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 2010

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (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 GEM (the "GEM Listing Rules") 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

HIGHLIGHTS

- Achieved a turnover of approximately RMB141,427,000 for the year ended 31 December 2010, representing an approximately 33.34% increase as compared with the turnover for the year 2009
- Incurred a net loss attributable to owners of the Company of approximately RMB874,000 for the year ended 31 December 2010, comparing to a net loss attributable to owners of the Company of approximately RMB6,085,000 incurred for the year 2009
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2010

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 2010, together with the comparative figures for the year ended 31 December 2009 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Turnover	*3*	**141,427**	106,066
Cost of sales		**(111,499)**	(64,511)
Gross profit		**29,928**	41,555
Other operating income		**17,215**	2,445
Distribution and selling expenses		**(6,139)**	(11,361)
General and administrative expenses		**(42,368)**	(37,226)
Share of result of an associate		**492**	(33)
Loss before taxation		**(872)**	(4,620)
Taxation	*4*	**(232)**	(783)
Loss for the year and total comprehensive expense for the year	*5*	**(1,104)**	(5,403)
Attributable to:			
Owners of the Company		**(874)**	(6,085)
Non-controlling interests		**(230)**	682
		(1,104)	(5,403)
Loss per share	*7*	**RMB**	RMB
Basic and diluted		**0.25 cents**	1.71 cents

Consolidated Statement of Financial Position
As at 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Non-current assets			
Plant and equipment		**5,001**	5,569
Intangible assets		**2,188**	2,487
Goodwill		**956**	956
Interest in an associate		**2,341**	1,849
		10,486	10,861
Current assets			
Inventories		**3,790**	1,028
Amount due from customers for contract work		**50**	200
Trade receivables	8	**14,736**	18,038
Prepayments and other receivables		**55,909**	52,895
Amount due from an associate		**314**	593
Pledged bank deposits		**2,200**	–
Bank balances and cash		**26,999**	25,909
		103,998	98,663
Current liabilities			
Amounts due to customers for contract work		**–**	617
Trade and other payables	9	**24,661**	20,749
Receipt in advance from customers		**3,821**	130
Current tax liabilities		**1,764**	2,059
		30,246	23,555
Net current assets		**73,752**	75,108
NET ASSETS		**84,238**	85,969
Capital and reserves			
Paid-in capital		**35,655**	35,655
Reserves		**43,617**	44,491
Equity attributable to owners of the Company		**79,272**	80,146
Non-controlling interests		**4,966**	5,823
TOTAL EQUITY		**84,238**	85,969

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company						
	Paid-in capital	Share premium	Statutory surplus reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	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
Total comprehensive expense for the year	–	–	–	(874)	(874)	(230)	(1,104)
Disposal of a subsidiary	–	–	–	–	–	(627)	(627)
At 31 December 2010	**35,655**	**76,570**	**10,567**	**(43,520)**	**79,272**	**4,966**	**84,238**

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 in accordance with 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 GEM Listing Rules.

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 International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvement to IFRSs 2008
IFRSs (Amendments)	Improvements to IFRSs 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards
IFRS 1 (Amendment)	Additional Exemptions from First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IFRIC – Int 17	Distributions of Non-cash Assets to Owners

IFRS 3 (Revised 2008) Business Combinations

The Group applies IFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010.

As there was no transaction during the current year to which IFRS 3 (Revised) is applicable, the application of IFRS 3 (Revised) and the consequential amendments to other IFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The requirements in IAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions and had no effect on the disposal of subsidiary during the year 31 December 2010.

Result of the Group in the future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

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)	Improvements to IFRSs issued in 2010 except for the amendments to IFRS 3 (as revised in 2008), IFRS 7, IAS 1 and IAS 28[1]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[3]
IFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
IFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets[5]
IFRS 9	Financial Instruments[7]
IAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
IAS 24 (As revised in 2009)	Related Party Disclosures[4]
IAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues[2]
IFRIC-INT 14 (Amendment)	Prepayments of a Minimum Fundings Requirement[4]
IFRIC-INT 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to IFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 services, net of business tax and discounts during the year.

The Group's operating segments, based on information reported to the chief operating decision maker, being the executive directors of the Company, for the purpose of resource allocation and performance assessment are as follows:

1. Provision of telecommunication solutions

2. Trading of hardware and computer software

3. Provision of telecommunication value-added services

The following is analysis of the Group's revenue and results by reportable segment.

(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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment turnover	**428**	15,538	**110,526**	45,154	**30,473**	45,374	**141,427**	106,066
Segment results	**(2)**	(2,813)	**(287)**	(14,352)	**6,400**	14,932	**6,111**	(2,233)
Unallocated revenue							**13,155**	2,445
Unallocated expenses							**(20,138)**	(4,832)
Loss before taxation							**(872)**	(4,620)

Segment profit/loss represent the profit earned by/loss from each segment without allocation of central administration costs, write back of/impairment loss on other receivables, Directors' salaries, bank interest income, share of result of an associate, government grants, gain/loss on disposal of subsidiaries and discount on acquisition of subsidiaries. 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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
As at 31 December								
Segment assets	**65**	1,314	**27,480**	21,311	**8,041**	14,216	**35,586**	36,841
Unallocated assets							**78,898**	72,683
Total assets							**114,484**	109,524
Segment liabilities	**11**	1,219	**12,310**	8,810	**4,020**	2,725	**16,341**	12,754
Unallocated liabilities							**13,905**	10,801
Total liabilities							**30,246**	23,555

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

- all assets are allocated to reportable segments other than pledged bank deposits, bank balances and cash, interest in an associate, amount due from an associate, balances with related parties and other receivables 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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**5**	614	**697**	3,336	**388**	1,600	**1,090**	5,550
Depreciation and amortisation	**6**	272	**921**	1,075	**870**	1,283	**1,797**	2,630
(Write back of) impairment loss on trade receivables	**(4,552)**	–	**–**	3,907	**–**	927	**(4,552)**	4,834
Loss on disposal of plant and equipment	**1**	53	**43**	207	**1**	53	**45**	313
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Amortisation	**50**	50	**–**	–	**–**	–	**50**	50
Interest in an associate	**2,341**	1,849	**–**	–	**–**	–	**2,341**	1,849
Interest income	**–**	(10)	**(30)**	(31)	**(104)**	(68)	**(134)**	(109)
Taxation	**2**	27	**186**	58	**44**	698	**232**	783
Impairment losses on other receivables	**16,237**	356	**–**	–	**–**	–	**16,237**	356
Share of result of an associate	**492**	(33)	**–**	–	**–**	–	**492**	(33)
(Gain) loss on disposal of subsidiaries	**–**	320	**–**	649	**(34)**	–	**(34)**	969
Write back of impairment loss on other receivables	**–**	–	**(10,765)**	(22)	**–**	–	**(10,765)**	(22)

Non-current assets excluded goodwill and interest in an associate.

(d) Geographical information

Both revenue and non-current assets of the Group's operating segment are derived from or located in the PRC. Accordingly, no geographical information is presented.

(e) Information about major customer

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	RMB'000	*RMB'000*
Customer A *(note)*	**19,125**	N/A

Note: The corresponding revenue did not contribute over 10% of the total sales of the Group.

4. TAXATION

	2010	2009
	RMB'000	*RMB'000*
The tax charge comprises:		
PRC Enterprises Income Tax ("EIT")		
– current year	**529**	770
– (over) underprovision in prior years	**(297)**	13
	232	783

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC enterprises is 25% for the two years ended 31 December 2010.

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (2009: 15%) as they were classified as Advanced and New Technology Enterprise.

No provision for Hong Kong Profits Tax has been made for the subsidiary established in Hong Kong as the subsidiary did not has any assessable profits subject to Hong Kong Profits Tax during the two years ended 31 December 2010.

5. LOSS FOR THE YEAR

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

	2010	2009
	RMB'000	*RMB'000*
Salaries and other benefits (including directors' and supervisors' emoluments)	**12,028**	15,390
Contributions to retirement benefits scheme	**1,409**	2,510
Total staff costs	**13,437**	17,900
Amortisation of intangible assets	**299**	330
Auditors' remuneration	**581**	550
Depreciation of plant and equipment	**1,548**	2,350
Impairment loss on trade and other receivables	**16,237**	5,190
Loss on disposal of plant and equipment	**45**	313
Operating lease rental for office premises	**2,261**	2,201
Research and development costs recognised as expenses	**7,150**	7,665
Bank interest income	**(134)**	(109)
Government grants *(Note 2)*	**(1,472)**	(396)
Subsidy income *(Note 1)*	**–**	(1,093)
Write back of impairment loss on the trade and other receivables (included in other operating income)	**(15,317)**	(22)
Discount on acquisition of subsidiaries (included in other operating income)	**–**	(708)
(Gain) loss on disposal of subsidiaries	**(34)**	969
Cost of inventories recognised as an expense	**103,903**	30,774

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 for the year ended 31 December 2009. 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 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

7. LOSS PER SHARE

The calculations of the basic loss per share are based on loss for the year attributable to owners of the Company of approximately RMB874,000 (2009: RMB6,085,000) and on the weighted average of 356,546,000 (2009: 356,546,000) shares in issue during the year ended 31 December 2010.

Diluted loss per share was same as basic loss per share for the two years ended 31 December 2010, as there were no diluting events existed during both years.

8. TRADE RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**19,553**	27,478
Less: Impairment losses	**(4,817)**	(9,440)
	14,736	18,038

There were no specific credit period granted to customers except for an average credit period of 60 – 90 days to its trade customers under trading of hardware and computer software segment. Ageing analysis of the trade receivables net of impairment losses as at the end of reporting period, presented based on the due date is as follows:

	2010	2009
	RMB'000	*RMB'000*
Current	**12,143**	16,824
Less than 3 months	**2,278**	82
More than 3 months but less than 1 year	**315**	340
More than 1 year but less than 2 years	**–**	475
More than 2 years	**–**	317
	14,736	18,038

9. TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade and bills payables	**9,334**	3,457
Other payables and accruals	**15,327**	17,292
	24,661	20,749

Aging analysis of the trade payables presented based on the invoice date is as follows:

	2010	2009
	RMB'000	*RMB'000*
Less than one year	**9,212**	3,238
Over one year but less than two years	**–**	125
Over two years but less than three years	**–**	34
More than three years	**122**	60
	9,334	3,457

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: 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 27 April 2011 to 27 May 2011 (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 2010, the consolidated turnover of the Group was approximately RM141,427,000, representing an increase of approximately RMB35,361,000, or approximately 33.34% as compared with the turnover for the year 2009.

The net loss attributable to owners of the Company for the year ended 31 December 2010 was approximately RMB874,000, comparing to the net loss attributable to owners of the Company for the year ended 31 December 2009 of approximately RMB6,085,000.

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 maintained a sound cooperation relationship with the operators and continued to innovate telecommunication value-added business and optimize existing products. The 114 Bai Shi Tong Alliance business has become a well-known product in the industry. Meanwhile, SMS business card, map business card, personal communication assistant and other businesses have rolled out more refined and user friendly functions and application. The Company is endeavour to develop customer-end application or embedded application for terminal communication.

Being an agent of the ECP products of Zhejiang Telecom, the Company has combined the special feature of the ECP products with its own products. The Company has also promoted its application in the taxation, industrial and commerce industry for better, more efficient and professional communication.

The Jiaoyubao Platform developed by the Company has received positive feedback, which provide a platform featuring communication, education and entertainment for the parents, students and schools. It has gained its reputation for its abundant education resources, information application and interactive communication.

For internet application, the Company has subsequently launched its 114 business information as well as industry & commerce information platform with an aim to forge a business on-demand information platform.

During the year, the Company commenced a good cooperation relationship with ZTE for distribution of communication products to Guangdong area and accomplished sales of tens of thousands of communication terminals.

3. Investment and cooperation

During the year, the Company disposed of 55% equity of Chengdu Lande E & I Technology Company Limited while collaborating with ZTE for distribution of communication products to Guangdong area.

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

4. Employees information

As at 31 December 2010, the total number of employees of the Group was approximately 250 (2009: 340). During the year, the staff costs of the Group amounted to approximately RMB13,437,000 (2009: RMB17,900,000).

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 2010, the Group was mainly financed by proceeds generated from daily operations.
- As at 31 December 2010, the Group's cash and bank deposits balances amounted to approximately RMB26,999,000 (2009: RMB25,909,000).
- As at 31 December 2010, the Group had no short-term borrowings (2009: Nil).
- As at 31 December 2010, the Group had a total asset value of approximately RMB114,484,000 (2009: RMB109,524,000).
- As at 31 December 2010, the Group had current liabilities of approximately RMB30,246,000 (2009: RMB23,555,000).
- As at 31 December 2010, the Group had owner's equity of approximately RMB79,272,000 (2009: RMB80,146,000).
- As at 31 December 2010, the Group had non-controlling interests of approximately RMB4,966,000 (2009: RMB5,823,000).
- As at 31 December 2010, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 26.42% (2009: 21.51%).
- As at 31 December 2010, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 29.08% (2009: 23.87%).
- 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 2010, the Group had bank deposits pledged in amounted to approximately RMB2,200,000 to secure the bills payable of the Group (2009: Nil).

FUTURE PROSPECTS

1. Orders in hand/Status in sales contract

The Group will continue to develop and operate the respective business of our value-added service business while actively exploring new markets. The Company will also increase investment in product R&D and innovation. At present, SMS Business card, 114 Bai Shi Tong and map business card etc have generated more stable income. Jiaoyubao and ECP industry applications are also being progressively put on trial and promotion.

For application business, we will focus on reinforcing cooperation with telecommunication operators in respect of system maintenance and software upgrading and development so as to maintain a stable income. We will also leverage on our computer software distribution business and communication terminal business for their stable source of corporate customers to promote our business.

2. Prospects of new business and new products

In the coming year, apart from reinforcing our existing business and optimizing our products, we will continue to strengthen our cooperation with the operators and timely develop new products in line with their planning. Meanwhile, we have to gather together our experiences accumulated over the years in the telecommunication industry, to move towards the direction of becoming an internet service provider and to develop our core technology and maintain and develop our own group of users.

On the basis of maintaining a smooth business development, we will reinforce promotion of our key products such as 114 Bai Shi Tong Alliance business and ECP industry application and consider change of our marketing method and business model.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2010 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 2010.

CORPORATE GOVERNANCE

During the year ended 31 December 2010, 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 GEM Listing Rules.

On behalf of Board
Chen Ping
Chairman

Hangzhou, the PRC, 31 March 2011

As at the date of this announcement, the Board comprises six executive directors, being Mr. Chen Ping, Ms. Dong Danqing, Mr. Chao Hong Bo, Ms. Geng Hui, Mr. Xia Zhen Hai and Mr. Jin Lian Fu, 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.