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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)

## **CHANGE OF AUDITORS AND UNUSUAL VOLUME MOVEMENT AND CHANGE OF SHAREHOLDING STRUCTURE**

The Board hereby announces that Nelson Wheeler resigned as auditors of the Group with effect from 13 October 2004. The resignation was due to the fact that the Company and Nelson Wheeler could not reach a consensus on the audit fees for the financial year ending 31 December 2004. The Board also announces that KLL Associates CPA Ltd. has been appointed as auditors of the Group with effect from 26 October 2004, and to hold office until the conclusion of the next annual general meeting.

The Board has been notified that the Vendors, which or who are the substantial shareholders of the Company, and the Purchaser intended to enter into the Agreements, pursuant to which the Vendors will agree to sell to the Purchaser an aggregate of 81,802,637 Domestic Shares. Completion of the transactions contemplated under the Agreements is subject to the approval by the Ministry of Commerce of the PRC.

Save as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules or any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

Trading in H Shares was suspended at 9:30 a.m. on 29 October 2004 at the request of the Company pending the release of this announcement. Application has been made for the resumption of trading of H Shares at 9:30 a.m. on 2 November 2004.

### **1. CHANGE OF AUDITORS**

The Board hereby announces that Nelson Wheeler resigned as auditors of the Group with effect from 13 October 2004. The Board has accepted the resignation of Nelson Wheeler on 26 October 2004. The resignation was due to the fact that the Company and Nelson Wheeler could not reach a consensus on the audit fees for the financial year ending 31 December 2004. Nelson Wheeler confirmed in their notice of resignation that there were no circumstances connected with their resignation that they consider should be brought to the attention of the members or creditors of the Group. Prior to its resignation, Nelson Wheeler did not commence any audit work in respect of the accounts of the Group for the year ending 31 December 2004.

\* For identification purpose only

The Board also announces that KLL Associates CPA Ltd. has been appointed as auditors of the Group with effect from 26 October 2004, and to hold office until the conclusion of the next annual general meeting.

## 2. UNUSUAL VOLUME MOVEMENT AND CHANGE OF SHAREHOLDING STRUCTURE

The Board has noted that there was an increase in the trading volume of H Shares on 28 October 2004 and wishes to state that the Board is not aware of any reasons for such increase save for the following.

The Board has been notified that the Vendors, which or who are the substantial shareholders of the Company, and the Purchaser intended to enter into the Agreements, pursuant to which the Vendors will agree to sell to the Purchaser an aggregate of 81,802,637 Domestic Shares in the following manner:

Zhejiang University Innovation Information Holdings Company Limited will sell 34,117,800 Domestic Shares to the Purchaser;

Zhejiang Qware Information Technology Investment & Consulting Company Limited will sell 34,117,800 Domestic Shares to the Purchaser;

Mr. Chen Guo Cai will sell 4,923,867 Domestic Shares to the Purchaser; and

Mr. Bao Shu Xin will sell 8,643,170 Domestic Shares to the Purchaser.

Immediately following the Completion, the Vendors (save and except for Mr. Chen Guo Cai) will cease to hold any shares of the Company, whereas the Purchaser will hold 81,802,637 Domestic Shares, representing approximately 24.10% of the existing issued share capital of the Company and become the single largest shareholder of the Company. The shareholdings of the Company after the Completion will be as follows:

Name of Shareholders	Number of Domestic Shares/ H Shares held immediately before the Completion		Number of Domestic Shares/ H Shares held immediately after the Completion	
		%		%
Zhejiang University Innovation Technology Company Limited	Nil	Nil	81,802,637 Domestic Shares	24.10%
Zhejiang University Innovation Information Holdings Company Limited	34,117,800 Domestic Shares	10.05%	Nil	Nil
Zhejiang Qware Information Technology Investment & Consulting Company Limited	34,117,800 Domestic Shares	10.05%	Nil	Nil
Mr. Bao Shu Xin	8,643,170 Domestic Shares	2.55%	Nil	Nil
Mr. Chen Ping	36,392,320 Domestic Shares	10.72%	36,392,320 Domestic Shares	10.72%

Name of Shareholders	Number of Domestic Shares/ H Shares held immediately before the Completion	%	Number of Domestic Shares/ H Shares held immediately after the Completion	%
Beijing Guoheng High Technology Holdings Company Limited	34,117,800 Domestic Shares	10.05%	34,117,800 Domestic Shares	10.05%
Mr. Wu Zhong Hao	16,490,280 Domestic Shares	4.86%	16,490,280 Domestic Shares	4.86%
Mr. Shi Chun Hua	16,490,280 Domestic Shares	4.86%	16,490,280 Domestic Shares	4.86%
Ms. Liu Qiao Ping	10,235,340 Domestic Shares	3.01%	10,235,340 Domestic Shares	3.01%
Mr. Wang Jin Cheng	7,505,910 Domestic Shares	2.21%	7,505,910 Domestic Shares	2.21%
Mr. Wang Lei Bo	7,505,910 Domestic Shares	2.21%	7,505,910 Domestic Shares	2.21%
Mr. Chen Guo Cai	10,235,340 Domestic Shares	3.01%	5,311,473 Domestic Shares	1.56%
Mr. Chen Chun	4,094,130 Domestic Shares	1.21%	4,094,130 Domestic Shares	1.21%
Mr. Huo Zhong Hui	4,094,130 Domestic Shares	1.21%	4,094,130 Domestic Shares	1.21%
Mr. Jin Lian Fu	3,411,790 Domestic Shares	1.00%	3,411,790 Domestic Shares	1.00%
Public	112,125,000 H Shares	33.00%	112,125,000 H Shares	33.00%
<b>Total</b>	<b><u>339,577,000 Shares</u></b>	<b><u>100.00%</u></b>	<b><u>339,577,000 Shares</u></b>	<b><u>100.00%</u></b>

Transfer of Domestic Shares is subject to the approval by the Ministry of Commerce of the PRC as the Company is a foreign invested joint stock limited company. The restriction on disposal of Domestic Shares held by the promoters of the Company has expired since 20 September 2004, the 3rd anniversary of the date of incorporation of the Company. Save as mentioned hereinbefore, there is no restriction on transfer of Domestic Shares.

The transactions contemplated under the Agreements do not require the approval by the Shanghai Stock Exchange, the stock exchange where A shares of the Purchaser are listed and traded. The Purchaser has obtained the approval by its board of directors to proceed with the transactions contemplated under the Agreement, and the Completion of which is still subject to (1) the approval by the Ministry of Commerce of the PRC; and/or (2) the approval by its shareholders, if necessary.

The Board has been informed by the Purchaser that save and except for Mr. Chen Chun who is the managing director of the Purchaser and holds 4,094,130 Domestic Shares (or 1.21% shareholding interest of the Company), the Purchaser and its concert parties will not hold more than 30% of the voting rights of the Company immediately after the Completion, as such, the Board considers that there should be no Takeovers Code implication arising from the transactions contemplated under the Agreements.

In anticipation of the Completion of the transactions contemplated under the Agreements, the Purchaser at this moment has no intention to change the business nature of the Company or the composition of the Board.

The Purchaser is a joint stock limited company incorporated under the laws of the PRC, whose A shares are listed on the Shanghai Stock Exchange. As at the date of this announcement, approximately 22.63% (or approximately 183,986,315 shares) of the issued share capital of the Purchaser is held by Zhejiang University Innovation Information Holdings Company Limited, which is one of the Vendors.

The Purchaser is principally engaged in the business of distributing computer network products and selling computer software. The Purchaser is a renowned corporation in the information technology industry in the PRC and is the largest computer network products distributor in the PRC and one of the major computer software exporters in the PRC. In 2004, the Purchaser ranks 48th amongst the best 100 information technology corporations in the PRC, 7th amongst the best 100 software corporations in the PRC and 1st amongst information system integration providers in the PRC. In addition, the Purchaser is the best 5 information products distributors and system integration services providers in the PRC. It is also the only “Top 10 PRC Electronic Services Corporation” in Zhejiang Province and one of the largest technology based publicly listed companies in PRC.

Relying on the technology advancement in computer science of the Zhejiang University, the Purchaser has also in collaboration with the Zhejiang University set up the Zhejiang University Shenzheng Research Centre and the Zhejiang University School of Computer Software with a view to enhancing development in information technology. At present, there are 2 fellows, 31 professors, 19 tutors for doctorate students and over 60 associate professors and engineers in the Zhejiang University School of Computer Software. The School focuses on providing training in computer software and networking and has an annual intake of around 1,000 undergraduate students, 260 master students and 60 doctorate students.

In 2003, the Purchaser recorded a turnover of approximately RMB2.9 billion and a profit of approximately RMB298 million.

Given that (1) immediately after the Completion, the Purchaser will hold approximately 24.1% of the issue share capital of the Company, and thus can directly support the Company in its business development; and (2) the Vendors were the initial management shareholders of the Company at the time when H Shares commenced trading on the GEM, and that the Vendors (save and except for Mr. Chen Guo Cai) will cease to hold any shares of the Company after the Completion, the Board considers that the sale of the Domestic Shares by the Vendors to the Purchaser may have an impact on the share price of the Company and the trading volume of H Shares, and thus constitute price sensitive information of the Company. The Board, after careful consideration, has taken the view that the information in relation to the sale of Domestic Shares by the Vendors is required to be disclosed to the public.

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules or any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

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### 3. DEFINITIONS

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

<b>“Agreements”</b>	the sale and purchase agreements to be entered into between the Vendors and the Purchaser, pursuant to which the Vendors will agree to sell and the Purchaser will agree to purchase an aggregate of 81,802,637 Domestic Shares
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Zheda Lande Scitech Limited, a joint stock limited company incorporated under the laws of the PRC, whose H Shares are listed on the GEM
<b>“Completion”</b>	completion of the transactions contemplated under the Agreements
<b>“Directors”</b>	the directors of the Company
<b>“Domestic Shares”</b>	domestic shares of RMB0.10 each in the share capital of the Company which are subscribed for in RMB
<b>“GEM”</b>	Growth Enterprise Market on the Stock Exchange
<b>“GEM Listing Rules”</b>	The Rules Governing the Listing of Securities on the GEM
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“H Shares”</b>	overseas listed foreign invested shares of RMB0.10 each in the share capital of the Company which are subscribed for and traded in Hong Kong dollars
<b>“initial management shareholders”</b>	has the same meaning ascribed thereto in the GEM Listing Rules
<b>“Nelson Wheeler”</b>	RSM Nelson Wheeler, certified public accountants
<b>“PRC”</b>	the People’s Republic of China
<b>“Purchaser”</b>	Zhejiang University Innovation Technology Company Limited, a joint stock limited company incorporated under the laws of the PRC, whose A shares are listed on the Shanghai Stock Exchange
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC

“Shareholders”	holders of the Shares
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the same meaning ascribed thereto in the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“Vendors”	Zhejiang University Innovation Information Holdings Company Limited, Zhejiang Qware Information Technology Investment & Consulting Company Limited, Mr. Chen Guo Cai and Mr. Bao Shu Xin, which or who are the holders of 34,117,800 Domestic Shares, 34,117,800 Domestic Shares, 10,235,340 Domestic Shares and 8,643,170 Domestic Shares, respectively, immediately before the Completion
“%”	per cent.

By order of the Board  
**Chen Ping**  
Chairman

Hangzhou, the PRC, 1 November 2004

*As at the date of this announcement, the Board comprises five executive directors, being Mr. Chen Ping, Mr. Zhao Jian, Mr. Xue Shi Cheng, Mr. Chen Chun and Mr. Hu Yang Jun, and three independent non-executive directors, being Mr. Cai Xiao Fu, Mr. Zhang De Xin and Mr. Guo 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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