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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 GEM of the Stock Exchange 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.

* *For identification purpose only*

HIGHLIGHTS

- Achieved a turnover of approximately RMB106,066,000 for the year ended 31 December 2009, representing an approximately 12.74% decrease as compared with the turnover for the year 2008

- Incurred a net loss attributable to equity holders of the Company of approximately RMB6,085,000 for the year ended 31 December 2009, comparing to a net loss attributable to equity holders of the Company of approximately RMB7,356,000 incurred for the year 2008

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2009

CONSOLIDATED FINANCIAL INFORMATION

The board of directors (the "Board") of Zheda Lande Scitech Limited (the "Company") is pleased to present the consolidated financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009, together with the comparative figures for the year ended 31 December 2008 as follows:

Consolidated statement of comprehensive income
For the year ended 31 December 2009

	Notes	**2009** *RMB'000*	2008 *RMB'000*
Turnover	*3*	**106,066**	121,547
Cost of sales		**(64,511)**	(76,489)
Gross profit		**41,555**	45,058
Other operating income		**2,445**	15,513
Distribution and selling expenses		**(11,361)**	(9,926)
General and administrative expenses		**(37,226)**	(56,655)
Share of results of associates		**(33)**	(379)
Loss before taxation		**(4,620)**	(6,389)
Taxation	*4*	**(783)**	(515)
Loss for the year and total comprehensive expense for the year	*5*	**(5,403)**	(6,904)
Attributable to:			
Equity holders of the Company		**(6,085)**	(7,356)
Minority interests		**682**	452
		(5,403)	(6,904)
Loss per share	*7*		
Basic and diluted		**RMB(0.017)**	RMB(0.022)

Consolidated statement of financial position

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Non-current assets			
Plant and equipment		**5,569**	6,285
Intangible assets		**2,487**	317
Goodwill		**956**	956
Interests in associates		**1,849**	–
		10,861	7,558
Current assets			
Inventories		**1,028**	–
Amount due from customers for contract work		**200**	1,349
Trade receivables	8	**18,038**	39,761
Prepayments and other receivables		**52,895**	57,245
Amounts due from associates		**593**	–
Bank balances and cash		**25,909**	25,428
		98,663	123,783
Current liabilities			
Amounts due to customers for contract work		**617**	–
Trade and other payables	9	**20,749**	29,018
Receipt in advance from customers		**130**	919
Current tax liabilities		**2,059**	2,418
		23,555	32,355
Net current assets		**75,108**	91,428
NET ASSETS		**85,969**	98,986
Capital and reserves			
Paid-in capital		**35,655**	35,655
Reserves		**44,491**	50,576
Equity attributable to the equity holders of the Company		**80,146**	86,231
Minority interests		**5,823**	12,755
TOTAL EQUITY		**85,969**	98,986

Consolidated statement of changes in equity

For the year ended 31 December 2009

	Attributable to equity holders of the Company						
	Paid-in capital	**Share premium**	**Statutory surplus reserve**	**Accumulated losses**	**Total**	**Minority interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	33,958	71,988	10,567	(29,205)	87,308	13,920	101,228
Total comprehensive income (expense) for the year	–	–	–	(7,356)	(7,356)	452	(6,904)
Disposal of subsidiaries	–	–	–	–	–	(2,668)	(2,668)
Partial disposal of a subsidiary	–	–	–	–	–	551	551
Issue of shares	1,697	4,582	–	–	6,279	–	6,279
Capital contributions from minority shareholders	–	–	–	–	–	500	500
At 31 December 2008	35,655	76,570	10,567	(36,561)	86,231	12,755	98,986
Total comprehensive income (expense) for the year	–	–	–	(6,085)	(6,085)	682	(5,403)
Acquisition of subsidiaries	–	–	–	–	–	551	551
Disposal of subsidiaries	–	–	–	–	–	(8,165)	(8,165)
At 31 December 2009	**35,655**	**76,570**	**10,567**	**(42,646)**	**80,146**	**5,823**	**85,969**

Notes:

1. BASIS OF PRESENTATION

The Company was established in the People's Republic of China (the "PRC") as a joint stock company with limited liability and its shares are listed on GEM of the Stock Exchange.

The consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, and based on International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial information include applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

2. APPLICATION OF NEW AND REVISED IFRSs

In the current year, the Group has applied the following new and revised Standards, Amendments to Standards and Interpretations ("new and revised IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, which are effective for the Group's financial year beginning 1 January 2009.

IFRSs (Amendments)	Improvements to IFRSs
IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC – INT 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC – INT 13	Customer Loyalty Programmes
IFRIC – INT 15	Agreements for the Construction of Real Estate
IFRIC – INT 16	Hedges of a Net Investment in a Foreign Operation
IFRIC – INT 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised IFRSs has no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

IAS 1 (Revised) Presentation of Financial Statements

IAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

IFRS 8 Operating Segment

IFRS 8 is a disclosure standard that has changed the basis of measurement of the Group's segment profit or loss. However, the adoption of IFRS 8 has not resulted in a redesignation of the Group's reportable segment.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendments to IFRSs as part of Improvements to IFRSs 2008[1]
IFRSs (Amendments)	Improvements to IFRSs 2009[2]
IAS 24 (Revised)	Related Party Disclosures[6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Rights Issues[4]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]

IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[6]
IFRS 1 (Revised)	First time Adoption of IFRSs[1]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction[3]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC-INT 14	Prepayments of a Minimum Funding Requirment[5]
IFRIC-INT 17	Distributions of Non-cash Assets to Owners[1]
IFRIC-INT 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Turnover comprises income from provision of telecommunication solutions, trading of hardware and computer software and provision of telecommunication value-added service, net of business tax, rebates and discounts during the year.

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. In contrast, the predecessor standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14.

The Group's operating and reportable segments under IFRS 8 are as follows:

1. Provision of telecommunication solutions

2. Trading of hardware and computer software

3. Provision of telecommunication value-added services

Information regarding the above segments is reported below.

(a) **Segment revenues and results**

For the year ended 31 December

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment turnover	**15,538**	22,508	**45,154**	48,033	**45,374**	51,006	**106,066**	121,547
Segment results	**(2,813)**	(37)	**(14,352)**	(3,314)	**14,932**	8,326	**(2,233)**	4,975
Unallocated revenue							**2,336**	15,353
Unallocated expenses							**(4,799)**	(26,498)
Share of results of associates							**(33)**	(379)
Interest income							**109**	160
Loss before taxation							**(4,620)**	(6,389)

Segment results represent the profit (loss) earned by/loss from each segment without allocation of central administration costs, directors' salaries, interest income, share of results of associates, and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
As at 31 December								
Segment assets	**1,314**	12,811	**21,311**	24,628	**14,216**	8,597	**36,841**	46,036
Unallocated assets							**72,683**	85,305
Total assets							**109,524**	131,341
Segment liabilities	**1,219**	6,514	**8,810**	4,009	**2,725**	3,529	**12,754**	14,052
Unallocated liabilities							**10,801**	18,303
Total liabilities							**23,555**	32,355

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than bank balances and cash, interests in associates, amount due from an associate, balances with related parties and assets which are unable to allocate into reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than current tax liabilities and balances with related parties. Liabilities for which reportable segments are jointly liable are allocated on the basis of the revenues earned by individual reportable segments.

(c) Other segment information:

For the year ended 31 December

	Provision of telecommunication solutions		**Trading of hardware and computer software**		**Provision of telecommunication value-added services**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non-current assets	**2,496**	167	**3,336**	191	**1,600**	933	**7,432**	1,291
Depreciation and amortisation	**272**	331	**1,075**	1,223	**1,283**	2,901	**2,630**	4,455
Impairment losses on trade receivables	**–**	3,720	**3,907**	–	**927**	-	**4,834**	3,720
Reversal of write down of inventories	**–**	(2,404)	**–**	–	**–**	–	**–**	(2,404)
Loss on disposal of plant and equipment	**53**	7	**207**	37	**53**	60	**313**	104
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Addition to non-current assets	**–**	250	**–**	–	**–**	–	**–**	250
Depreciation and amortisation	**50**	12	**–**	–	**–**	–	**50**	12
Interests in associates	**1,849**	–	**–**	–	**–**	–	**1,849**	–
Interest income	**(10)**	(28)	**(31)**	(67)	**(68)**	(65)	**(109)**	(160)
Taxation	**27**	453	**58**	–	**698**	62	**783**	515
Impairment losses on other receivables	**356**	3,618	**–**	–	**–**	–	**356**	3,618
Share of results of associates	**(33)**	–	**–**	(379)	**–**	–	**(33)**	(379)
Loss (gain) on disposal of subsidiaries	**320**	–	**649**	(2,974)	**–**	–	**969**	(2,974)
Gain on partial disposal of a subsidiary	**–**	(149)	**–**	–	**–**	–	**–**	(149)
Write back of impairment losses on other receivables	**–**	(3,600)	**(22)**	–	**–**	–	**(22)**	(3,600)
Loss on disposal of interests in associates	**–**	632	**–**	–	**–**	–	**–**	632
Bad debt recovered on trade and other receivables	**–**	(4,041)	**–**	–	**–**	–	**–**	(4,041)

(d) Geographical information

The Group operates within one geographical location, the PRC. Accordingly, no geographical information is presented.

For the year ended 31 December 2009 and 2008, the Group does not have any single significant customer with the transaction value over 10% of the turnover.

4. TAXATION

	2009	2008
	RMB'000	*RMB'000*
The tax charge comprises:		
PRC Enterprises Income Tax ("EIT")		
– current year	**770**	397
– underprovision in prior years	**13**	118
	783	515

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (2008: 15%) as they were classified as Advanced and New Technology Enterprise.

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiaries is exempt from PRC EIT for two years from the first profit-making year, followed by a 50% reduction for the next three years.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arose in, nor was derived from, Hong Kong for the two years ended 31 December 2009.

5. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2009	2008
	RMB'000	*RMB'000*
Salaries and other benefits (including directors' and supervisors' emoluments)	**15,390**	17,374
Contributions to retirement benefits scheme	**2,510**	3,512
Total staff costs	**17,900**	20,886
Amortisation of intangible assets	**330**	1,547
Auditors' remuneration	**550**	458
Depreciation of property, plant and equipment	**2,350**	2,920
Impairment loss on trade and other receivables	**5,190**	7,338
Impairment loss on other non-current assets	**–**	328
Loss on disposal of interests in associates	**–**	632
Loss on disposal of property, plant and equipment	**313**	104
Operating lease expense for office premises	**2,201**	2,377
Research and development costs recognised as expenses	**7,665**	11,917
Bank interest income	**(109)**	(160)
Bad debts recovered on trade and other receivables	**–**	(4,041)
Government grants *(Note 2)*	**(396)**	(742)
Gain on partial disposal of a subsidiary	**–**	(149)
Reversal of write down of inventories (included in cost of sales)	**–**	(2,404)
Subsidy income *(Note 1)*	**(1,093)**	(1,443)
Write back of impairment loss on trade and other receivables	**(22)**	(3,600)
Discount on acquisition of subsidiaries (included in other operating income)	**(708)**	–
Loss (gain) on disposal of subsidiaries	**969**	(2,974)

Notes:

1. Pursuant to Guo Fa 2000 No. 18 issued by the State Council, the Company is subject to value-added tax ("VAT") at a rate of 17% on sales of self-developed software, and is granted VAT refund of the amount of actual tax burden exceeding 3% on sales of self-developed software. Included in subsidy income was the VAT refund with an amount of approximately RMB1,093,000 (2008: RMB1,443,000). VAT refund is recorded as income upon receipt.

2. Government grants represented the amount received in the current year towards certain research and development activities. There are no unfulfilled conditions or contingencies relating to those grants.

6. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2009, nor has any dividend been proposed since the end of the reporting period (2008: Nil).

7. LOSS PER SHARE

The calculations of the basic loss per share are based on Group's loss attributable to the ordinary equity holders of the Company of approximately RMB6,085,000 (2008: RMB7,356,000) and on the weighted average of 356,546,000 (2008: 340,507,000) shares in issue during the year ended 31 December 2009.

Diluted loss per share was same as basic loss per share for the two years ended 31 December 2009, as there were no diluting events existed during the two years.

8. TRADE RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**27,478**	56,156
Less: Impairment losses	**(9,440)**	(16,395)
	18,038	39,761

There were no specific credit terms granted to the customers. Aging analysis of the trade receivables net of impairment losses as at 31 December 2009, based on invoice date is as follows:

	2009	2008
	RMB'000	*RMB'000*
Less than one year	**17,246**	38,901
Over one year but less than two years	**475**	860
Over two year but less than three years	**317**	–
	18,038	39,761

9. TRADE AND OTHER PAYABLES

	2009	2008
	RMB'000	*RMB'000*
Trade payables	**3,457**	6,160
Other payables and accruals	**17,292**	22,858
	20,749	29,018

Aging analysis of the trade payables is as follows:

	2009	2008
	RMB'000	*RMB'000*
Less than one year	**3,238**	5,797
Over one year but less than two years	**125**	303
Over two years but less than three years	**34**	5
More than three years	**60**	55
	3,457	6,160

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

CLOSURE OF H SHARE REGISTER

In order to convene the Annual General Meeting, the H share register of shareholders of the Company will be closed from 21 April 2010 to 21 May 2010 (both days inclusive), during which no transfer of H shares will be effected.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

1. Review of operating results for the year

For the year ended 31 December 2009, the consolidated turnover of the Group was approximately RMB106,066,000, representing a decrease of approximately RMB15,481,000, or approximately 12.74% as compared with that of 2008.

The net loss attributable to equity holders of the Company for the year ended 31 December 2009 was approximately RMB6,085,000, comparing to the net loss attributable to equity holders of the Company for the year ended 31 December 2008 of approximately RMB7,356,000.

During the year, the Company's business promotion continued to strengthen, however, business income has not been improved so much. The whole profitability of the Group's business is currently inadequate.

2. Product and business development

During the year, the Company accomplished its targets established at the beginning of the year and would continue to increase its R&D efforts on new products and services. The Precise Marketing System brought together the information of new and old customers, enabling enterprises to effectively identify real demand while keeping the customer loyalty under monitor, with which different marketing approaches could be applied to different customers, i.e. attracting new customers while showing constant care to old customers. The Precise Marketing System has become an effective method for promotion and expansion of businesses. The Group's businesses such as the Bai Shi Tong alliance and the 114 business information provided by China Telecom, the map business card as well as the communication assistant were promoted all across the country. The online version of the Company's China Yellow Book has been launched for trial operation, with the information of its corporate customers constantly been collected and sorted out, resulting in improved and more satisfactory functions. During the period, the Company developed the Jiaoyubao Platform while dealing the Coordinated Communication ECP for Zhejiang Telecom, which consisted of an information segment, a resources segment, an interaction segment and an IM segment, perfectly blending Jiaoyubao with the ECP terminal. The Group has become the general agent of the ECP products of Zhejiang Telecom and combined it with its own products.

3. Investment and cooperation

During the period, the Company disposed of 31% equity of Zhejiang Lande Congheng Network Service Company Limited and 90% equity of Zhejiang Sichuang Information Technology Co., Ltd., while acquiring 100% equity of Hangzhou Huaguang Computer Engineering Co., Ltd. so as to promote our businesses.

During the period, the Company maintained a satisfactory relationship with the major operators and technical institutions.

4. Employees information

As at 31 December 2009, the total number of employees of the Group was approximately 340 (2008: 420). During the year, the staff costs of the Group amounted to approximately RMB17,900,000(2008: RMB20,886,000).

The Group formulated its human resources management strategies under the guidance of the Group's development strategy, aiming at targets established under its long-term planning. As an important part of the Group's development strategy, the human resources management strategy played an important supporting and propelling role in realizing the overall development strategy of the Group. The Group builds its human resources management structure from an overall strategic perspective, having the incentive mechanism combined with other links of human resources management and promoting one another.

The Group opened up as many entrances as possible and established multiple recruitment channels to set up a talent-attracting mechanism. It also emphasized better use of human resources, and cultivating an agreeable mechanism for application and cultivation of talent.

The Group has set up an annual target salary system featuring performance assessment combined with remuneration management. The annual target salary is determined and paid out in accordance with the assessment results, whereby a comprehensive assessment is made on an employee after reasonable evaluation on his/her performance, capability and attitude. With these two things closely linked to each other, we have been able to effectively encourage our staff and guarantee the accomplishment of the Group's targets.

The Group attached great concern on the personal development of our staff and provided them with many types of training to improve themselves in terms of quality and skills. Through assessment on the responsibilities and capabilities of our staff, hiring professional consultancy companies to design staff training system, we tailored training courses for each individual, so as to make them better fit in their posts and help them grow in every aspect of their professional career. Only when the employees receive satisfactory improvement, can our Company have a bright future.

The Group currently has not issued any options nor does it have any bonus scheme.

REVIEW OF FINANCIAL POSITIONS

- The Group maintained creditable financial conditions. For the year ended 31 December 2009, the Group was mainly financed by proceeds generated from daily operations.

- As at 31 December 2009, the Group's cash and bank deposits balances amounted to approximately RMB25,909,000 (2008: RMB25,428,000).

- As at 31 December 2009, the Group had no short-term borrowings (2008: Nil).

- As at 31 December 2009, the Group had a total asset value of approximately RMB109,524,000 (2008: RMB131,341.000).

- As at 31 December 2009, the Group had current liabilities of approximately RMB23,555,000 (2008: RMB32,355,000).

- As at 31 December 2009, the Group had shareholders' equity of approximately RMB80,146,000 (2008: RMB86,231,000).

- As at 31 December 2009, the Group had minority interests of approximately RMB5,823,000 (2008: RMB12,755,000).

- As at 31 December 2009, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 21.51% (2008: 24.63%).

- As at 31 December 2009, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 23.87% (2008: 26.14%).

- As all of the Group's account payables of purchases and account receivables of sales are in Renminbi, there is no foreign exchange risk.

- As at 31 December 2009, the Group had no bank deposits pledged to secure general banking facilities granted to the Group (2008: Nil).

FUTURE PROSPECTS

1. Orders in hand/Status in sales contract

We will keep executing all our value-added service contracts and carrying on all kinds of cooperation with the operators, with an aim to add new functions to the existing product ranges and exploring new operating models. The Group's existing businesses such as the 114 Bai Shi Tong Alliance, SMS Business card, 114 business information, communication assistant as well as missed call notification have a solid and loyal customer base. China Telecom has just established a dedicated department to provide enterprise communication products (ECP) based on the enterprise customer IM service, and we have secured a place as its national operating partner, with which we can sell our Jiaoyubao products while dealing the ECP or vice versa.

With the emerging of business plans and services for the coming year offered by the communication operators, there are great opportunities of software upgrade and development of new software to meet the requirement of new environment. The Group will grasp such opportunities to provide relevant system integration solutions and the purchase and installation services of system network equipment to the operators.

2. Prospects of new business and new products

In the upcoming years, the Group targets to explore new opportunities for value-added business through applying new technologies while continuing to improve and consolidate its existing products, i.e. to dig deep into the existing communication materials developed by the Company itself for new technologies, to analyze and classify the industrial categories so as to have a better idea of market demand in various industries, to come up with well-oriented and differentiated services and products for application in different industries, and to focus on cultivating the interest and preference of our customers in terms of marketing approaches. Our service platforms such as a newly-developed China Yellow Book and enterprise TV station contribute to the corporate propaganda, information exchange and sales promotion while conditionally identify and classify the credit, responsibilities and competitive power, so as to provide a more reliable, practical and interactive valuable platform service to the general users.

The ECP we currently working on with China Telecom provide us with a golden opportunity. While promoting ECP to our enterprise customers, we have a chance to introduce to them our own products. We can also tailor comprehensive application solutions for the enterprise customers, such as enterprise communication, enterprise propaganda, information exchange and office OA. Through combining our own products with the ECP provided by China Telecom, there is a perfect complementation of each other.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2009 have been reviewed and approved by the Company's audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2009.

CORPORATE GOVERNANCE

During the year ended 31 December 2009, the Company complied, in all material aspects, with all the code provisions set out in the Code on Corporate Practices as contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

On behalf of Board
Chen Ping
Chairman

Hangzhou, the PRC, 29 March 2010

As at the date of this announcement, the Board comprises six executive directors, being Mr. Chen Ping, Ms. Dong Danquing, Mr. Chao Hong Bo, Ms. Geng Hui, Mr. Hu Yang Jun and Mr. Xia Zhen Hai, and three independent non-executive directors, being Mr. Zhang De Xin, Mr. Cai Xiao Fu, and Mr. Gu Yu Lin.

This announcement will remain on the "Latest Company Announcements" page on the GEM website for at least 7 days from the day of its posting.