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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)

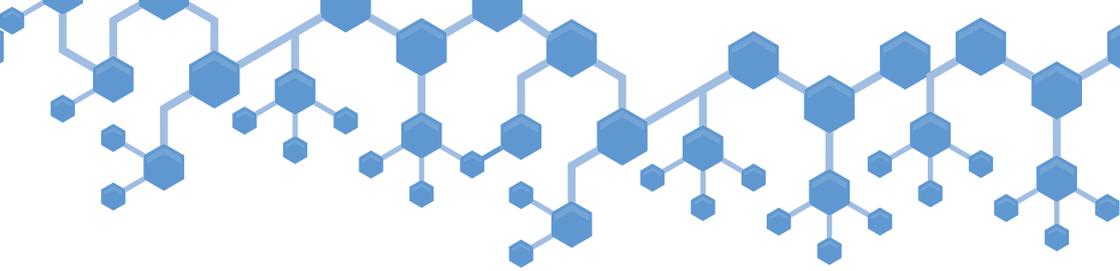
Stock Code: 8106

2011

INTERIM REPORT



* for identification purpose only



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

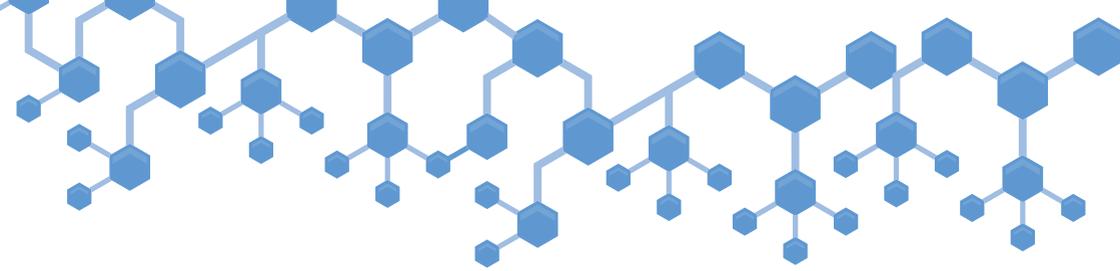
GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest 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 RMB32,262,000 for the six months ended 30 June 2011, representing an approximately 17.71% decrease as compared with the turnover for the corresponding period in 2010.
- Incurred a net loss of approximately RMB1,069,000 for the six months ended 30 June 2011, as compared with the net loss for the corresponding period in 2010 of approximately RMB1,020,000.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

The board of directors (the “Board”) of Zheda Lande Scitech Limited (the “Company”) is pleased to present the interim report of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011.

2011 INTERIM RESULTS

For the six months ended 30 June 2011, the Group recorded an unaudited turnover of approximately RMB32,262,000 (2010: RMB39,207,000), representing a decrease of approximately RMB6,945,000, or approximately 17.71%, as compared with the turnover of the same period in 2010.

For the six months ended 30 June 2011, the Group recorded an unaudited net loss of approximately RMB1,069,000 (2010: RMB1,020,000).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2011 together with the unaudited figures for the corresponding period in 2010 are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2011

	Notes	(unaudited) Six months ended 30 June		(unaudited) Three months ended 30 June	
		2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Turnover	3	32,262	39,207	13,669	18,172
Cost of sales		(22,059)	(26,697)	(7,994)	(11,540)
Gross profit		10,203	12,510	5,675	6,632
Other operating income		431	313	231	2
Other operating expenses		(27)	(31)	(13)	(22)
Distribution and selling expenses		(846)	(884)	(346)	(370)
General and administrative expenses		(10,638)	(13,054)	(5,704)	(7,565)
Finance costs, net		89	36	56	22
Share of results of associate		204	511	590	764
(Loss) profit before taxation	4	(584)	(599)	489	(537)
Taxation	5	(377)	(55)	(272)	241
(Loss) profit for the period		(961)	(654)	217	(296)
Attributable to:					
Owners of the Company		(1,069)	(1,020)	(71)	(640)
Non-controlling interests		108	366	288	344
		(961)	(654)	217	(296)
Loss per share – Basic	8	RMB0.003	RMB0.003	RMB0.001	RMB0.002

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		(unaudited) 30 June 2011 RMB'000	(audited) 31 December 2010 RMB'000
	<i>Notes</i>		
Non-current assets			
Plant and equipment		4,274	5,001
Intangible assets		2,386	2,188
Goodwill		956	956
Interests in an associate		2,545	2,341
		10,161	10,486
Current assets			
Inventories		4,711	3,790
Amounts due from customers for contract work		–	50
Trade receivables	9	9,675	14,736
Prepayments and other receivables		48,145	55,909
Amount due from an associate		–	314
Bank balances and cash		31,508	29,199
		94,039	103,998
Current liabilities			
Trade and other payables	10	16,383	24,661
Receipt in advance from customers		2,420	3,821
Current tax liabilities		2,120	1,764
		20,923	30,246
Net current assets		73,116	73,752
NET ASSETS		83,277	84,238
Capital and reserves			
Paid-in capital		35,655	35,655
Reserves		42,548	43,617
Equity attributable to owners of the Company		78,203	79,272
Non-controlling interests		5,074	4,966
TOTAL EQUITY		83,277	84,238

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

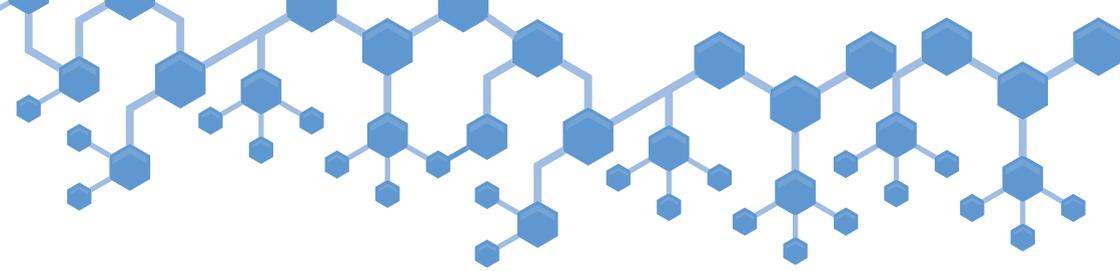
For the six months ended 30 June 2011

	(unaudited)	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net cash inflow (outflow) from operating activities	2,688	(5,576)
Net cash outflow from investing activities	(379)	(253)
Net increase (decrease) in cash and cash equivalents	2,309	(5,829)
Cash and cash equivalents at beginning of period	29,199	25,909
Cash and cash equivalents at end of period	31,508	20,080

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	(unaudited)						
	Equity attributable						
	Paid-	Share	Statutory	Accumulated	to owners	Non-	
	in capital	premium	surplus	losses	of the	controlling	Total
	RMB'000	RMB'000	RMB'000	RMB'000	Company	interests	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2010	35,655	76,570	10,567	(42,646)	80,146	5,823	85,969
Net (loss) profit	-	-	-	(380)	(380)	22	(358)
Balance as at 31 March 2010	35,655	76,570	10,567	(43,026)	79,766	5,845	85,611
Net (loss) profit	-	-	-	(640)	(640)	344	(296)
Balance as at 30 June 2010	35,655	76,570	10,567	(43,666)	79,126	6,189	85,315
Balance as at 1 January 2011	35,655	76,570	10,567	(43,520)	79,272	4,966	84,238
Net loss	-	-	-	(998)	(998)	(180)	(1,178)
Balance as at 31 March 2011	35,655	76,570	10,567	(44,518)	78,274	4,786	83,060
Net (loss) profit	-	-	-	(71)	(71)	288	217
Balance as at 30 June 2011	35,655	76,570	10,567	(44,589)	78,203	5,074	83,277



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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 (the "Prospectus") of the Company dated 24 April 2002.

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" published by the International Accounting Standards Board and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2010.

3. TURNOVER AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segments; and (ii) on a secondary segment reporting basis, by geographical segment.

(i) Primary reporting segment – business segments

The Group comprises the following main business segments:

- provision of telecommunication solutions;
- trading of hardware and computer software; and
- provision of telecommunication value-added services.

	(unaudited)							
	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	For the six months ended 30 June							
	2011	2010	2011	2010	2011	2010	2011	2010
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment turnover	464	2,311	21,435	21,766	10,363	15,130	32,262	39,207
Segment results	364	524	916	872	8,923	11,114	10,203	12,510
Unallocated revenue							431	313
Unallocated expenses							(11,511)	(13,969)
Finance costs, net							89	36
Share of results of associate							204	511
Loss before taxation							(584)	(599)
Taxation							(377)	(55)
Loss for the period							(961)	(654)
Other segment information:								
Capital expenditures	5	15	252	140	122	98	379	253
Depreciation and amortisation	13	54	609	510	294	354	916	918

	(unaudited)		(audited)		(unaudited)		(audited)		(unaudited)		(audited)	
	As at		As at		As at		As at		As at		As at	
	30 June		31 December		30 June		31 December		30 June		31 December	
	2011		2010		2011		2010		2011		2010	
	RMB'000	RMB'000										
Segment assets	269	65	10,384	27,480	10,935	8,041	21,588	35,586				
Unallocated assets							82,612	78,898				
Total assets							104,200	114,484				
Segment liabilities	46	11	2,785	12,310	3,902	4,020	6,733	16,341				
Unallocated liabilities							14,190	13,905				
Total liabilities							20,923	30,246				

(ii) Secondary reporting segment – geographical segment

The Group operates within one geographical segment, namely the PRC. Accordingly, no geographical segment information is presented.

4. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation has been arrived at after charging:

	(unaudited)		(unaudited)	
	Six months ended		Three months ended	
	30 June		30 June	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	916	918	491	462

5. TAXATION

	(unaudited)		(unaudited)	
	Six months ended		Three months ended	
	30 June		30 June	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
The charges comprises: PRC Enterprise Income Tax ("EIT")	377	55	272	(241)

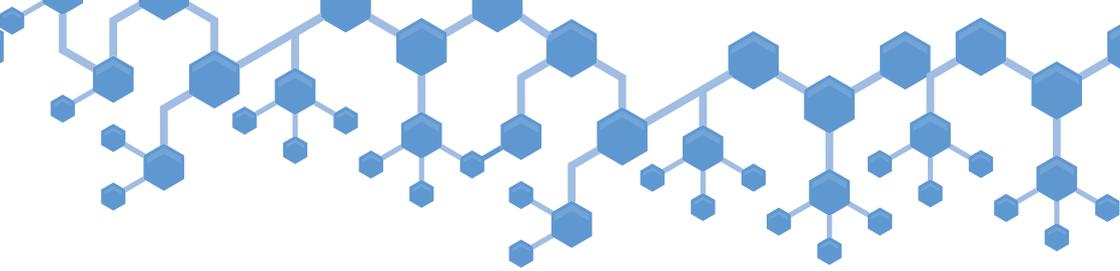
Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (2010: 15%) as they were classified as Advanced and New Technology Enterprise.

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

6. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).



7. RESERVES

Other than those disclosed in the condensed consolidated statement of changes in equity, there were no movements in the reserves of the Group for the relevant periods in 2011 and 2010.

8. LOSS PER SHARE

Loss per share has been computed by dividing net loss for the six months and three months ended 30 June 2011 of approximately RMB1,069,000 and approximately RMB71,000 (2010: net loss of approximately RMB1,020,000 and RMB640,000), respectively, by 356,546,000 (2010: 356,546,000) shares in issue.

No diluted loss per share were presented for the six months and three months ended 30 June 2011 and 2010 as there was no potential dilutive securities in existence during the relevant periods.

9. TRADE RECEIVABLES

No special credit term is granted to the customers by the Group.

Trade receivables consisted of:

	(unaudited) 30 June 2011 RMB'000	(audited) 31 December 2010 RMB'000
Trade receivables	14,492	19,553
Less: impairment losses	(4,817)	(4,817)
	9,675	14,736
Aging analysis of the trade receivables net of impairment losses is as follows:		
less than one year	7,761	14,736
over one year but less than two years	1,914	-
	9,675	14,736

10. TRADE AND OTHER PAYABLES

	(unaudited) 30 June 2011 RMB'000	(audited) 31 December 2010 RMB'000
Trade and bill payables	1,824	9,334
Other payables and accruals	14,559	15,327
	16,383	24,661
Aging analysis of the trade payables is as follows:		
less than one year	1,702	9,212
more than three years	122	122
	1,824	9,334

MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

1. *Review of operating results for the period*

For the six months ended 30 June 2011, the unaudited turnover is approximately RMB32,262,000, representing a decrease of approximately RMB6,945,000, or approximately 17.71%, as compared with that of the same period in 2010. For the three months ended 30 June 2011, the unaudited turnover is approximately RMB13,669,000, representing a decrease of approximately RMB4,503,000, or approximately 24.78%, as compared with that of the same period in 2010.

The unaudited net loss of the Group for the six months ended 30 June 2011 and the three months ended 30 June 2011 is approximately RMB1,069,000 and RMB71,000, respectively.

2. Product development

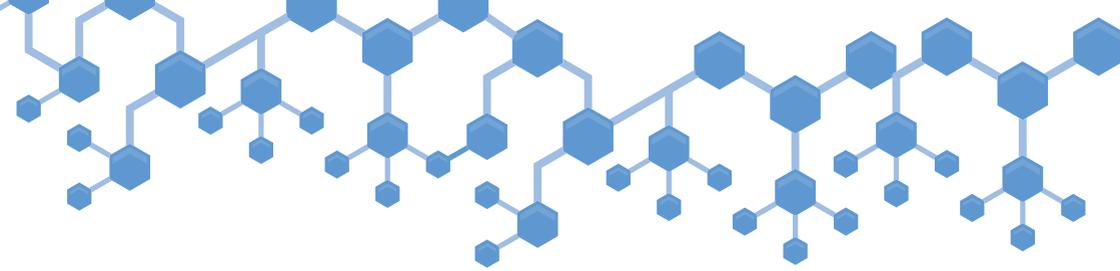
During the period, the Company set up the strategic development unit for product innovation and research and development. The aim is to promote the continuous development of technology, the research and development of mobile networking technology and applying new technology to existing products. We developed different versions of user-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. The Company developed the Zhezhewang (折折網) Platform, which provides customers with preferential information and services platform.

3. Market and business development

During the period, while promoting the Bai Shi Tong alliance, SMS business card, personal communication assistant, map business card and the 114 business information, industry and commerce information platform as well as the Zhezhewang (折折網) 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. The Company also provided system integration and system networking equipment procurement, installation and maintenance and other services to its corporate customers.

4. Investment and cooperation

During the period, the Group continued to maintain good relationship with the three telecom operators, China Mobile, China Unicom, and China Telecom, for its cooperative continuity in respect of different operations.



5. *Employees information*

As at 30 June 2011, the Group had approximately 245 (2010: 290) employees in total. The total staff costs of the Group for the reporting period amounted to approximately RMB6,031,800 (2010: RMB6,769,000).

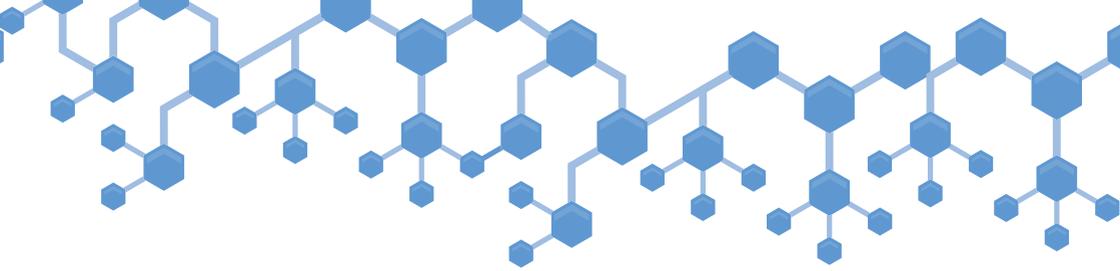
The Group's human resources management strategy is formulated in accordance with the Group's guidelines of development strategy on one hand and with requirements under long term vision planning as her target direction on the other. At the same time, incentive scheme will be embedded in other human resources programs and flourishing result is expected from this cross match. The Group opened wide for recruitment channels, set up mechanisms for attracting human resources, grasped for human development and formulated a good system in people deployment and incubation. The Group implemented an annual income target system which was linked up with staff performance appraisal and compensation system. Target annual income was confirmed and released in accordance with performance appraisal result. After a total assessment on employee's job performance, capability, and work attitude, an integrated evaluation could be established for the employee which will be used as referencing standard. Through the integration of the two systems, the employees are effectively motivated and the attainment of the Group's target is assured.

The Group did envisage on employee's personal development and provided employees with training courses on quality and skills. Training plan was given to suit individual staff so as to help each one more compatible with the Company's job requirement and ensure comprehensive development during his career life.

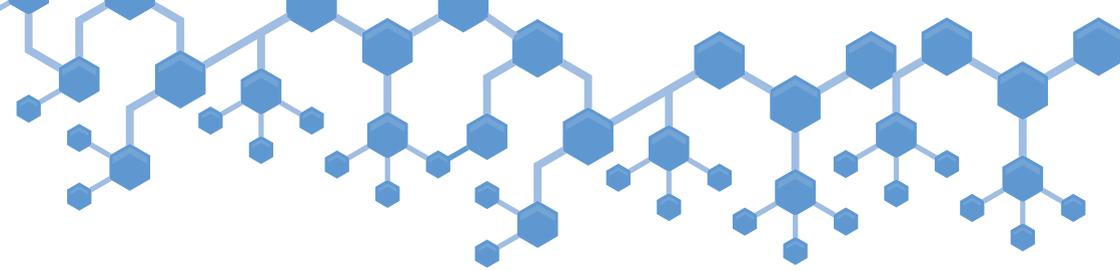
The Group did not issue any share options nor had any bonus plan.

Financial review

- The Group has maintained sound financial conditions. For the six months ended 30 June 2011, the Group was mainly financed by funds generated from operations.
- As at 30 June 2011, the Group's bank balances and cash amounted to approximately RMB31,508,000 (31 December 2010: RMB29,199,000).



- As at 30 June 2011, the Group had no outstanding short term bank borrowings (31 December 2010: Nil).
- As at 30 June 2011, the Group had a total asset value of approximately RMB104,200,000 (31 December 2010: RMB114,484,000).
- As at 30 June 2011, the Group had current liabilities of approximately RMB20,923,000 (31 December 2010: RMB30,246,000).
- As at 30 June 2011, the Group had equity attributable to owners of the Company of approximately RMB78,203,000 (31 December 2010: RMB79,272,000).
- As at 30 June 2011, the Group had no material contingent liabilities (31 December 2010: Nil).
- As at 30 June 2011, the Group had non-controlling interests of approximately RMB5,074,000 (31 December 2010: RMB4,966,000).
- As at 30 June 2011, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 20.08% (31 December 2010: 26.42%).
- As at 30 June 2011, the Group had a net current asset ratio (i.e. the ratio of current liabilities to current assets) of approximately 22.25% (31 December 2010: 29.08%).
- Since substantially all of the Group's revenue is in Renminbi and its expenses are paid in Renminbi, the Directors do not consider that the Group is exposed to any material foreign currency exchange risk.



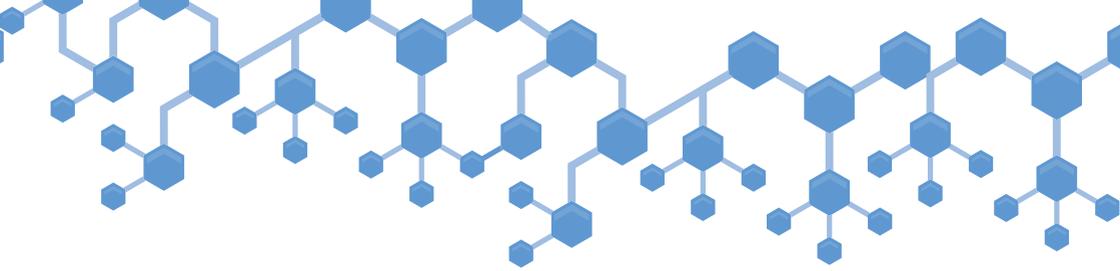
Future prospects

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. 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.



ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

Directors', Supervisors' and chief executives' interests in securities

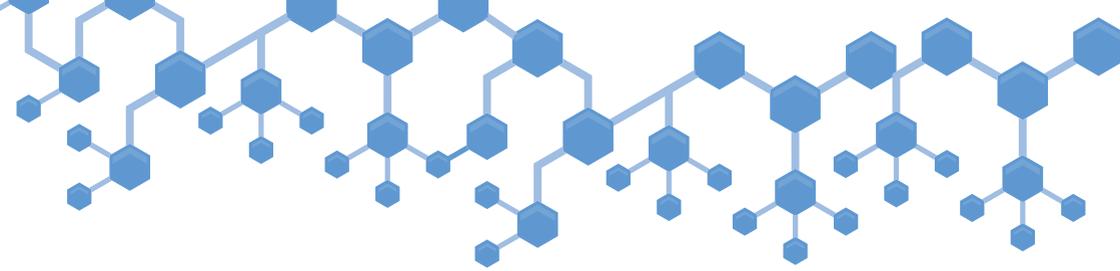
Save as disclosed below, as at 30 June 2011, none of the Directors, Supervisors or chief executives had interest in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required (a) to be notified 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>				
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 six months ended 30 June 2011, none of the Directors, Supervisors or chief executives was granted options to subscribe for shares of the Company. As at 30 June 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 (or warrants or debentures, if applicable) or to acquire shares of the Company.



Share Option Scheme

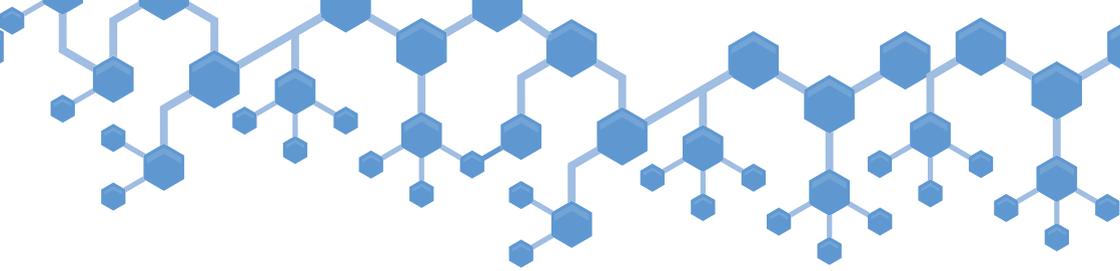
The Company has conditionally adopted the share option scheme. A summary of the principal terms and conditions of the share option scheme are set out in the section headed “Summary of the Terms of the Share Option Scheme” in the Prospectus. Up to 30 June 2011, no option has been granted pursuant to such share option scheme.

Interest disclosable under the SFO and substantial shareholders

Save as disclosed below, so far as was known to any Directors, Supervisors or chief executives, as at 30 June 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

<u>Shareholder</u>	<u>Capacity</u>	<u>Number of shares held</u>	<u>Percentage of beneficial interests in the Company's share capital</u>
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%



Shareholder	Capacity	Number of shares held	Percentage of beneficial interests in the Company's share capital
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%

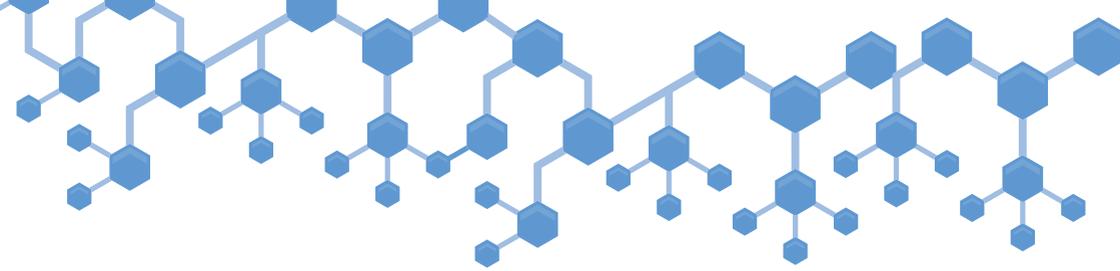
Competing Interests

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 the three independent non-executive directors, Mr. Gu Yu Lin, Mr. Zhang De Xin and Mr. Cai Xiao Fu, with Mr. Gu Yu Lin as the chairman.

The condensed interim financial statements for the six months ended 30 June 2011 have not been audited by the Company's auditors, but have 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 six months ended 30 June 2011.

Code of conduct regarding securities transactions by Directors

During the six months ended 30 June 2011, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and code of conduct regarding securities transactions by Directors.

Corporate governance

The Company has endeavoured to compile with all code provisions as set out in the code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2011.

On behalf of the Board

Chen Ping

Chairman

12 August 2011, Hangzhou, the PRC