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 2011

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 RMB62,918,000 for the year ended 31 December 2011, representing an approximately 55.51% decrease as compared with the turnover for the year 2010
- Incurred a net loss attributable to owners of the Company of approximately RMB3,582,000 for the year ended 31 December 2011, comparing to a net loss attributable to owners of the Company of approximately RMB874,000 incurred for the year 2010
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2011

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 2011, together with the comparative figures for the year ended 31 December 2011 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011

	Notes	**2011** *RMB'000*	2010 *RMB'000*
Turnover	*3*	**62,918**	141,427
Cost of sales		**(39,767)**	(111,499)
Gross profit		**23,151**	29,928
Other operating income		**7,638**	17,215
Distribution and selling expenses		**(7,244)**	(6,139)
General and administrative expenses		**(27,919)**	(42,368)
Share of result of an associate		**426**	492
Loss before tax		**(3,948)**	(872)
Income Tax	*4*	**(27)**	(232)
Loss for the year and total comprehensive expense for the year	*5*	**(3,975)**	(1,104)
Loss for the year and total comprehensive expense attributable to:			
Owners of the Company		**(3,582)**	(874)
Non-controlling interests		**(393)**	(230)
		(3,975)	(1,104)
Loss per share		***RMB***	*RMB*
Basic and diluted	*7*	**1.00 cents**	0.25 cents

Consolidated Statement of Financial Position
As at 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Non-current assets			
Plant and equipment		**5,284**	5,001
Intangible assets		**88**	2,188
Goodwill		**956**	956
Interest in an associate		**2,767**	2,341
		9,095	10,486
Current assets			
Inventories		**757**	3,790
Amounts due from customers for contract work		**–**	50
Trade receivables	8	**7,792**	14,736
Prepayments and other receivables		**54,924**	55,909
Amount due from an associate		**314**	314
Pledged bank deposits		**–**	2,200
Bank balances and cash		**25,005**	26,999
		88,792	103,998
Current liabilities			
Trade and other payables	9	**15,762**	24,661
Receipt in advance from customers		**131**	3,821
Income tax payables		**1,731**	1,764
		17,624	30,246
Net current assets		**71,168**	73,752
Net assets		**80,263**	84,238
Capital and reserves			
Paid-in capital		**35,655**	35,655
Reserves		**40,035**	43,617
Equity attributable to owners of the Company		**75,690**	79,272
Non-controlling interests		**4,573**	4,966
Total equity		**80,263**	84,238

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Attributable to owners of the Company						
	Paid-in capital *RMB'000*	Share premium *RMB'000*	Statutory surplus reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2010	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
Total comprehensive expense for the year	–	–	–	(3,582)	(3,582)	(393)	(3,975)
At 31 December 2011	35,655	76,570	10,567	(47,102)	75,690	4,573	80,263

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)	Improvements to IFRSs issued in 2010 except for the amendments to IFRS 3 (as revised in 2008), IFRS 7, IAS 1 and IAS 28
International Accounting Standards ("IAS") 24 (As revised in 2009)	Related Party Disclosures
IAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The directors of the Company anticipate that the application of the above new and revised IFRSs has had no material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

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

IFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	First-time Adoption of International Financial Reporting Standards – Government Loans[2]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangement[2]
IFRS 12	Disclosures of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (As revised in 2011)	Employee Benefits[2]
IAS 27 (As revised in 2011)	Separate Financial Statements[2]
IAS 28 (As revised in 2011)	Investments in Associate and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

Amendments to IFRS 7 Disclosures – Transfers of Financial Assets

The amendments to IFRS 7 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 anticipate that the application of the amendments to IFRS 7 will affect the group's disclosure regarding transfers of financial assets in the future.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

– 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 their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the 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 presented 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 presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015 and that the application of the new standard will have no significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these fives standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investees, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the invests to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joints arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of IFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in IFRS 10). However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The directors of the Company 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**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment turnover	**–**	428	**39,453**	110,526	**23,465**	30,473	**62,918**	141,427
Segment results	**–**	(2)	**(5,810)**	(287)	**3,972**	6,400	**(1,838)**	6,111
Unallocated revenue							**8,049**	13,155
Unallocated expenses							**(10,159)**	(20,138)
Loss before taxation							**(3,948)**	(872)

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 and gain on disposal of a subsidiary. 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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
As at 31 December								
Segment assets	**–**	65	**13,994**	27,480	**9,243**	8,041	**23,237**	35,586
Unallocated assets							**74,650**	78,898
Total assets							**97,887**	114,484
Segment liabilities	**–**	11	**10,095**	12,310	**1,740**	4,020	**11,835**	16,341
Unallocated liabilities							**5,789**	13,905
Total liabilities							**17,624**	30,246

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**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**739**	697	**951**	388	**1,690**	1,090
Depreciation and amortisation	**–**	6	**813**	921	**844**	870	**1,657**	1,797
Write back of impairment loss on trade receivables	**–**	(4,552)	**(15)**	–	**–**	–	**(15)**	(4,552)
Impairment loss on trade receivables	**–**	–	**1,009**	–	**200**	–	**1,209**	–
Impairment loss on intangible assets	**–**	–	**1,800**	–	**–**	–	**1,800**	–
Loss on disposal of plant and equipment	**–**	1	**1**	43	**–**	1	**1**	45
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Amortisation	**49**	50	**–**	–	**–**	–	**49**	50
Interest in an associate	**2,767**	2,341	**–**	–	**–**	–	**2,767**	2,341
Interest income	**–**	–	**(49)**	(30)	**(243)**	(104)	**(292)**	(134)
Taxation	**–**	2	**(6)**	186	**33**	44	**27**	232
Impairment losses on other receivables	**–**	16,237	**–**	–	**–**	–	**–**	16,237
Share of result of an associate	**426**	492	**–**	–	**–**	–	**426**	492
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	(34)	**–**	(34)
Write back of impairment loss on other receivables	**–**	–	**(5,669)**	(10,765)	**(1,008)**	–	**(6,677)**	(10,765)

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:

	2011	2010
	RMB'000	*RMB'000*
Customer A	**N/A***	19,125
Customer B	**8,951**	N/A*

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

4. INCOME TAX

	2011	2010
	RMB'000	*RMB'000*
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– current year	**208**	529
– overprovision in prior years	**(181)**	(297)
	27	232

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 2011.

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (2010: 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 2011.

5. LOSS FOR THE YEAR

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

	2011	2010
	RMB'000	*RMB'000*
Salaries and other benefits (including directors' and supervisors' emoluments)	**13,524**	12,028
Contributions to retirement benefits scheme	**1,494**	1,409
Total staff costs	**15,018**	13,437
Amortisation of intangible assets	**300**	299
Auditors' remuneration	**510**	581
Depreciation of plant and equipment	**1,406**	1,548
Impairment loss on trade and other receivables	**1,209**	16,237
Impairment loss on intangible assets	**1,800**	–
Loss on disposal of plant and equipment	**1**	45
Operating lease rental for office premises	**2,262**	2,261
Research and development costs recognised as expenses	**1,823**	7,150
Bank interest income	**(292)**	(134)
Government grants *(Note 1)*	**(654)**	(1,472)
Write back of impairment loss on trade and other receivables (included in other operation income)	**(6,692)**	(15,317)
Gain on disposal of a subsidiary	**–**	(34)
Cost of inventories recognised as an expense	**37,526**	103,903

Notes:

1. 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 during the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (2010: 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 RMB3,582,000 (2010: RMB874,000) and on the weighted average number of 356,546,000 (2010: 356,546,000) shares in issue during the year ended 31 December 2011.

Diluted loss per share was the same as basic loss per share for the two years ended 31 December 2011 as there were no diluting events existed during both years.

8. TRADE RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**13,803**	19,553
Less: Impairment losses	**(6,011)**	(4,817)
	7,792	14,736

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:

	2011	2010
	RMB'000	*RMB'000*
Current	**6,882**	12,143
Less than 3 months	**70**	2,278
More than 3 months but less than 1 year	**840**	315
More than 1 year but less than 2 years	**–**	–
More than 2 years	**–**	–
	7,792	14,736

9. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade and bills payables	**2,042**	9,334
Other payables and accruals	**13,720**	15,327
	15,762	24,661

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

	2011	2010
	RMB'000	*RMB'000*
Less than one year	**1,920**	9,212
Over one year but less than two years	**–**	–
Over two years but less than three years	**–**	–
More than three years	**122**	122
	2,042	9,334

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

1. Review of operating results for the year

For the year ended 31 December 2011, the consolidated turnover of the Group was approximately RMB62,918,000, representing a decrease of approximately RMB78,509,000, or approximately 55.51% as compared with that of 2010.

The net loss attributable to owners of the Company for the year ended 31 December 2011 was approximately RMB3,582,000, comparing to the net loss attributable to owners of the Company for the year ended 31 December 2010 of approximately RMB874,000.

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 continued to discuss new modes of cooperation with the operators, improve the applications and promotion of products, and adjust its own business development in response to the change in policies of the operators. The Company strived to introduce its existing 114 Bai Shi Tong Alliance business to major cities nationwide. Data of different types of alliance business operators was collected and consolidated for classification and analysis, in order to formulate the marketing strategies suitable for the business operators based on the business qualification for telecommunications operations owned by the Company with a view to bridge the sales channel between business operators and customers. In consideration of the latest development trend of mobile internet, the Company has made active response with the trial development of customer-end applications or embedded applications for terminal communication.

The Company has combined the special features of ECP software with industry applications through stepping up cooperation between the Company and Zhejiang Telecom. The Company has made good progress in the promotion of applications for the taxation and education sectors.

The Qishuitong Platform and the Jiaoyubao Platform developed by the Company has been launched and operated by operators and received favorable comments from the users. For internet applications, the Company has subsequently launched its 114 business information as well as industry & commerce information platforms with an aim to forge a business on-demand information platform.

3. Investment and cooperation

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

4. Employees information

As at 31 December 2011, the total number of employees of the Group was approximately 265 (2010: 250). During the year, the staff costs of the Group amounted to approximately RMB15,018,000 (2010: RMB13,437,000).

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 2011, the Group was mainly financed by proceeds generated from daily operations.
- As at 31 December 2011, the Group's cash and bank deposits balances amounted to approximately RMB25,005,000 (2010: RMB26,999,000).
- As at 31 December 2011, the Group had no short-term borrowings (2010: Nil).
- As at 31 December 2011, the Group had a total asset value of approximately RMB97,887,000 (2010: RMB114,484,000).
- As at 31 December 2011, the Group had current liabilities of approximately RMB17,624,000 (2010: RMB30,246,000).
- As at 31 December 2011, the Group had owner's equity of approximately RMB75,690,000 (2010: RMB79,272,000).
- As at 31 December 2011, the Group had non-controlling interests of approximately RMB4,573,000 (2010: RMB4,966,000).
- As at 31 December 2011, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 18.00% (2010: 26.42%).
- As at 31 December 2011, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 19.85% (2010: 29.08%).
- 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 2011, the Group had no bank deposits to secure the bills payable of the Group (2010: RMB2,200,000).

FUTURE PROSPECTS

1. Orders in hand/Status in sales contract

The existing business operations of the Group are conducted in smooth cooperation with various operators. All business contracts are valid and will be signed. 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 becoming income sources of the Company.

For mobile internet application business, the customer-end software for terminal communication terminal introduced by the Company has attracted more stable users, which will become important resources and channels for the next round of business development of the Company.

2. **Prospects of new business and new products**

In the past few years, we have been striving to transform our business towards the direction of mobile internet application, the Company has recruited and reinforced the development of relevant talented personnel and established a professional team to develop technology. Besides, by leveraging on our own advantages derived from our cooperation with the operators over the years, we have been optimizing our products and business. On the basis of maintaining a stable income from our traditional value-added business, we have invested more resources, including capital, technology and personnel, to develop mobile internet products. We strongly believe that we will make a breakthrough in this area.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2011 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 2011.

CORPORATE GOVERNANCE

During the year ended 31 December 2011, 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, 30 March 2012

As at the date of this announcement, the Board comprises six executive directors, being Mr. Chen Ping, Mr. Chao Hong Bo, Mr. Xia Zhen Hai, Mr. Jin Lian Fu, Mr. Xie Fei and Mr. Wang Linhua 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.