



ZDL
浙大蘭德

ZHEDA LANDE SCITECH LIMITED*

浙江浙大網新蘭德科技股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8106

First Quarterly Report 2012

* for identification purpose only

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

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This report, for which the directors of Zheda Lande Scitech Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 report 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 report misleading.*

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HIGHLIGHTS

- Achieved a turnover of approximately RMB11,737,000 for the three months ended 31 March 2012, representing an approximately 36.87% decrease as compared with the turnover for the corresponding period in 2011.
- Incurred a loss of approximately RMB750,000, representing an approximately 24.85% decrease as compared with the net loss for the corresponding period in 2011.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012.

The board of directors (the “Board”) of Zheda Lande Scitech Limited (the “Company”) is pleased to present the first quarterly report of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2012.

2012 FIRST QUARTERLY RESULTS

For the three months ended 31 March 2012, the Group recorded an unaudited turnover of approximately RMB11,737,000, representing a decrease of approximately RMB6,856,000, or approximately 36.87%, as compared with the turnover of the same period in 2011.

For the three months ended 31 March 2012, the Group recorded an unaudited loss of approximately RMB750,000, as compared with the loss of the same period in 2011 of approximately RMB998,000.

The unaudited results of the Group for the three months ended 31 March 2012 together with the unaudited comparative figures for the corresponding period in 2011 are as follows:

	<i>Notes</i>	For the three months ended 31 March	
		2012	2011
		RMB'000	RMB'000
Turnover	2	11,737	18,593
Cost of sales		(4,773)	(14,065)
Gross profit		6,964	4,528
Other operating expenses		(31)	(14)
Distribution and selling expenses		(257)	(500)
General and administrative expenses		(7,204)	(4,934)
Finance costs, net		32	33
Share of results of associate		95	(386)
Value-added tax refund		18	200
Loss before taxation		(383)	(1,073)
Taxation	3	(222)	(105)
Loss for the period		(605)	(1,178)
Attributable to:			
Owners of the Company		(750)	(998)
Non-controlling interests		145	(180)
		(605)	(1,178)
Loss per share			
– Basic and diluted	4	RMB0.21 cents	RMB0.27 cents

Notes:

1. BASIS OF PRESENTATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 20 September 2001 and its H shares were listed on the GEM on 3 May 2002, details of which are set out in the prospectus of the Company dated 24 April 2002 (the "Prospectus").

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

2. TURNOVER

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
Provision of telecommunication solutions	78	260
Provision of telecommunication value-added services	7,705	5,093
Trading of hardware and computer software	3,954	13,240
	11,737	18,593

3. TAXATION

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
PRC Enterprises Income Tax ("EIT")	222	105

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2011: 25%).

The Company and certain of its PRC subsidiaries were subject to PRC EIT at rate of 15% (2011: 15%) as they were classified as Advanced and New Technology Enterprise.

The business of the Group is conducted in PRC and therefore is not subject to Hong Kong profits tax.

4. LOSS PER SHARE

Loss per share has been computed by dividing loss for the three months ended 31 March 2012 of approximately RMB750,000 (2011: RMB998,000) by the number of 356,546,000 (2011: 356,546,000) shares in issue during the period.

Diluted loss per share is not presented because of no potential diluted shares existed during the period.

5. RESERVES

Save as disclosed below, there were no movements in the reserves of the Group for the relevant periods in 2012 and 2011:

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
Accumulated losses		
At 1 January	(47,102)	(43,520)
Net loss	(750)	(998)
At 31 March	(47,852)	(44,518)

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012 (2011: Nil).

REVIEW OF THE FIRST QUARTER

Financial review

For the three months ended 31 March 2012, the Group recorded an unaudited turnover of approximately RMB11,737,000, representing a decrease of approximately RMB6,856,000 or approximately 36.87% as compared with the turnover of the same period in 2011.

For the three months ended 31 March 2012, the Group recorded an unaudited loss of approximately RMB750,000, as compared with the loss of the same period in 2011 of approximately RMB998,000.

Business review

Product development

During the period, the Company conducted new product development in mobile internet applications and attempted to roll out the applications for mobile terminals, aiming to improve users' satisfaction and meet the customer demand for convenient and personalized services. The Jiaoyubao product, which was jointly developed and designed by the Company and a telecom company in accordance with the demands of the parents of students and the resources of schools, is a good example of such application. The product is currently on a marketing stage and will be launched in more provinces and cities. The Company's well-established products, including SMS business card, map business card and Telecom Number 114 Bai Shi Tong, have continued to generate stable revenues. Based on the positioning of those products, the Company endeavoured to develop derivative products and improve the application features of its products through technical integration and resources adjustment.

Market and business development

During the period, for the value-added business, the Company has maintained a stable growth by promoting a number of products based on the Number 114 Bai Shi Tong service provided by China Telecom, such as Bai Shi Tong alliance, SMS business card, personal communication assistant, map business card, the 114 business information and the business information platform. The Company has made some progress in promoting the Coordinated Communication ECP products for telecom operators.

Future prospects

1. Orders on hand/Status of sales contracts

At present, the Company maintains a close cooperation relationship with operators. By capitalizing on market demand and newly emerged technologies, the Company will optimize the existing features of its traditional products including SMS business card and map alliance, hoping that the Company will be able to offer more advanced product features and better product experience to maintain its customers' loyalty and stable customer source amid the emergence of new technologies. The Company can market its Jiaoyubao products while dealing the ECP products or vice versa. For the application services, the Company has a stable customer base in three major telecom operators. And there will be potential demand on software upgrading and development of new software system to allow them to switch to new environment. The Company may also enter into contracts in respect of system integration and procurement, installation and maintenance of system networking equipments and other services with its existing customers.

2. *Prospects of new business and new products*

During the period, our product strategic planning center continued to communicate and cooperate with operators based on market demand, and has kept designing the value-added telecommunication products catering for market demand by leveraging on advancements in telecommunication technology. At present, the Company is also negotiating with operators to launch those products having passed its internal testing.

For the Precise Marketing System (PMS) and Number 114 service system, they automatically pick the right companies for customers based on customer needs, searching and proposing business opportunities for companies. For the Jiaoyubao product, its function and segment design not only allow instant messaging, but also provide various education resources, counselling and training and other contents which serves the practical purposes.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 March 2012, none of the Directors, Supervisors or chief executives had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies relating to securities transactions by Directors to be notified to the Company and the Stock Exchange:

Long position in shares

Name	Type of interests	Capacity	Number of domestic shares held	Percentage of beneficial interests in the Company's share capital
<i>Director & Chief Executive Officer</i>				
Mr. Chen Ping	Personal	Beneficial owner	36,392,320	10.21%
<i>Director</i>				
Mr. Jin Lian Fu	Personal	Beneficial owner	3,411,790	0.96%

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

For the three months ended 31 March 2012, none of the Directors, Supervisors or chief executives was granted options to subscribe for shares of the Company. As at 31 March 2012, none of the Directors, Supervisors or chief executives or any of their spouses and children under 18 years of age had any interest in, or had been granted any interest in, or had been granted, or exercised, had any rights to subscribe for shares (or warrants or debentures, if applicable) or to acquire shares of the Company.

SHARE OPTION SCHEME

The Company has adopted the share option scheme conditionally approved by a resolution of the shareholders of the Company dated 20 April 2002. A summary of the principal terms and conditions of the share option scheme are set out in the section headed “Summary of the Terms of the Share Option Scheme” in the Prospectus. Up to 31 March 2012, no option has been granted pursuant to such share option scheme. The Share Option Scheme was expired on 20 April 2012.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Directors, Supervisors or chief executives, as at 31 March 2012, no persons or companies (other than the interests as disclosed above in respect of the Directors) who had equity interests or short positions in the shares or underlying share of the Company which would fall to be disclosed under Division 2 and 3 or Part XV of the SFO; or who were deemed to be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group; or who were substantial shareholders as recorded in the register maintained under section 336 of the SFO:

Long position in shares

Shareholder	Capacity	Number of shares held	Percentage of beneficial interests in the Company's share capital
Insigma Technology Co. Ltd.	Beneficial owner	81,802,637 Domestic shares	22.94%
Shanghai Longtail Investment Management Co., Ltd.	Beneficial owner	34,117,808 Domestic shares	9.57%
Guoheng Fashion Media Technology Group Co. Ltd.	Beneficial owner	34,117,800 Domestic shares	9.57%
Mr. Fong For	Beneficial owner	21,735,000 H shares	6.10%
Mr. Wu Zhong Hao	Beneficial owner	16,490,280 Domestic shares	4.63%
Ms. Liu Qiao Ping	Beneficial owner	10,235,340 Domestic shares	2.87%
Mr. Shi Chun Hua	Beneficial owner	7,235,812 Domestic shares	2.03%

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee in November 2001 with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, Mr. Gu Yu Lin, Mr. Zhang De Xin and Mr. Cai Xiao Fu whereas Mr. Gu Yu Lin is the chairman. The first quarterly report of the Group for the three months ended 31 March 2012 has been reviewed 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 period from 1 January 2012 to 31 March 2012.

On behalf of the Board

Chen Ping

Chairman

11 May 2012, Hangzhou, the PRC