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浙大蘭德

ZHEDA LANDE SCITECH LIMITED*

浙江浙大網新蘭德科技股份有限公司

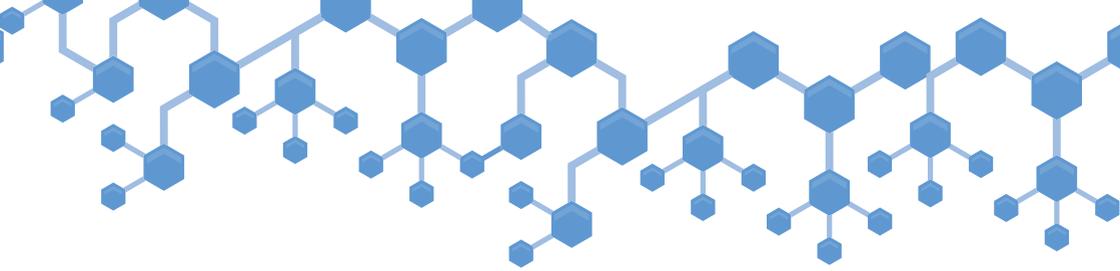
(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8106

2011

FIRST QUARTERLY REPORT

* for identification purpose only



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

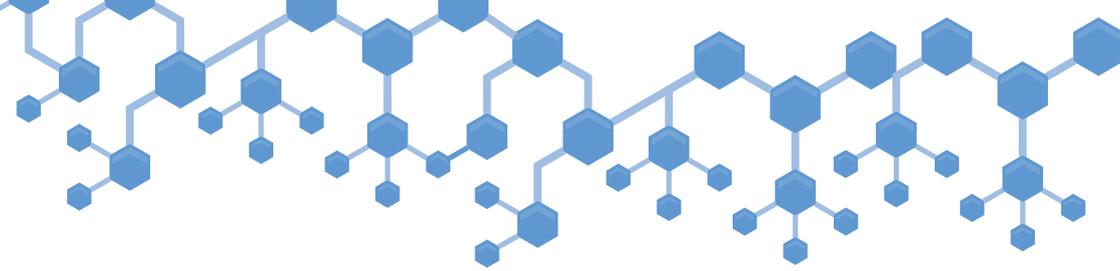
GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest 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 RMB18,593,000 for the three months ended 31 March 2011, representing an approximately 11.61% decrease as compared with the turnover for the corresponding period in 2010.
- Incurred a loss of approximately RMB998,000, representing an approximately 162.63% increase as compared with the net loss for the corresponding period in 2010.
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2011.

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 2011.

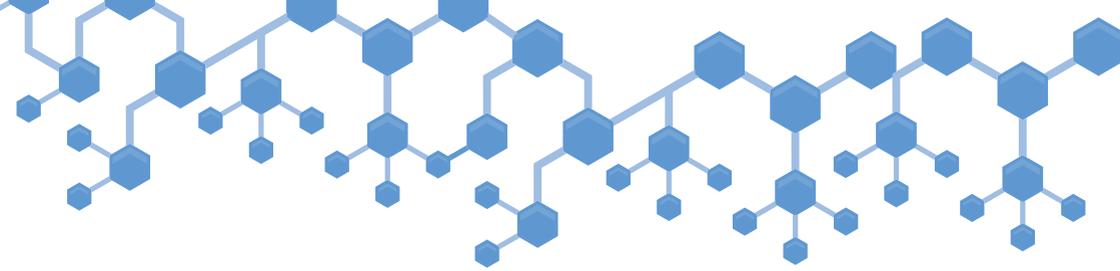
2011 FIRST QUARTERLY RESULTS

For the three months ended 31 March 2011, the Group recorded an unaudited turnover of approximately RMB18,593,000, representing a decrease of approximately RMB2,442,000, or approximately 11.61%, as compared with the turnover of the same period in 2010.

For the three months ended 31 March 2011, the Group recorded an unaudited loss of approximately RMB998,000, as compared with the loss of the same period in 2010 of approximately RMB380,000.

The unaudited results of the Group for the three months ended 31 March 2011 together with the unaudited comparative figures for the corresponding period in 2010 are as follows:

	Notes	For the three months ended 31 March	
		2011 RMB'000	2010 RMB'000
Turnover	2	18,593	21,035
Cost of sales		(14,065)	(15,157)
Gross profit		4,528	5,878
Other operating expenses		(14)	(9)
Distribution and selling expenses		(500)	(514)
General and administrative expenses		(4,934)	(5,489)
Finance costs, net		33	14
Share of results of associate		(386)	(252)
Value-added tax refund		200	310
Loss before taxation		(1,073)	(62)
Taxation	3	(105)	(296)
Loss for the period		(1,178)	(358)
Attributable to:			
Owners of the Company		(998)	(380)
Non-controlling interests		(180)	22
		(1,178)	(358)
Loss per share			
Basic and diluted	4	RMB0.27 cents	RMB0.10 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	
	2011	2010
	RMB'000	RMB'000
Provision of telecommunication solutions	260	511
Provision of telecommunication value-added services	5,093	7,687
Trading of hardware and computer software	13,240	12,837
	18,593	21,035

3. TAXATION

	For the three months ended 31 March	
	2011	2010
	RMB'000	RMB'000
PRC Enterprises Income Tax ("EIT")	105	296

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% for the two years ended 31 December 2010.

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

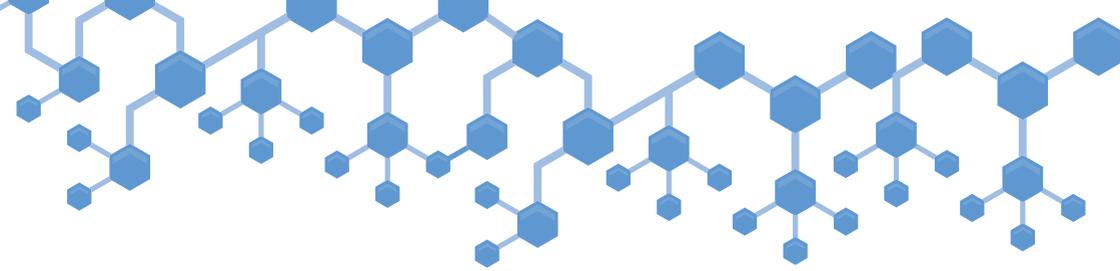
Loss per share has been computed by dividing loss for the three months ended 31 March 2011 of approximately RMB998,000 (2010: RMB380,000) by the number of 356,546,000 (2010: 356,546,000) shares in issue during the period.

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 2011 and 2010:

	For the three months ended 31 March	
	2011	2010
	RMB'000	RMB'000
Accumulated losses		
At 1 January	(43,520)	(42,646)
Net loss	(998)	(380)
At 31 March	(44,518)	(43,026)



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2011 (2010: Nil).

REVIEW OF THE FIRST QUARTER

FINANCIAL REVIEW

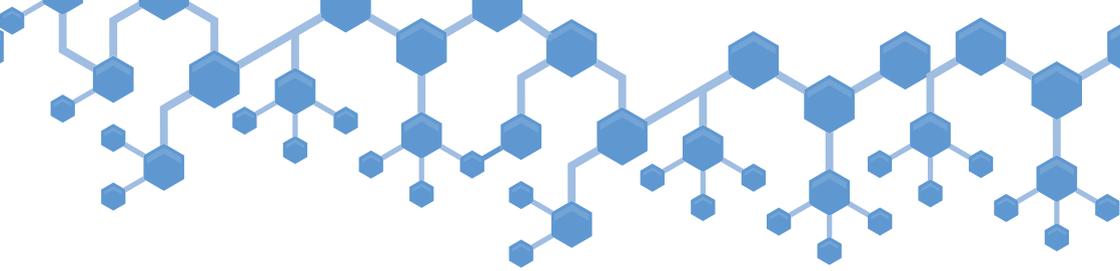
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BUSINESS REVIEW

Product development

During the period, the strategic development unit was set up for product innovation and research and development. The aim is to promote the continuous development of technology, the research and development of mobile networking technology and applying new technology to existing products. We developed different versions of customer-end application for mobile terminal and provided automatic crawling of various information for easy browsing of mobile users, thereby allowing them to access to any information at anytime and anywhere, so as to expand our customer base. The Company also conducted R&D on corporate service products, to provide Internet products such as corporate electronic service platform to corporate customers. The Company continued to enrich the function of the Coordinated Communication ECP for Zhejiang Telecom. New industry application function was added to the basic communication function and was launched to different industrial sectors. It contained different industry information and segments and is aimed to forge an integrated information platform for instant messaging and industry application. On such basis, the Company developed the Jiaoyubao Platform, which consisted of an information segment, a resources segment, an interaction segment and an IM segment, perfectly blending Jiaoyubao with the ECP terminal.



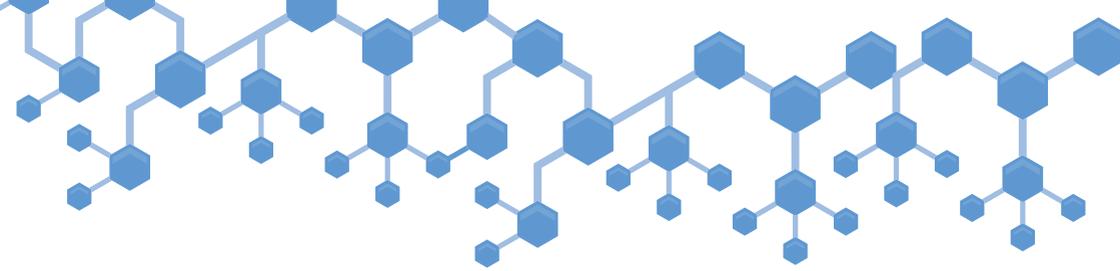
Market and business development

During the period, for valued-added business, while promoting the Bai Shi Tong alliance, SMS business card, personal communication assistant, map business card and the 114 business information as well as industry and commerce information platform provided by China Telecom, the Company continued to upgrade and enrich the features of its products. The Company has become the general agent of the ECP products of Zhejiang Telecom and combined it with its own products for joint development and marketing. For application business, we mainly provided management information support and related software development and system maintenance for the three major telecom operators. The Company also provided system integration and system networking equipment procurement, installation and maintenance and other services to its corporate customers.

FUTURE PROSPECTS

1. Status of orders in hand/sales contracts

At present, we maintain a close cooperation relationship with various operators for our value-added business. All of our existing products are growing steadily. The Company has been discussing with operators in different provinces and municipals so as to enhance its market share. With our large customer base, the Company is engaging in new product R&D for substitution and upgrading, so as to maintain customer royalty, enhance service standard and maintain stable customer source. We can sell our Jiaoyubao products while dealing the ECP or vice versa. For application services, we have a stable customer base in the 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 the new environment. We may also enter into system integration and system networking equipment procurement, installation and maintenance and other services with our existing customers.



2. Prospects of new business and new products

During the period, the Company set up the product strategic planning center which is responsible for technology R&D and exploration of innovative application. By leveraging on our experiences on value-added business accumulated over the years, together with advancements in telecommunication technology and by adopting a demand-oriented approach, the new strategic unit is deemed to contribute to our product R&D and technology innovation. In view of the rapid development of mobile networking, various applications have been migrated to mobile terminal. The Company will through the use of our own in-depth information decoding know-how, existing customer resource as well as reputable operators channel to develop new products and application.

Position of our existing products will continue to be upgraded and enriched: our PMS is designed to locate the target for corporate customers, which can identify the target customers based on some basic information, thereby sending corporate information and advertising to them; for Number 114 service system, it automatically picks the right company for the customer based on the need of the customer, thereby opening up business opportunities for companies; for Jiaoyubao product, its function and segment design not only allow instant messaging, but also provides various education resources, counseling and training and other content which serves the practical purposes.

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

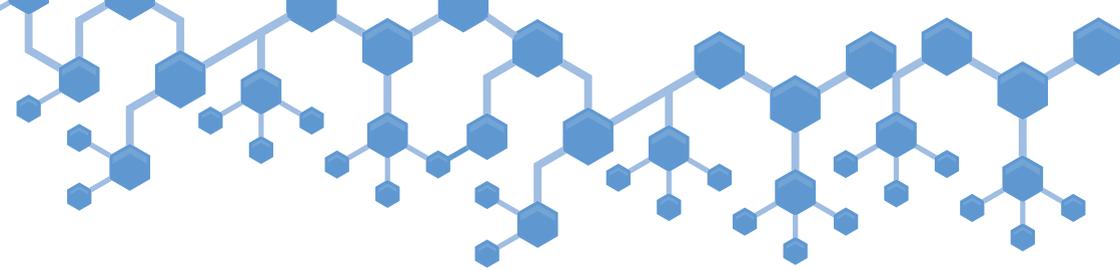
Save as disclosed below, as at 31 March 2011, none of the Directors, Supervisors or chief executives had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required (a) to be notified 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

<u>Name</u>	<u>Type of interests</u>	<u>Capacity</u>	<u>Number of domestic shares held</u>	<u>Percentage of beneficial interests in the Company's share capital</u>
<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 2011, none of the Directors, Supervisors or chief executives was granted options to subscribe for shares of the Company. As at 31 March 2011, 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 conditionally adopted the share option scheme. 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 2011, no option has been granted pursuant to such share option scheme.

INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

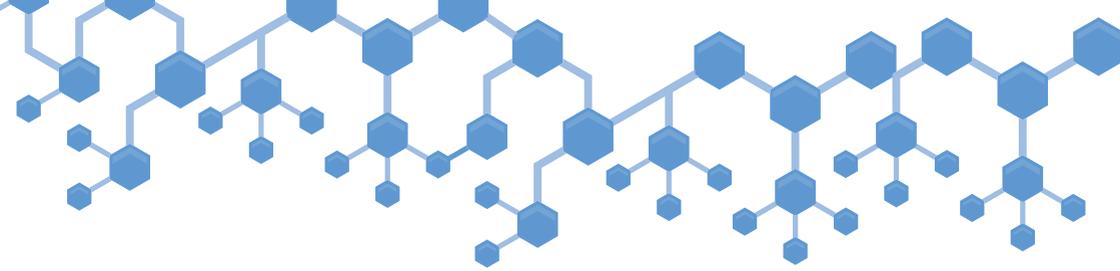
Save as disclosed below, so far as was known to any Directors, Supervisors or chief executives, as at 31 March 2011, no persons or companies (other than the interests as disclosed above in respect of the Directors) who had equity interests or short positions in the shares or underlying share of the Company 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 2011 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 2011 to 31 March 2011.

On behalf of the Board

Chen Ping

Chairman

13 May 2011, Hangzhou, the PRC

As at the date of this report, the Board comprises six executive directors, being Mr. Chen Ping, Ms. Dong Danqing, Mr. Chao Hong Bo, Ms. Geng Hui, Mr. Xia Zhen Hai and Mr. Jin Lian Fu, and three independent non-executive directors, being Mr. Zhang De Xin, Mr. Cai Xiao Fu and Mr. Gu Yu Lin.