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 2012

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 RMB57,421,000 for the year ended 31 December 2012, representing an approximately 8.74% decrease as compared with the turnover for the year 2011.

- Incurred a net profit attributable to owners of the Company of approximately RMB8,327,000 for the year ended 31 December 2012, comparing to a net loss attributable to owners of the Company of approximately RMB3,582,000 incurred for the year 2011.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2012.

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 2012, 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 2012

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
Turnover	*3*	**57,421**	62,918
Cost of sales		**(27,418)**	(39,767)
Gross profit		**30,003**	23,151
Other operating income		**14,044**	7,638
Distribution and selling expenses		**(8,907)**	(7,244)
General and administrative expenses		**(26,535)**	(27,919)
Share of result of an associate		**1,433**	426
Loss on disposal of an associate		**(700)**	–
Profit (loss) before tax		**9,338**	(3,948)
Income tax	*4*	**(317)**	(27)
Profit (loss) for the year and total comprehensive income (expense) for the year	*5*	**9,021**	(3,975)
Profit (loss) for the year and total comprehensive income (expense) attributable to:			
Owners of the Company		**8,327**	(3,582)
Non-controlling interests		**694**	(393)
		9,021	(3,975)
		RMB	*RMB*
Earnings (loss) per share			
Basic and diluted	*7*	**2.34 cents**	(1.00) cents

Consolidated Statement of Financial Position
As at 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Non-current assets			
Plant and equipment		**5,284**	5,284
Intangible assets		**38**	88
Goodwill		**956**	956
Interest in an associate		**–**	2,767
		6,278	9,095
Current assets			
Inventories		**1,062**	757
Trade receivables	8	**6,594**	7,792
Prepayments and other receivables		**77,370**	54,924
Amount due from an associate		**–**	314
Bank balances and cash		**14,774**	25,005
		99,800	88,792
Current liabilities			
Trade and other payables	9	**14,386**	15,762
Receipt in advance from customers		**495**	131
Income tax payables		**1,913**	1,731
		16,794	17,624
Net current assets		**83,006**	71,168
Net assets		**89,284**	80,263
Capital and reserves			
Paid-in capital		**35,655**	35,655
Reserves		**48,362**	40,035
Equity attributable to owners of the Company		**84,017**	75,690
Non-controlling interests		**5,267**	4,573
Total equity		**89,284**	80,263

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company						
	Paid-in capital	**Share premium**	**Statutory surplus reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	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
Total comprehensive income for the year	–	–	–	8,327	8,327	694	9,021
At 31 December 2012	35,655	76,570	10,567	(38,775)	84,017	5,267	89,284

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 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.

Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Date for First-time Adopters
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Asset
Amendment to IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Asset
Amendment to IAS 1	As part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in 2012

The Directors 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.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IFRSs	Annual Improvements to IFRSs 2009–2011 Cycle, except for amendment IAS1[2]
Amendments to IFRS 1	First-time Adoption of IFRSs – Government Loans[2]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[4]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transaction Guidance[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entites[3]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosures of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
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]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[1]

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[3]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

Annual Improvements to IFRSs 2009 – 2011 Cycle issued in June 2012

– The Annual Improvements to IFRSs 2009 – 2011 Cycle included a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs included the amendments to HKAS 16 Property, Plant and Equipment and the amendments to IAS 32 Financial Instruments: Presentation.

– The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

– The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Directors anticipate that the amendments to IAS 32 will have no material effect on the Group's consolidated financial statements.

– The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities 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 amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim period 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 2013, with retrospective application required.

– The Directors of the Company are in the process of assessing the impact from the application of these amendments on the disclosure, results and the financial positions of the Group and the Company.

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.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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 five 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 investee 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 consolidation.

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.

In July 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, 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.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to IFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

– obtain funds from one or more investors for the purpose of providing them with professional investment management services;

– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

– measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. 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 extend 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.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

Other than disclosed above, the Directors anticipate that application of the other new and revised standards and amendments will have no materials impact on the results and the financial position of the Company.

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

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segment of the Group. 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**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment turnover	**960**	–	**25,447**	39,453	**31,014**	23,465	**57,421**	62,918
Segment results	**(30)**	–	**(1,263)**	(5,810)	**4,581**	3,972	**3,288**	(1,838)
Unallocated revenue							**15,477**	8,049
Unallocated expenses							**(9,427)**	(10,159)
Profit (loss) before taxation							**9,338**	(3,948)

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment profit/loss represents 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 loss on disposal of an associate. 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
As at 31 December								
Segment assets	**91**	–	**5,692**	13,994	**9,610**	9,243	**15,393**	23,237
Unallocated assets							**90,685**	74,650
Total assets							**106,078**	97,887
Segment liabilities	**–**	–	**2,374**	10,095	**971**	1,740	**3,345**	11,835
Unallocated liabilities							**13,449**	5,789
Total liabilities							**16,794**	17,624

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		Unallocated		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***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	**–**	–	**–**	739	**1,428**	951	**–**	–	**1,428**	1,690
Depreciation	**–**	–	**203**	612	**1,136**	794	**–**	–	**1,339**	1,406
Write back of impairment loss on trade receivables	**–**	–	**(929)**	(15)	**(200)**	–	**–**	–	**(1,129)**	(15)
Impairment loss on trade receivables	**50**	–	**565**	1,009	**199**	200	**–**	–	**814**	1,209
Impairment loss on intangible assets	**–**	–	**–**	1,800	**–**	–	**–**	–	**–**	1,800
Loss on disposal of plant and equipment	**–**	–	**14**	1	**43**	–	**–**	–	**57**	1

For the year ended 31 December

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Unallocated		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:										
Amortisation of intangible asset	**50**	300	**–**	–	**–**	–	**–**	–	**50**	300
Interest in an associate	**–**	2,767	**–**	–	**–**	–	**–**	–	**–**	2,767
Interest income	**–**	–	**(6)**	(49)	**(168)**	(243)	**–**	–	**(174)**	(292)
Taxation	**–**	–	**–**	(6)	**317**	33	**–**	–	**317**	27
Impairment loss on other receivables	**–**	–	**–**	–	**–**	–	**180**	–	**180**	–
Share of result of an associate	**(1,433)**	(426)	**–**	–	**–**	–	**–**	–	**(1,433)**	(426)
Loss on disposal of an associate	**700**	–	**–**	–	**–**	–	**–**	–	**700**	–
Write back of impairment loss on other receivables	**–**	–	**–**	–	**–**	–	**(11,910)**	(6,677)	**(11,910)**	(6,677)

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

(d) Geographical information

Both revenue and non-current assets of the Group's operating segments 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:

	2012	2011
	RMB'000	*RMB'000*
Customer A[1]	**10,617**	N/A*
Customer B[1]	**N/A***	8,951

[1] Revenue from provision of telecommunication value-added services

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

4. INCOME TAX

	2012	2011
	RMB'000	*RMB'000*
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– current year	**371**	208
– overprovision in prior years	**(54)**	(181)
	317	27

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 2012 and 31 December 2011.

The Company was subject to EIT at a rate of 15% (2011: 15%) as they were clarified 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 have any assessable profits subject to Hong Kong Profits Tax during the two years ended 31 December 2012 and 31 December 2011.

5. PROFIT (LOSS) FOR THE YEAR

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

	2012 *RMB'000*	2011 *RMB'000*
Salaries and other benefits (including directors' and supervisors' emoluments)	**9,620**	7,953
Contributions to retirement benefits scheme	**1,528**	1,494
Total staff costs	**11,148**	9,447
Amortisation of intangible assets (included in general and administrative expenses)	**50**	300
Auditors' remuneration	**474**	608
Depreciation of plant and equipment	**1,339**	1,406
Impairment loss on trade and other receivables	**994**	1,209
Impairment loss on intangible assets (included in general and administrative expenses)	**–**	1,800
Loss on disposal of plant and equipment (included in general and administrative expenses)	**57**	1
Operating lease rental for office premises	**2,232**	2,262
Research and development costs recognised as expenses	**2,569**	5,194
Bank interest income	**(174)**	(292)
Government grants *(Note 1)*	**(812)**	(654)
Write back of impairment loss on trade and other receivables (included in other operating income)	**(13,039)**	(6,692)
Loss on disposal of an associate	**700**	–
Cost of inventories recognised as an expense	**21,653**	37,526

Note:

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. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

7. EARNINGS (LOSS) PER SHARE

The calculations of the basic earnings (loss) per share are based on profit for the year attributable to owners of the Company of approximately RMB8,327,000 (2011: loss of RMB3,582,000) and on the weighted average number of 356,546,000 (2011: 356,546,000) shares in issue during the year ended 31 December 2012.

Diluted earnings (loss) per share was the same as basic earnings (loss) per share for the two years ended 31 December 2012 and 31 December 2011 as there were no diluting events existed during both years.

8. TRADE RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**12,290**	13,803
Less: Impairment losses	**(5,696)**	(6,011)
	6,594	7,792

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:

	2012	2011
	RMB'000	*RMB'000*
Current	**6,160**	6,882
Less than 3 months	**63**	70
More than 3 months but less than 1 year	**341**	840
More than 1 year but less than 2 years	**30**	–
More than 2 years	**–**	–
	6,594	7,792

The Group did not hold any collateral over these trade receivables balances. Based on past experience, management considers the unimpaired balances are fully recoverable as relevant customers have a good track record and are of a good credit standing.

The ageing analysis of trade receivables which are past due but not impaired:

	2012	2011
	RMB'000	*RMB'000*
Less than 3 months	**63**	70
More than 3 months but less than 1 year	**341**	840
More than 1 year but less than 2 years	**30**	–
More than 2 years	**–**	–
	434	910

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB434,000 (2011: RMB910,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movements in the impairment losses of trade receivables are as follows:

	2012	2011
	RMB'000	*RMB'000*
Balance at beginning of the year	**6,011**	4,817
Impairment losses recognised during the year	**814**	1,209
Amounts recovered during the year	**(1,129)**	(15)
Balance at end of the year	**5,696**	6,011

Before accepting any new customer, the Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limits by customer. Included in the impairment losses are individually impaired trade receivables with an aggregate balance of approximately RMB5,696,000 (2011: RMB6,011,000) which were long outstanding. The Group did not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade and bills payables	**1,725**	2,042
Other payables and accruals	**12,661**	13,720
	14,386	15,762

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

	2012	2011
	RMB'000	*RMB'000*
Less than one year	**1,572**	1,920
Over one year but less than two years	**31**	–
Over two years but less than three years	**–**	–
More than three years	**122**	122
	1,725	2,042

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

1. Review of operating results for the year

For the year ended 31 December 2012, the consolidated turnover of the Group was approximately RMB57,421,000, representing an decrease of approximately RMB5,497,000, or approximately 8.74% as compared with that of 2011.

The net profit attributable to owners of the Company for the year ended 31 December 2012 was approximately RMB8,327,000, comparing to the net loss attributable to owners of the Company for the year ended 31 December 2011 of approximately RMB3,582,000.

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 continuously strengthens the cooperation with operators and actively promotes the applications and introduction of company products to various markets. The Company has the existing businesses of 114 Bai Shi Tong Alliance business, SMS business cards, missed call alert and PCA, which are operated and implemented constantly with stable development. The Company continues to implement the strategy of setting up city-life portal, create community portal for city and develop community e-commerce, so as to achieve a breakthrough of discount business. Currently, e-commerce team is formed and completed the constructions of two community.

The Company has leveraged on the digital campus opportunity to greatly develop the Jiaoyubao business, and integrating education resources for provision of comprehensive campus services for customers, through stepping up cooperation between the Company and Zhejiang Telecom ECP. The Company has made good progress in the deployment of applications for the taxation sector in the ECP industry.

3. Investment and cooperation

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

During the year, the company continues to implement the development strategy of the mobile Internet, the Company has disposed the equity interest in Zhejiang Lande Zongheng Internet Technology Company Limited, in order to further strengthen the Company's core business layout and support the development of its core business.

4. Employees information

As at 31 December 2012, the total number of employees of the Group was approximately 312 (2011: 265).

During the year, the staff costs of the Group amounted to approximately RMB11,148,000 (2011: RMB9,447,000).

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 2012, the Group was mainly financed by proceeds generated from daily operations.

- As at 31 December 2012, the Group's cash and bank deposits balances amounted to approximately RMB14,774,000 (2011: RMB25,005,000).

- As at 31 December 2012, the Group had no borrowings (2011: Nil).

- As at 31 December 2012, the Group had a total asset value of approximately RMB106,078,000 (2011: RMB97,887,000).

- As at 31 December 2012, the Group had current liabilities of approximately RMB16,794,000 (2011: RMB17,624,000).

- As at 31 December 2012, the Group had owner's equity of approximately RMB84,017,000 (2011: RMB75,690,000).

- As at 31 December 2012, the Group had non-controlling interests of approximately RMB5,267,000 (2011: RMB4,573,000).

- As at 31 December 2012, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 15.83% (2011: 18.00%).

- As at 31 December 2012, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 16.83% (2011: 19.85%).

- 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 2012, the Group had no bank deposits pledged to secure the bills payable of the Group (2011: Nil).

FUTURE PROSPECTS

1. Orders in hand/Status in sales contract

The existing business of the Group and its subsidiaries, includes Bai Shi Tong Alliance, SMS business cards, missed call alert, 114 business information and PCA. All business contracts are valid and the operations are conducted steadily with various operators. In addition, the Group and the business partners constantly promote the corporate community portal and community portal e-commerce discount business to various markets and develop customers. Jiaoyubao and ECP industry applications Qishuitong are also becoming income sources of the Company.

For mobile Internet application business, the customer-end software for communication terminals introduced by the Company has attracted more stable customer base, which will become important resources and channels for the next round of business expansion of the Company.

2. Prospects of new business and new products

While planning for mobile Internet application business, the Company has also continued to accumulate talent and source resources; and find the applications direction of the industry. Through the development of the Company's existing product line, the Company has accumulated a considerate customer base. Together with providing services to the customers while enhancing the functionality and experience of the use of the products, these customers eventually will play a propelling role of bringing revenue to the Company.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2012 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 2012.

CORPORATE GOVERNANCE

During the year ended 31 December 2012, the Company complied, in all material aspects, with all the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules except for the following deviations:

The CG code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Mr. Chen Ping is both the Chairman and Chief Executive Officer of the Company who is responsible for managing the Board and the Group business. The Board considers that, with the present Board structure and scope of business of the Group, there is no imminent need to separate the roles into two individuals as Mr. Chen is perfectly capable of distinguishing the priority of these roles in which he has been acting. However, the Board will continue to review the effectiveness of the Group corporate governance structure to assess whether the separation of the positions of Chairman and Chief Executive Officer is necessary.

On behalf of Board
Chen Ping
Chairman

Hangzhou, the PRC, 28 March 2013

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. Xie Fei, Mr. Wang Linhua and Mr. Wang Yong Gui and three independent non-executive directors, being Mr. Zhang De Xin, Mr. Cai Xiao Fu and Mr. Gu Yu Lin.

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