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 2013

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 GEM of the Stock Exchange (the "GEM Listing Rules") for the purposes 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

- Achieved a turnover of approximately RMB61,410,000 for the year ended 31 December 2013, representing an approximately 6.95% increase as compared with the turnover for the year 2012.
- Incurred a net loss attributable to owners of the Company of approximately RMB758,000 for the year ended 31 December 2013, comparing to a net profit attributable to owners of the Company of approximately RMB8,327,000 incurred for the year 2012.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

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 2013, together with the comparative figures for the year ended 31 December 2012 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	NOTES	**2013**	2012
		RMB'000	*RMB'000*
Turnover	*3*	**61,410**	57,421
Cost of sales		**(30,155)**	(27,418)
Gross profit		**31,255**	30,003
Other operating income		**1,266**	14,044
Distribution and selling expenses		**(10,334)**	(8,907)
General and administrative expenses		**(22,904)**	(26,535)
Share of result of an associate		**–**	1,433
Loss on disposal of an associate		**–**	(700)
(Loss) profit before tax		**(717)**	9,338
Income tax	*4*	**(305)**	(317)
(Loss) profit for the year and total comprehensive (expense) income for the year	*5*	**(1,022)**	9,021
(Loss) profit for the year and total comprehensive (expense) income attributable to:			
Owners of the Company		**(758)**	8,327
Non-controlling interests		**(264)**	694
		(1,022)	9,021
		RMB	*RMB*
(Loss) earnings per share			
Basic and diluted	*7*	**(0.21) cents**	2.34 cents

Consolidated Statement of Financial Position
As at 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current assets			
Plant and equipment		**4,319**	5,284
Intangible assets		**–**	38
Goodwill		**956**	956
		5,275	6,278
Current assets			
Inventories		**1,572**	1,062
Trade receivables	8	**9,170**	6,594
Prepayments and other receivables		**76,031**	77,370
Bank balances and cash		**17,460**	14,774
		104,233	99,800
Current liabilities			
Trade and other payables	9	**18,907**	14,386
Receipt in advance from customers		**502**	495
Income tax payables		**1,837**	1,913
		21,246	16,794
Net current assets		**82,987**	83,006
Net assets		**88,262**	89,284
Capital and reserves			
Paid-in capital		**35,655**	35,655
Reserves		**47,604**	48,362
Equity attributable to owners of the Company		**83,259**	84,017
Non-controlling interests		**5,003**	5,267
Total equity		**88,262**	89,284

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	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 2012	35,655	76,570	10,567	(47,102)	75,690	4,573	80,263
Profit and total comprehensive income for the year	–	–	–	8,327	8,327	694	9,021
At 31December 2012	35,655	76,570	10,567	(38,775)	84,017	5,267	89,284
Loss and total comprehensive expense for the year	–	–	–	(758)	(758)	(264)	(1,022)
At 31 December 2013	35,655	76,570	10,567	(39,533)	83,259	5,003	88,262

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 statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statement have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

2. APPLICATION OF NEW AND REVISED IFRSs

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (the "**new and revised IFRSs**") issued by the IASB and the International Financial Reporting Interpretation Committee (the "**IFRIC**") of the IASB.

Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 Cycle
Amendments to International Accounting Standard ("**IAS**") 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
IFRIC – Interpretation ("**Int**") 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation* and recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The amendments to IFRS 7 have been applied retrospectively. As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

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

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12, IAS 27 (revised 2011) and IAS 28 (revised 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (revised 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-Int 12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when (a) it has power over an investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of IFRS 10, the Directors made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of IFRS 10 does not result in any change in control conclusion.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IAS 12 has resulted in more extensive disclosures in the consolidated financial statements.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements for 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 for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date.

IFRS 13 has been applied prospectively as of the beginning of the annual period and the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted. The Group has early adopted these amendments in the financial statements. The amendments have had no material financial impact on the Group.

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 2010 – 2012 Cycle[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle[2]
IFRS 9	Financial Instruments[4]
IFRS 14	Regulatory Deferred Accounts[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[4]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans – Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

[2] Effective for annual periods beginning on or after 1 July 2014.

[3] Effective for annual periods beginning on or after 1 July 2016.

[4] IFRS 9, as amended in December 2013, amended the mandatory effective date of IFRS 9. The mandatory effective date is not specified in IFRS 9 but will be determined when the outstanding phases are finalised. However, application of IFRS 9 is permitted.

The Directors anticipate that, except as described below, the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Group.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and

(b) the transaction meets the definition of a business combination under IFRS 3.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- 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. 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- IFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, IFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under IAS 39, it is necessary to exhibit eligibility and compliance with the requirements in IAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for IAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of IFRS 9 is not yet determined. However, earlier application is permitted.

The Directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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 Directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to IAS 19 Defined Benefit Plans – Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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 IAS 32 are effective for annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

The Directors do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The Directors do not anticipate that the application of these amendments to IAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

IFRIC – Int 21 Levies

IFRIC – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The Directors anticipate that the application of IFRIC – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

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, 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 an 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**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment turnover	**100**	960	**33,221**	25,447	**28,089**	31,014	**61,410**	57,421
Segment results	**19**	(30)	**1,330**	(1,263)	**5,548**	4,581	**6,897**	3,288
Share of result of an associate							**–**	1,433
Unallocated revenue							**1,266**	14,044
Loss on disposal of an associate							**–**	(700)
Unallocated expenses							**(8,880)**	(8,727)
(Loss) profit before tax							**(717)**	9,338

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, certain 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
As at 31 December								
Segment assets	**63**	91	**8,700**	5,692	**9,936**	9,610	**18,699**	15,393
Unallocated assets							**90,809**	90,685
Total assets							**109,508**	106,078
Segment liabilities	**–**	–	**3,893**	2,374	**265**	971	**4,158**	3,345
Unallocated liabilities							**17,088**	13,449
Total liabilities							**21,246**	16,794

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

- all assets are allocated to reportable segments other than bank balances and cash, 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**–**	–	**2**	–	**470**	1,428	**–**	–	**472**	1,428
Depreciation	**20**	–	**540**	203	**824**	1,136	**–**	–	**1,384**	1,339
Write back of impairment loss on trade receivables	**–**	–	**(507)**	(929)	**(105)**	(200)	**–**	–	**(612)**	(1,129)
Impairment loss on trade receivables	**–**	50	**657**	565	**8**	199	**–**	–	**665**	814
Loss on disposal of plant and equipment	**–**	–	**–**	14	**12**	43	**–**	–	**12**	57

For the year ended 31 December

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Unallocated		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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 assets	**38**	50	**–**	–	**–**	–	**–**	–	**38**	50
Interest income	**–**	–	**(5)**	(6)	**(28)**	(168)	**–**	–	**(33)**	(174)
Income tax expense	**–**	–	**–**	–	**305**	317	**–**	–	**305**	317
Impairment loss on other receivables	**–**	–	**–**	–	**–**	–	**1,125**	180	**1,125**	180
Share of result of an associate	**–**	(1,433)	**–**	–	**–**	–	**–**	–	**–**	(1,433)
Loss on disposal of an associate	**–**	700	**–**	–	**–**	–	**–**	–	**–**	700
Write back of impairment loss on other receivables	**–**	–	**–**	–	**–**	–	**(184)**	(11,910)	**(184)**	(11,910)

Non-current assets excluded goodwill.

(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:

	2013	2012
	RMB'000	*RMB'000*
Customer A[1]	**11,155**	10,617

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

4. INCOME TAX

	2013	2012
	RMB'000	*RMB'000*
The tax charge comprises:		
PRC Enterprise Income Tax ("**EIT**")		
– current year	**430**	371
– over-provision in prior years	**(125)**	(54)
	305	317

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 2013 and 2012.

The Company was subject to EIT at a rate of 15% (2012:15%) as it was 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 have any assessable profits subject to Hong Kong Profits Tax during the two years ended 31 December 2013 and 2012.

5 (LOSS) PROFIT FOR THE YEAR

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

	2013	2012
	RMB'000	*RMB'000*
Salaries and other benefits (including Directors', chief executive's and supervisors' emoluments)	**8,087**	9,620
Contributions to retirement benefits scheme	**1,165**	1,528
Total staff costs	**9,252**	11,148
Amortisation of intangible assets (included in general and administrative expenses)	**38**	50
Auditors' remuneration	**569**	474
Depreciation of plant and equipment	**1,384**	1,339
Impairment loss on trade receivables	**665**	814
Impairment loss on other receivables	**1,125**	180
Loss on disposal of plant and equipment (included in general and administrative expenses)	**12**	57
Operating lease rental for office premises	**2,141**	2,232
Research and development costs recognised as expenses	**1,417**	2,569
Bank interest income	**(33)**	(174)
Government grants *(Note 1)*	**(418)**	(812)
Write back of impairment loss on trade receivables (included in other operating income)	**(612)**	(1,129)
Write back of impairment loss on other receivables (included in other operating income)	**(184)**	(11,910)
Loss on disposal of an associate	**–**	700
Cost of inventories recognised as an expense	**23,195**	21,653

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 2013, nor has any dividend been proposed since the end of the reporting period (2012: nil).

7. (LOSS) EARNINGS PER SHARE

The calculations of the basic (loss) earnings per share are based on loss for the year attributable to owners of the Company of approximately RMB758,000 (2012: profit of RMB8,327,000) and on the weighted average number of 356,546,000 (2012: 356,546,000) shares in issue during the year ended 31 December 2013.

Diluted (loss) earnings per share was the same as basic (loss) earnings per share for the two years ended 31 December 2013 and 2012 as there were no diluting events existed during both years.

8. TRADE RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**14,919**	12,290
Less: Impairment losses	**(5,749)**	(5,696)
	9,170	6,594

There were no specific credit period granted to customers except for an average credit period of 60-90 days to 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:

	2013	2012
	RMB'000	*RMB'000*
Current	**8,331**	6,160
Less than 3 months	**467**	63
More than 3 months but less than 1 year	**343**	341
More than 1 year but less than 2 years	**29**	30
	9,170	6,594

The Group does 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:

	2013	2012
	RMB'000	*RMB'000*
Less than 3 months	**467**	63
More than 3 months but less than 1 year	**343**	341
More than 1 year but less than 2 years	**29**	30
	839	434

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB839,000 (2012: RMB434,000) 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:

	2013	2012
	RMB'000	*RMB'000*
Balance at beginning of the year	**5,696**	6,011
Impairment losses recognised during the year	**665**	814
Amounts recovered during the year	**(612)**	(1,129)
Balance at end of the year	**5,749**	5,696

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 RMB5,749,000 (2012: RMB5,696,000) which were long outstanding.

9. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**2,115**	1,725
Other payables and accruals	**16,792**	12,661
	18,907	14,386

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

	2013	2012
	RMB'000	*RMB'000*
Less than one year	**1,907**	1,572
Over one year but less than two years	**55**	31
Over two years but less than three years	**31**	–
More than three years	**122**	122
	2,115	1,725

There was no specific credit period for payment granted by suppliers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

1. Review of operating results for the year

For the year ended 31 December 2013, the consolidated turnover of the Group was approximately RMB61,410,000, representing an increase of approximately RMB3,989,000, or approximately 6.95% as compared with that of 2012.

The net loss attributable to owners of the Company for the year ended 31 December 2013 was approximately RMB758,000, comparing to a net profit attributable to owners of the Company for the year ended 31 December 2012 of approximately RMB8,327,000. The decline in results of the Group was mainly attributable to the higher other operating income recorded in the previous year.

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 strengthened the cooperation with operators and actively promoted its enterprise application products and the introduction of these products to various markets. The Company has the existing businesses of 114 Bai Shi Tong Alliance business, SMS business cards and precise marketing, which are operated and implemented constantly with stable development. The Company continues to implement the strategy of setting up citylife 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 has completed the constructions of two communities.

3. Investment and cooperation

During the year, the Company maintained a satisfactory relationship with the major operators and technical institutions and secured the business association with telecommunication operators in various locations. During the reporting period, the Company continued to implement the development strategy of the mobile Internet. The Company kept working on mobile games and mobile Internet e-commerce service in order to materialise successful transformation in future.

In accordance with the Company's development and transformation plan in the mobile Internet industry and the operators' application services industry, on 14 November 2013, the Company entered into an equity transfer agreement with Shanghai Aifusheng Information Technology Co., Ltd.* (上海艾孚生信息科技有限公司) for the acquisition of 75% equity interest of Hangzhou Saijing Technology Co., Ltd.* (杭州賽景科技有限公司) ("**Hangzhou Saijing**") to broaden its source of revenue. The consideration for the proposed acquisition is the lower of RMB45,000,000 or 75% of the appraised value of Hangzhou Saijing to be set out in a valuation report (subject to adjustment) and will be funded by internal resources of the Group. The proposed acquisition has not been completed up to the date of this announcement and is subjected to approval in an extraordinary general meeting of the shareholders of the Company. Details of the proposed acquisition are set out in the Company's announcement dated 14 November 2013.

4. Employees information

As at 31 December 2013, the total number of employees of the Group was approximately 223 (2012: 312). During the year, the staff costs of the Group amounted to approximately RMB9,252,000 (2012: RMB11,148,000).

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 realising the overall development strategy of the Group. The Group built 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 emphasised better use of human resources, and cultivating an agreeable mechanism for application and cultivation of talent.

The Group had set up an annual target salary system featuring performance assessment combined with remuneration management. The annual target salary was determined and paid out in accordance with the assessment results, whereby a comprehensive assessment was made on an employee after reasonable evaluation on his/her performance, capability and attitude. With these two things closely linked to each other, we had 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 job responsibilities of our staff and hiring of 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 POSITION

- The Group maintained creditable financial conditions. For the year ended 31 December 2013, the Group was mainly financed by proceeds generated from daily operations.

- As at 31 December 2013, the Group's bank balances and cash amounted to approximately RMB17,460,000 (2012: RMB14,774,000).

- As at 31 December 2013, the Group had no borrowings (2012: nil).

- As at 31 December 2013, the Group had a total asset value of approximately RMB109,508,000 (2012: RMB106,078,000).

- As at 31 December 2013, the Group had current liabilities of approximately RMB21,246,000 (2012: RMB16,794,000).

- As at 31 December 2013, the Group had owner's equity of approximately RMB83,259,000 (2012: RMB84,017,000).

- As at 31 December 2013, the Group had non-controlling interests of approximately RMB5,003,000 (2012: RMB5,267,000).

- As at 31 December 2013, the Group had a gearing ratio (i.e. the ratio of total liabilities to total assets) of approximately19.40 % (2012: 15.83%).

- As at 31 December 2013, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 20.38% (2012: 16.83%).

- 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 2013, none of the Group's assets were pledged (2012: nil).

CONTINGENT LIABILITY

Hangzhou Huaguang Computer Engineering Co., Ltd.* (杭州華光計算機工程有限公司) ("**Hangzhou Huaguang**"), a wholly-owned subsidiary of the Company, was involved in an arbitration application (the "**Arbitration Application**") filed by Ningbo Zhongke Guotai Information Technology Co., Ltd.* (寧波中科國泰信息技術有限公司) ("**Ningbo Zhongke**") in relation to the dispute arising from the sales and purchase contract entered into between Hangzhou Huaguang and Ningbo Zhongke. According to the Arbitration Application, Ningbo Zhongke required, among others, that Hangzhou Huaguang to refund the equipment payment and interests amounted to approximately RMB5,899,000 and settle the arbitration fees. As at 31 December 2013, bank balance of approximately RMB1,378,000 was frozen by Hangzhou Arbitration Commission in relation to the Arbitration Application. Details of the Arbitration Application are set out in the announcement of the Company dated 29 November 2013. Up to the date of this announcement, the arbitration is still in progress.

CAPITAL STRUCTURE

There was no change in the Company's capital structure during the year ended 31 December 2013 (2012: nil).

On 22 January 2014, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed to place, during the placing period, on a best effort basis, the placing shares comprising up to 150,000,000 new H shares at the placing price, on behalf of the Company to the placees who will be independent third parties. The placing has not yet been completed up to the date of this announcement and is subject to, among other things, approval in an extraordinary general meeting and class meetings of the shareholders of the Company. Details of the proposed new H shares placing are set out in the announcement and the circular of the Company dated 22 January 2014 and 6 March 2014, respectively.

EVENT AFTER THE REPORTING PERIOD

Save as the entering into of a placing agreement by the Company as described in the section headed "Capital Structure" above, there was no significant event after the reporting period.

FUTURE PROSPECTS

1. Orders in hand/Status in sales contract

The existing business of the Group and its subsidiaries primarily focuses on fixed line telephone, mobile phones and providing value-added services to Internet users. Products include financial assistant, small payment, navigation service, SMS business cards, customer care and map-markings. Through a long-term and close cooperation with major telecommunication operators, the Company has gained experience in and is capable of providing telecommunication technology, service and operation. The Company will continue to serve a large group of telecommunication users with mobile Internet application.

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.

For mobile Internet application business, the client-end mobile software 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

The Company has aggressively developed mobile Internet business and mobile Internet e-commerce business and continuously achieved success and gained experience to develop enterprise application. Through the development of the Company's existing product lines, we has accumulated a considerate amount of customers and suppliers, and provided e-commerce services specifically designed for SMEs. Meanwhile, the Company always enriches mobile Internet functions and broadens user experience which makes corporate users finally to become the driving force for the Company's income.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2013 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 2013.

CORPORATE GOVERNANCE

During the year ended 31 December 2013, 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
Zheda Lande Scitech Limited*
Chen Ping
Chairman

Hangzhou City, the PRC, 28 March 2014

* *For identification purposes only*

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.

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