Growth Enterprise Market operated by the Stock Exchange;  |
| <b>“GEM Listing Rules”</b> | means the Rules Governing the Listing of Securities on the GEM;   |
| <b>“Group”</b>             | means the Company and its subsidiaries;   |
| <b>“Hangzhou Yintong”</b>  | Hangzhou Yintong Digital Communication Technology Company Limited* (杭州銀通數碼信息技術有限公司), a company incorporated in the PRC on 7 August 2003, and as at the date of the Agreement, 44% equity interest in which was held by Zhejiang Sichuang while the remaining 56% equity interest was held by five natural persons, all being Independent Third Parties; |
| <b>“HK\$”</b>              | Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region of the PRC;  |

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## DEFINITIONS

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|---------------------------|--|
| “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 17 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;   |
| “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;   |
| “Zhejiang Lianlian”       | means Zhejiang Lianlian Technology Co., Ltd.* (浙江連連科技有限公司), a company incorporated in the PRC on 13 August 2004 and an Independent Third Party.  |
| “Zhejiang Sichuang”       | means Zhejiang Sichuang Information Technology Co., Ltd* (浙江思創信息技術有限公司), a company incorporated in the PRC on 30 September 2002, and 90% equity interest in which is held by the Company; and  |
| “%”                       | means percentage.  |

\* For identification purpose only

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## LETTER FROM THE BOARD

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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)*

*Executive Directors:*

Mr. Chen Ping (*Chairman*)

Mr. Xue Shi Cheng

Mr. Hu Yang Jun

Ms. Pan 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. Gu Yu Lin

*Place of business in Hong Kong:*

Units 1116-1119

Sun Hung Kai Center

30 Harbour Road

Wanchai

Hong Kong

22 March 2006

*To the shareholders of the Company*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

#### INTRODUCTION

On 2 March 2006, the Directors announced that Zhejiang Sichuang (a 90% non-wholly owned subsidiary of the Company) and Zhejiang Lianlian, an Independent Third Party, entered into the Agreement whereby Zhejiang Sichuang agreed to sell and Zhejiang Lianlian agreed to purchase from Zhejiang Sichuang 44% of the equity interest in Hangzhou Yintong (being the entire equity interest held by Zhejiang Sichuang in Hangzhou Yintong) at a consideration of RMB6,160,000 (approximately HK\$5,923,000).

According to the GEM Listing Rules, Zhejiang Sichuang's disposal of 44% of the equity interest in Hangzhou Yintong constitutes a discloseable transaction of the Company. The purpose of this circular is to provide you with further details of the Agreement and the transactions contemplated thereunder.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### THE AGREEMENT

Date: 28 February 2006

Parties: Zhejiang Sichuang, a 90% non-wholly owned subsidiary of the Company, as vendor;  
and Zhejiang Lianlian, as purchaser

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

Terms: In accordance with the terms and conditions of the Agreement, Zhejiang Sichuang shall sell and Zhejiang Lianlian shall purchase from Zhejiang Sichuang 44% of the equity interest in Hangzhou Yintong.

The Agreement has been effective on 28 February 2006 and the transfer of shareholding was in progress and will be completed upon the approval by the Administration of Industry and Commerce (工商行政管理局).

### INTEREST TO BE DISPOSED

In accordance with the terms and conditions of the Agreement, Zhejiang Sichuang has agreed to sell and Zhejiang Lianlian has agreed to purchase 44% equity interest in Hangzhou Yintong (being the entire equity interest held by Zhejiang Sichuang in Hangzhou Yintong). After the transfer of the 44% equity interest in Hangzhou Yintong, Zhejiang Sichuang ceased to hold any interest in Hangzhou Yintong while Zhejiang Lianlian holds 44% of the equity interest in Hangzhou Yintong.

### CONSIDERATION

Zhejiang Sichuang and Zhejiang Lianlian have agreed that the Consideration shall be RMB6,160,000 (approximately HK\$5,923,000) which are determined on an arm's length and with reference to 44% of the unaudited net asset value of Hangzhou Yintong as at 31 December 2005 (approximately RMB1,427,000 (approximately HK\$1,372,120), representing a premium of approximately 432%).

The Group disposed of its equity interest in Hangzhou Yintong at a consideration of RMB6,160,000 (approximately HK\$5,923,000) and incurred a gain of approximately RMB2,235,000 (approximately HK\$2,150,000), representing the excess of consideration over the estimated carrying value of the equity interest held by the Group as at 31 December 2005.

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## LETTER FROM THE BOARD

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The Consideration shall be paid in the following manners:–

- (A) Within five (5) working days upon execution of the Agreement (i.e. before 7 March 2006), Zhejiang Lianlian shall pay to Zhejiang Sichuang the sum of RMB3,080,000 (approximately HK\$2,961,540) (the “**First Payment**”); and
- (B) Within three (3) months after the date and the Agreement, i.e., before 31 May 2006, Zhejiang Lianlian shall pay to Zhejiang Sichuang the sum of RMB3,080,000 (approximately HK\$2,961,540) (the “**Second Payment**”).

The above payment schedule has been negotiated between Zhejiang Sichuang and Zhejiang Lianlian on normal commercial terms. The net proceeds of RMB6,160,000 (approximately HK\$5,923,000) will be applied as general working capital for the Group’s daily operating expenses.

As at the Latest Practicable Date, Zhejiang Sichuang has received the First Payment from Zhejiang Lianlian.

### INFORMATION ABOUT HANGZHOU YINTONG

Hangzhou Yintong is a company incorporated in the PRC on 7 August 2003 and is engaged in technology development and provision of technology services involving value-added telecommunication service systems, information systems, retail and wholesale of computers and telecommunication equipment and other legitimate services without approval required in the PRC. As at the date of the Agreement, 44% equity interest in Hangzhou Yintong was held by Zhejiang Sichuang while the remaining 56% equity interest was held by five natural persons, all being Independent Third Parties. Hangzhou Yintong was classified as an associated company in the Group’s consolidated financial statements.

The audited net asset value of Hangzhou Yintong as at 31 December 2004 was approximately RMB2,969,500 (approximately HK\$2,855,300) and the unaudited net asset value of Hangzhou Yintong as at 31 December 2005 was approximately RMB3,243,200 (approximately HK\$3,118,450).

The audited loss of Hangzhou Yintong for the year ended 31 December 2004 was approximately RMB531,000 (approximately HK\$510,580) and the unaudited profit of Hangzhou Yintong for the year ended 31 December 2005 was approximately RMB274,000 (approximately HK\$263,460).

The carrying value of the equity interest in Hangzhou Yintong held by the Group as at 30 June 2005 amounted to approximately RMB4,179,300 (approximately HK\$4,018,600), representing about 1.44% and 2.72% of the total assets and net assets of the Group as at that date, respectively.

The share of loss (both before and after taxation) of Hangzhou Yintong attributable to the Group for the year ended 31 December 2004 was approximately RMB233,400 (approximately HK\$224,400).



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## LETTER FROM THE BOARD

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### INFORMATION ABOUT ZHEJIANG LIANLIAN

Zhejiang Lianlian is a company incorporated in the PRC on 13 August 2004 and is engaged in provision of value-added telecommunications agency services, research, development and provision of services in relation to communication technology, information technology and billing management system technology and investment in and development of high technology enterprises.

### REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Directors intend to streamline the Group's corporate structure and apply the Group's financial resources on its principal businesses, that is, the provision of telecommunication solutions, trading of hardware and computer software and investment holdings. The entering into the Agreement would enhance the Group's liquidity. The Group has decided to use the proceeds arising from the disposal as, among other purposes, its general working capital.

The Board believes that the terms of the 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 net proceeds of RMB6,160,000 (approximately HK\$5,923,000) will be applied as general working capital for the Group's daily operating expenses.

As a result of Zhejiang Sichuang's disposal of 44% of the equity interest in Hangzhou Yintong, the total asset value and the net asset value of the Group will both increase by an amount of approximately RMB2,235,000 (approximately HK\$2,150,000), which represents the excess of consideration of approximately RMB6,160,000 (approximately HK\$5,923,000) received over the estimated carrying value of the equity interest held by the Group as at 31 December 2005. Meanwhile, it is expected that Zhejiang Sichuang's disposal of 44% of the equity interest in Hangzhou Yintong will have no effect on the liabilities of the Group.

Since the estimated carrying value of the equity interest in Hangzhou Yintong held by the Group as at 31 December 2005 amounted to approximately RMB3,925,000 (approximately HK\$3,773,000) while Zhejiang Sichuang disposed of the same at a consideration of approximately RMB6,160,000 (approximately HK\$5,923,000), Zhejiang Sichuang's disposal of 44% of the equity interest in Hangzhou Yintong will incur a gain of approximately RMB2,235,000 (approximately HK\$2,150,000) 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.

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## LETTER FROM THE BOARD

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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 the GEM Listing Rules, the disposal of 44% of the equity interest held by Zhejiang Sichuang in Hangzhou Yintong 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 PERSONS 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           | 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               | 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. Gu 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 remuneration:

| <b>Name of Director</b> | <b>Office</b>                      | <b>Remuneration</b><br><i>(RMB per annum)</i> |
|-------------------------|------------------------------------|---|
| Mr. Chen Ping           | Executive Director                 | 250,000                                       |
| Mr. Xue Shi Cheng       | Executive Director                 | 20,000  |
| Mr. Hu Yang 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 since February 2004.

**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. Cai joined the Company in October 2001.

**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. Zhang joined the Company in October 2001.

**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.