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 RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

This announcement, 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 of the Stock Exchange 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

HIGHLIGHTS

- Achieved a turnover of approximately RMB121,547,000 for the year ended 31 December 2008, representing an approximately 7.53% decrease as compared with the turnover for the year 2007
- Incurred a net loss attributable to equity holders of the Company of approximately RMB7,356,000 for the year ended 31 December 2008, comparing to a net loss attributable to equity holders of the Company of approximately RMB12,856,000 incurred for the year 2007
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2008

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 2008, together with the comparative figures for the year ended 31 December 2007 as follows:

Consolidated income statement
For the year ended 31 December 2008

	Notes	**2008** *RMB'000*	2007 *RMB'000*
Turnover	*3*	**121,547**	131,442
Cost of sales		**(76,489)**	(88,964)
Gross profit		**45,058**	42,478
Other operating income		**15,513**	10,951
Distribution and selling expenses		**(9,926)**	(12,795)
General and administrative expenses		**(56,655)**	(51,509)
Finance costs		**–**	(2,781)
Share of results of associates		**(379)**	901
Loss before taxation		**(6,389)**	(12,755)
Taxation	*4*	**(515)**	(1,232)
Loss for the year	*5*	**(6,904)**	(13,987)
Attributable to:			
Equity holders of the Company		**(7,356)**	(12,856)
Minority interests		**452**	(1,131)
		(6,904)	(13,987)
Dividends	*6*	**–**	–
Loss per share	*7*		
Basic		**RMB(0.022)**	RMB(0.038)

Consolidated balance sheet
As at 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Non-current assets			
Property, plant and equipment		**6,285**	10,133
Intangible assets		**317**	6,799
Goodwill		**956**	3,484
Interests in associates		**–**	2,221
Other non-current assets		**–**	328
		7,558	22,965
Current assets			
Inventories		**–**	505
Contract work in progress		**–**	1,431
Amount due from customers for contract work		**1,349**	–
Trade receivables	*8*	**39,761**	35,185
Prepayments and other receivables		**57,245**	104,467
Amounts due from associates		**–**	1,288
Bank balances and cash		**25,428**	13,955
		123,783	156,831
Current liabilities			
Trade and other payables	*9*	**29,018**	71,834
Receipt in advance from customers		**919**	1,204
Amount due to a director		**–**	3,098
Current tax liabilities		**2,418**	2,432
		32,355	78,568
Net current assets		**91,428**	78,263
NET ASSETS		**98,986**	101,228
Capital and reserves			
Paid-in capital		**35,655**	33,958
Reserves		**50,576**	53,350
Equity attributable to the equity holders of the Company		**86,231**	87,308
Minority interests		**12,755**	13,920
TOTAL EQUITY		**98,986**	101,228

Consolidated statement of changes in equity

For the year ended 31 December 2008

	Attributable to equity holders of the Company						
	Paid-in capital	**Share premium**	**Statutory surplus reserve**	**Accumulated losses**	**Total**	**Minority interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	33,958	71,988	10,567	(16,349)	100,164	15,789	115,953
Loss for the year	–	–	–	(12,856)	(12,856)	(1,131)	(13,987)
Disposal of subsidiaries	–	–	–	–	–	(1,488)	(1,488)
Capital contributions from minority shareholders	–	–	–	–	–	750	750
At 31 December 2007	33,958	71,988	10,567	(29,205)	87,308	13,920	101,228
(Loss) profit for the year	–	–	–	(7,356)	(7,356)	452	(6,904)
Disposal of subsidiaries	–	–	–	–	–	(2,668)	(2,668)
Partial disposal of a subsidiary	–	–	–	–	–	551	551
Issue of shares	1,697	4,582	–	–	6,279	–	6,279
Capital contributions from minority shareholders	–	–	–	–	–	500	500
At 31 December 2008	**35,655**	**76,570**	**10,567**	**(36,561)**	**86,231**	**12,755**	**98,986**

Notes:

1. BASIS OF PRESENTATION

The Company was established in the People's Republic of China (the "PRC") as a joint stock company with limited liability and its shares are listed on GEM of the Stock Exchange.

The consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, and based on International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial information include applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

2. APPLICATION OF NEW AND REVISED IFRS

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, which are effective for the Group's financial year beginning 1 January 2008.

IFRIC – INT 11	IFRS 2: Group and Treasury Share Transactions
IFRIC – INT 12	Service Concession Arrangements
IFRIC – INT 14	International Accounting Standard ("IAS") 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their interaction
IAS 39 & IFRS7 (Amendments)	Reclassification of Financial Assets

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs[1]
IAS 1 (Revised)	Presentation of Financial Statements[2]
IAS 23 (Revised)	Borrowing Cost[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[3]
IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards[3]
IFRS 1 & IAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associates[2]
IFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[2]
IFRS 3 (Revised)	Business Combination[3]
IFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
IFRS 8	Operating Segments[2]
IFRIC – INT 9 & IAS 39 (Amendments)	Embedded Derivatives[6]
IFRIC – INT 13	Customer Loyalty Programmes[4]
IFRIC – INT 15	Agreements for the Construction of Real Estate[2]
IFRIC – INT 16	Hedges of a Net Investment in a Foreign Operation[5]
IFRIC – INT 17	Distribution of Non-cash Assets to Owners[3]
IFRIC – INT 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009, except the amendments to IFRS 5 which are effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 July 2008.
5 Effective for annual periods beginning on or after 1 October 2008.
6 Effective for annual periods ending on or after 30 June 2009.
7 Effective for transfers of assets from customers received on or after 1 July 2009.

The directors of the Company anticipate the application of these revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group except for the application of IFRS 3 (Revised) and IAS 27 (Revised). The application of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

3. TURNOVER

Turnover comprises income from provision of telecommunication solutions, trading of hardware and computer software and provision of telecommunication value-added service, net of business tax, rebates and discounts during the year.

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

(a) Primary reporting segment – business segment

The Group comprises the following main business segments:

(i) Provision of telecommunication solutions;

(ii) Trading of hardware and computer software; and

(iii) Provision of telecommunication value-added services.

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
For the year ended 31 December								
Segment turnover	**22,508**	14,135	**48,033**	61,041	**51,006**	56,266	**121,547**	131,442
Segment results	**(37)**	(5,993)	**(3,314)**	(3,772)	**8,326**	(3,032)	**4,975**	(12,797)
Unallocated revenue							**15,353**	10,515
Unallocated expenses							**(26,498)**	(9,029)
Share of results of associates	**–**	–	**(379)**	183	**–**	718	**(379)**	901
Finance costs							**–**	(2,781)
Interest income							**160**	436
Loss before taxation							**(6,389)**	(12,755)
Taxation							**(515)**	(1,232)
Loss for the year							**(6,904)**	(13,987)
As at 31 December								
Segment assets	**12,811**	9,226	**24,628**	8,720	**8,597**	71,064	**46,036**	89,010
Interests in associates	**–**	57	**–**	596	**–**	1,568	**–**	2,221
Unallocated assets							**85,305**	88,565
Total assets							**131,341**	179,796
Segment liabilities	**6,060**	1,022	**1,344**	978	**3,155**	19,983	**10,559**	21,983
Unallocated liabilities							**21,796**	56,585
Total liabilities							**32,355**	78,568

	Provision of telecommunication solutions		Trading of hardware and computer software		Provision of telecommunication value-added services		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
For the year ended 31 December								
Other segment information:								
Capital expenditures	**167**	560	**191**	110	**933**	4,516	**1,291**	5,186
Unallocated capital expenditure							**250**	–
Total capital expenditure							**1,541**	5,186
Depreciation and amortisation	**331**	3,269	**1,223**	103	**2,901**	3,856	**4,455**	7,228
Unallocated depreciation and amortisation							**12**	–
Total depreciation and amortisation							**4,467**	7,228
Impairment loss on trade and other receivables	**3,720**	1,913	**–**	–	**–**	–	**3,720**	1,913
Unallocated impairment loss on trade and other receivables							**3,618**	7,282
Total impairment loss on trade and other receivables							**7,338**	9,195
Write-down of inventories to net realisable value	**–**	–	**–**	1,439	**–**	–	**–**	1,439
Impairment loss on property, plant and equipment	**–**	–	**–**	–	**–**	583	**–**	583
Impairment loss on intangible assets	**–**	–	**–**	–	**–**	337	**–**	337
Unallocated impairment loss on other non-current assets							**328**	–
Reversal of write down of inventory	**(2,404)**	–	**–**	–	**–**	–	**(2,404)**	–
Unallocated write back of impairment loss on trade and other receivables							**(3,600)**	–
Unallocated (gain) loss on disposal of subsidiaries							**(2,974)**	186
Unallocated gain on partial disposal of a subsidiary							**(149)**	–
Unallocated loss (gain) on disposal of interests in associates							**632**	(1,582)
Unallocated bad debt recovered on trade and other receivables							**(4,041)**	–
Loss (gain) on disposal of property, plant and equipment	**7**	–	**37**	–	**60**	(21)	**104**	(21)
Unallocated gain on disposal of property, plant and equipment							**–**	(1,033)
Total loss (gain) on disposal of property, plant and equipment							**104**	(1,054)

(b) Secondary reporting segment – geographical segment

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

4. TAXATION

	2008	2007
	RMB'000	*RMB'000*
The tax charge comprises:		
PRC Enterprises Income Tax ("EIT")		
– current year	**397**	1,232
– underprovision in prior years	**118**	–
	515	1,232

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the EIT rate of the Group's certain subsidiaries in the PRC was reduced from 33% to 25% progressively from 1 January 2008.

The Company and certain of its subsidiaries were subject to EIT at rate of 15% (2007: 15%) as they were classified as Advanced and New Technology Enterprise.

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiaries is exempt from PRC EIT for two years from the first profit-making year, followed by a 50% reduction for the next three years.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31 December 2008 and 2007.

5. LOSS FOR THE YEAR

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

	2008	2007
	RMB'000	*RMB'000*
Salaries and other benefits (including directors' and supervisors' emoluments)	**17,374**	10,725
Contributions to retirement benefits scheme	**3,512**	3,594
Total staff costs	**20,886**	14,319
Amortisation of intangible assets	**1,547**	3,838
Auditors' remuneration	**458**	550
Depreciation of property, plant and equipment	**2,920**	3,390
Impairment loss on property, plant and equipment	**–**	583
Impairment loss on intangible assets	**–**	337
Impairment loss on trade and other receivables	**7,338**	9,195
Impairment loss on other non-current assets	**328**	–
Loss (gain) on disposal of interests in associates	**632**	(1,582)
Loss (gain) on disposal of property, plant and equipment	**104**	(1,054)
Loss on disposal of available-for-sale investments	**–**	56
Operating lease expense for office premises	**2,377**	1,318
Research and development costs	**11,917**	8,860
Share of tax of associates (included in share of results of associates)	**–**	116
Write down of inventories (included in administrative expense)	**–**	1,439
Bank interest income	**(160)**	(436)
Bad debts recovered on trade and other receivables	**(4,041)**	–
Government grants *(Note 2)*	**(742)**	(5,799)
Gain on partial disposal of a subsidiary	**(149)**	–
Reversal of write down of inventories	**(2,404)**	–
Subsidy income *(Note 1)*	**(1,443)**	(1,202)
Write back of impairment loss on trade and other receivables	**(3,600)**	–
(Gain) loss on disposal of subsidiaries	**(2,974)**	186

Notes:

1. Pursuant to Guo Fa [2000] No. 18 issued by the State Council, the Company is subject to value-added tax ("VAT") at a rate of 17% on sales of self-developed software, and is granted VAT refund of the amount of actual tax burden exceeding 3% on sales of self-developed software. Included in subsidy income was the VAT refund with an amount of approximately RMB1,443,000 (2007: RMB1,202,000). VAT refund is recorded as income upon receipt.

2. Government grants represented the amount received in the current year towards certain research and development activities.

6. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

7. LOSS PER SHARE

The calculations of the basic loss per share are based on Group's loss attributable to the ordinary equity holders of the Company of approximately RMB7,356,000 (2007: RMB12,856,000) and on the weighted average of 340,507,000 (2007: 339,577,000) shares in issue during the year.

No diluted loss per share has been presented as there were no diluting events existed during the two years ended 31 December 2008.

8. TRADE RECEIVABLES

Trade receivables consisted of:

	2008	2007
	RMB'000	*RMB'000*
Trade receivables	**56,156**	48,184
Less: Impairment losses	**(16,395)**	(12,999)
	39,761	35,185

There were no specific credit terms granted to the customers. Aging analysis of the trade receivables net of impairment losses is as follows:

	2008	2007
	RMB'000	*RMB'000*
Less than one year	**38,901**	34,086
Over one year but less than two years	**860**	1,099
	39,761	35,185

9. TRADE AND OTHER PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Trade payables	**6,160**	2,300
Other payables and accruals	**22,858**	69,534
	29,018	71,834

Aging analysis of the trade payables is as follows:

	2008	2007
	RMB'000	*RMB'000*
Less than one year	**5,797**	1,847
Over one year but less than two years	**303**	154
Over two years but less than three years	**5**	299
More than three years	**55**	–
	6,160	2,300

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2008 (2007: Nil).

CLOSURE OF H SHARE REGISTER

In order to convene the Annual General Meeting, the H share register of shareholders of the Company will be closed from 23 April 2009 to 22 May 2009 (both days inclusive), during which no transfer of H shares will be effected.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

1. Review of operating results for the year

For the year ended 31 December 2008, the consolidated turnover of the Group was approximately RMB121,547,000, representing an decrease of approximately RMB9,895,000, or approximately 7.53% as compared with that of 2007.

The net loss attributable to equity holders of the Company for the year ended 31 December 2008 was approximately RMB7,356,000, comparing to the net loss attributable to equity holders of the Company for the year ended 31 December 2007 of approximately RMB12,856,000.

The main reasons for the results for the year are:

(1) during the year, owing to the restructuring and business adjustment of major telecom operators, the external operating environment of the Company was changed and thus affected the Company's business; and

(2) during the year, the Company increased investment in research and development which had a direct impact on the results for this year.

2. Product and business development

During the year under review, the Group has made tremendous efforts on research of new products and development of new businesses, with a view to lay a solid foundation for sustainable growth of the Group. Leveraging on its strong connection with the operators, the Group conducted in-depth research on decoding of information data and thus developed correlated product of Precision Market System ("PMS"), thereby providing a large number of enterprises with the precision market platform. The Group also conducted research and development on new products including enterprise TV, menhutong (門戶通) and real-time messengers (實時通), to help enterprises shape their brands and expand their businesses through the Internet.

During the year under review, the Group mainly focused on value-added communication businesses, application businesses and system integration businesses. As for value-added businesses, a number of products based on the Number 114 Bai Shi Tong service provided by China Telecom, such as enterprise Bai Shi Tong alliance, enterprise SMS business card, personal communication assistant, map business card, missed call notification, 114 business information, industrial and commercial information platform and Zhejiang Ruyi Quanquan, were comprehensively launched in Zhejiang Province and gradually expanding to adjacent provinces where some have even commenced operations. As for application businesses, the Group mainly provided management information support as well as development and system maintenance for related software to telecommunications operator. In addition, we also provide purchase, installation and maintenance services for system information project and system networking products.

3. Investment and cooperation

During the year, for the purpose of business restructuring, the Group disposed of its 78% equity interests in 浙江天信科技發展有限公司, the entire equity interests in 杭州大篷車影視傳播有限公司 and 9% equity interests in Zhejiang Lande Congheng Network Service Company Limited. Meanwhile, the Group also established 杭州英納特信息科技有限公司 for the development of enterprise TV Station business.

4. Employees information

As at 31 December 2008, the Group had approximately 420 (2007: 370) employees in total. The total staff costs of the Group for the year amounted to approximately RMB20,886,000 (2007: RMB14,319,000).

The Group's human resources management strategy is formulated in accordance with the Group's development strategy and long term goal. Being an important constituent making up the Group's collective development strategy, human resources strategy gives the fundamental support and impulsive effect to make the Group's collective strategy to be realized. The entire infrastructure of human resources management is built up in accordance with the Group's integral strategy and vision. 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. By conducting training needs assessment, the Group invited professional consulting firms to design training system and deliver courses. 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 could have more and better development only if employees were upgraded substantially.

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

REVIEW OF FINANCIAL POSITIONS

- The Group maintained creditable financial conditions. For the year ended 31 December 2008, the Group was mainly financed by proceeds generated from daily operations.
- As at 31 December 2008, the Group's cash and bank deposits balances amounted to approximately RMB25,428,000 (2007: RMB13,955,000).
- As at 31 December 2008, the Group had no short-term borrowings (2007: Nil).
- As at 31 December 2008, the Group had a total asset value of approximately RMB131,341,000 (2007: RMB179,796,000).
- As at 31 December 2008, the Group had current liabilities of approximately RMB32,355,000 (2007: RMB78,568,000).
- As at 31 December 2008, the Group had shareholders' equity of approximately RMB86,231,000 (2007: RMB87,308,000).
- As at 31 December 2008, the Group had minority interests of approximately RMB12,755,000 (2007: RMB13,920,000).
- As at 31 December 2008, the Group had a gearing ratio (i.e. the ratio of liabilities to total assets) of approximately 24.63% (2007: 43.70%).
- As at 31 December 2008, the Group had a net current ratio (i.e. the ratio of current liabilities to current assets) of approximately 26.14% (2007: 50.10%).
- 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 2008, the Group had no bank deposits pledged to secure general banking facilities granted to the Group (2007: Nil).

- During the year ended 31 December 2006, the Company entered into a series of agreements, with the related parties over which directors of the Company have control to provide corporate guarantee to banks with respect to the loan facilities granted to two such related parties of a maximum amount of RMB80,000,000 in aggregate and another related party will provide corporate guarantee to banks with respect to the loan facilities granted to the Company of a maximum amount of RMB100,000,000.

  As at 31 December 2008 and 2007, none of the loan facilities guaranteed by the Company have been utilised.

FUTURE PROSPECTS

1. Orders in hand/Status in sales contract

Our value-added service business has a large customer base and maintains a stable source of customers, the respective business contracts of which will continue to be implemented. For instance, we recorded stable revenue in our Telecom Number 114 Bai Shi Tong service and Zhejiang Ruyi Quanquan and are expanding our value-added business into other provinces and developing the client base for our value-added business as planned. For application services, we have a stable client base in the three major telecom operators and they have intention to enter into contracts in relation to system maintenance services and technical support as well as contracts in relation to development of subsequent new products every year. In particular the restructuring and business adjustment of the three major telecom operators will provide potential substantial demand on software upgrading and development of new software system to allow them to switch to the new environment. Given such existing customers, we will enter into contracts in relation to the sourcing, installation and maintenance services for system integration projects and system network equipment.

2. Prospects of new business and new products

Through the use of self-developed in-depth information decoding know-how and by leveraging on its competitive edge in telecommunication and correlation of consumer behaviours, the Company has developed a precision marketing system ("PMS") which combines precision advertising, customer leading, customer care and effect assessment all in one. PMS offers services such as related information delivery, industry promotion, customer care and keyword bidding.

Related information delivery: when a 114 user calls to enquire specific enterprise information, the system will, following that enquiry, deliver advertisements and promotion information of related enterprises of both the upper and lower stream to that user on a one query one follow-up basis.

Industry promotion: it uses business intelligence technology to fully explore existing telecommunication resources. Enterprises may advertise to users by distributing enterprise information through leading industry websites or related industry websites.

Customer care: it provides data analysis on all customer calls for enterprises (such as analysis on terminal nature and monthly telephone traffic trend, regional analysis, analysis on proportion of new and existing customers) as well as customer list, short returning message and free call services.

Keyword bidding: keyword bidding is a service with which an enterprise customer, on signing an agreement with Number 114 Bi Shi Tong, is privileged to choose from a few keywords that best define its principal products and services (and bid a price for each keyword) to advertise on the 114 Broadcasting System for a certain quota of opportunity. When a 114 user calls in to query on these keywords, the advertisement of the enterprise customer will be played to the user for that quota of opportunity. How often the advertisement of the enterprise customer is played depends on how much it bid for the keywords, and it is free to adjust such bidding or to add or delete a keyword or pause the broadcasting of it.

PMS has received positive customer feedback since preliminary launch thanks to its precision customer positioning, accurate information distribution and powerful data support. It provides a promising market prospect and will become a core product of the Company in future.

The newly-developed Zhanshibao Enterprise TV Station, Enterprise On-line Communication Platform and Portal Enterprise Customer Platform provide enterprises with Internet image packaging and channel expansion services and attract potential enterprise customers. These products promote, among others, the products, image, culture, services and brands of such enterprises on their websites in the form of clear videos, so as to produce a more direct visual effect on customers. Customers can gain larger return with small investment, which also represents a good opportunity for the Company. The future prospect of these products is promising.

In face of restructuring and business adjustment of telecom operators, our application business has to adapt to such changes in relation to software upgrading and development of new software for the telecom operators.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2008 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 2008.

CORPORATE GOVERNANCE

During the year ended 31 December 2008, the Company complied, in all material aspects, with all the code provisions set out in the Code on Corporate Practices as contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

On behalf of Board
Chen Ping
Chairman

Hangzhou, the PRC, 27 March 2009

As at the date of this announcement, the Board comprises six executive directors, being Mr. Chen Ping, Mr. Shi Lie, Mr. Chao Hong Bo, Ms. Geng Hui, Mr. Hu Yang Jun and Mr. Xia Zhen Hai, 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 for at least 7 days from the day of its posting.