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**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)**

**DISCLOSEABLE TRANSACTION INVOLVING THE TRANSFER OF  
THE EXCLUSIVE RIGHT TO PURCHASE EQUITY INTEREST  
IN ZHEJIANG TIANXIN AND  
TERMINATION OF THE TIANXIN STRUCTURE CONTRACTS**

**DISCLOSEABLE TRANSACTION INVOLVING THE TRANSFER OF THE EXCLUSIVE  
RIGHT TO PURCHASE EQUITY INTEREST IN ZHEJIANG TIANXIN AND  
TERMINATION OF THE TIANXIN STRUCTURE CONTRACTS**

**Transfer of the exclusive right to purchase 78% equity interest in Zhejiang Tianxin**

Reference is made to the announcement of the Company dated 15 June 2006 in relation to, among other matters, the entering into of the Tianxin Structure Contracts. The Board hereby announces that on 16 June 2008, the Company exercised the exclusive right to purchase under the Tianxin Exclusive Right to Purchase Contract by serving an exercise notice to Zhejiang Tianxin and Zhejiang Tianxin (Shareholders). On the same date, the Company entered into the Rights Transfer Agreement with Zhejiang Tian'ai, an Independent Third Party, pursuant to which, amongst others, the Company appointed Zhejiang Tian'ai as its designee to acquire 78% equity interest in Zhejiang Tianxin (a company which has been deemed to be a subsidiary of the Company pursuant to the Tianxin Structure Contracts dated 14 June 2006) from Ms. Tao Tsaiyun in accordance with the terms of the Tianxin Exclusive Right to Purchase Contract. In consideration of the Company's transfer of the right to purchase the 78% equity interest in Zhejiang Tianxin, Zhejiang Tian'ai agreed to pay the Company a cash consideration of RMB14,000,000 (approximately HK\$15,694,000). Zhejiang Tian'ai and Ms. Tao Tsaiyun entered into an equity transfer agreement on 16 June 2008 pursuant to which Zhejiang Tian'ai agreed to purchase and Ms. Tao Tsaiyun agreed to sell the 78% equity interest in Zhejiang Tianxin.

According to the GEM Listing Rules, the entering into of the Rights Transfer Agreement constitutes a discloseable transaction of the Company. A circular containing, *inter alia*, details of the Rights Transfer Agreement and the transactions contemplated thereunder will be despatched to the Shareholders pursuant to Rule 19.38 of the GEM Listing Rules.

## **Termination of the Tianxin Structure Contracts**

The Board hereby announces that on 16 June 2008, the Company entered into the Termination Agreement with Zhejiang Tianxin and Zhejiang Tianxin (Shareholders), pursuant to which, amongst others, all constituent contracts and documents of the Tianxin Structure Contracts were terminated and ceased to have any effect on the date of the Termination Agreement. The Company ceased to have control over Zhejiang Tianxin and Zhejiang Tianxin was no longer deemed to be a subsidiary of the Company upon termination of the Tianxin Structure Contracts.

## **DISCLOSEABLE TRANSACTION INVOLVING THE TRANSFER OF THE EXCLUSIVE RIGHT TO PURCHASE EQUITY INTEREST IN ZHEJIANG TIANXIN AND TERMINATION OF THE TIANXIN STRUCTURE CONTRACTS**

### **Transfer of the exclusive right to purchase 78% equity interest in Zhejiang Tianxin**

#### *Background*

Reference is made to the announcement of the Company dated 15 June 2006 in relation to, among other matters, the entering into of the Tianxin Structure Contracts.

Pursuant to the terms of the Tianxin Exclusive Right to Purchase Contract, the Company was granted an exclusive right at a consideration of RMB10,000,000 to purchase up to but not exceeding 78% equity interest in Zhejiang Tianxin at any time subject to the lifting of the restrictions under the relevant PRC laws, rules and regulations against foreign investment in PRC enterprises engaged in the Business. Alternatively, the Company may exercise the said exclusive right and designate another party to purchase the 78% equity interest in Zhejiang Tianxin.

The PRC legal advisers of the Company have confirmed that as of the date of this announcement, the Company is still subject to the restriction under the relevant PRC laws, rules and regulations against foreign investment in PRC enterprises which are engaged in the Business and is unable to acquire 78% equity interest in Zhejiang Tianxin.

#### *Rights Transfer Agreement*

A brief summary of the terms of the Rights Transfer Agreement are set out as follows:

Date: 16 June 2008

Parties: The Company  
Zhejiang Tian'ai

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Zhejiang Tian'ai and its ultimate beneficial owners are Independent Third Parties.

**Terms:** Pursuant to the Rights Transfer Agreement, the Company appointed Zhejiang Tian'ai as its designee, which shall acquire from Ms. Tao Tsaiyun 78% equity interest in Zhejiang Tianxin upon the Company's exercise of the exclusive right to purchase (pursuant to the Tianxin Exclusive Right to Purchase Contract) by serving an exercise notice to Zhejiang Tianxin and Zhejiang Tianxin (Shareholders).

On the same date, (i) the Company served an exercise notice to Zhejiang Tianxin and Zhejiang Tianxin (Shareholders) and confirmations of receipt thereof from all recipients were received; and (ii) Zhejiang Tian'ai and Ms. Tao Tsaiyun entered into an equity transfer agreement whereby Zhejiang Tian'ai agreed to purchase and Ms. Tao Tsaiyun agreed to sell the 78% equity interest in Zhejiang Tianxin.

As confirmed by the PRC legal advisers of the Company, Zhejiang Tian'ai is a domestic enterprise and is therefore not subject to the restriction against foreign investment in PRC enterprises which are engaged in the Business and is able to acquire 78% equity interest in Zhejiang Tianxin.

**Consideration :** Zhejiang Tian'ai agreed to pay the Company a cash consideration of RMB14,000,000 (approximately HK\$15,694,000) as a result of the Company's disposal of the right to purchase the 78% equity interest in Zhejiang Tianxin within 30 days from the date of the Rights Transfer Agreement. The consideration of RMB14,000,000 (approximately HK\$15,694,000) was determined after arm's length negotiations with reference to the audited net asset value of Zhejiang Tianxin for the year ended 31 December 2007 prepared under accounting principles generally accepted in PRC (the "PRC GAAP") of approximately RMB7,763,000 (approximately HK\$8,702,000) and represents a premium of approximately 131% of 78% of such net asset value (approximately RMB6,055,000 (approximately HK\$6,788,000)).

In determining the consideration of the disposal of the right to purchase 78% equity interest in Zhejiang Tianxin, the Company took into account the following factors:

- (i) Pursuant to the Tianxin Exclusive Right to Purchase Contract, the Company had paid RMB10 million as consideration to Ms. Tao Tsaiyun for the right to acquire 78% equity interest in Zhejiang Tianxin; and
- (ii) Zhejiang Tian'ai, based on its own understanding of the business of Zhejiang Tianxin, was of the view that RMB14 million reflected the current commercial value of Zhejiang Tianxin and which was acceptable to them.

**Use of the proceeds:** As confirmed by the Directors, the Company intends to apply the net proceeds of RMB14,000,000 (approximately HK\$15,694,000) derived from the disposal of the right to purchase 78% equity interest in Zhejiang Tianxin for general working capital purposes.

## Termination of the Tianxin Structure Contracts

A brief summary of the terms of the Termination Agreement are set out as follows:

Date:	16 June 2008
Parties:	The Company Zhejiang Tianxin Zhejiang Tianxin (Shareholders)
Terms:	Pursuant to the Termination Agreement, all constituent contracts and documents of the Tianxin Structure Contracts were terminated and ceased to have any effect on the date of the Termination Agreement. The Company ceased to have control over Zhejiang Tianxin and Zhejiang Tianxin was no longer deemed to be a subsidiary of the Company upon termination of the Tianxin Structure Contracts. No consideration was involved in the Termination Agreement.

## Information about Zhejiang Tianxin

Zhejiang Tianxin is a company incorporated in the PRC on 5 September 2003 and is engaged in technology development, provision of technology services and technology consultation in respect of computer software and internet technology, retail, wholesale and foreign investment involving computers and computer accessories, communication equipment, communication products and electronic products. Prior to the date of the Rights Transfer Agreement, its shareholding was held as to 78%, 10%, 8%, 3% and 1% by Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min.

The Tianxin Structure Contracts provided the Company with effective control over and (to the extent permitted by the relevant PRC laws, rules and regulations) the right to acquire the equity interest of Zhejiang Tianxin. The arrangements under the Tianxin Structure Contracts, taken as a whole, permitted the results and financial position of Zhejiang Tianxin to be consolidated with the Company as if it was a subsidiary of the Company and that the economic benefit of the businesses of Zhejiang Tianxin and its subsidiaries flows to the Company. Upon termination of the Tianxin Structure Contracts on 16 June 2008, the Company ceased to have control over Zhejiang Tianxin and Zhejiang Tianxin was no longer deemed to be a subsidiary of the Company and as a result, the results and financial position of Zhejiang Tianxin will no longer be consolidated with that of the Company.

The audited net asset value of Zhejiang Tianxin as at 31 December 2007, prepared under the PRC GAAP, was approximately RMB7,763,000 (approximately HK\$8,702,000).

The table below sets out the audited loss before and after taxation for Zhejiang Tianxin for each of the two years ended 31 December 2007, prepared under the PRC GAAP.

<b>Zhejiang Tianxin</b>	<b>Year ended 31 December 2006 RMB</b>	<b>Year ended 31 December 2007 RMB</b>
Loss before taxation	1,627,000	3,942,000
Loss after taxation	1,627,000	3,942,000

The losses before taxation attributable to Zhejiang Tianxin for each of the two years ended 31 December 2007 prepared under the PRC GAAP were approximately RMB1,627,000 and RMB3,942,000 (approximately HK\$1,824,000 and HK\$4,419,000) respectively. The losses after taxation attributable to Zhejiang Tianxin for each of the two years ended 31 December 2007 prepared under the PRC GAAP were approximately RMB1,627,000 and RMB3,942,000 (approximately HK\$1,824,000 and HK\$4,419,000) respectively.

The Company transferred the right to purchase the 78% equity interest in Zhejiang Tianxin at a consideration of RMB14,000,000 (approximately HK\$15,694,000) and incurred a gain of approximately RMB7,945,000 (approximately HK\$8,906,000) prepared under the PRC GAAP.

The gain on disposal is calculated on the basis of the consideration of RMB14 million (approximately HK\$15,694,000) less the Company's 78% share of the audited net asset value (RMB6,055,000 (approximately HK\$6,788,000)) prepared under the PRC GAAP, of Zhejiang Tianxin as at 31 December 2007.

### **Information about Zhejiang Tian'ai**

Zhejiang Tian'ai is a company incorporated in the PRC on 23 October 2006 and is mainly engaged in development of computer software technology and provision of technology information consulting services.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Zhejiang Tian'ai and its ultimate beneficial owners are Independent Third Parties.

### **Information about the Group**

The Group's principal activities are the provision of telecommunication solutions, trading of hardware and computer software and investment holdings.

The audited turnover of the Group for each of the two years ended 31 December 2006 and 31 December 2007 were approximately RMB163,752,000 and approximately RMB131,442,000 respectively.

The audited net loss of the Group for the year ended 31 December 2006 was approximately RMB21,017,000. The audited net loss of the Group for the year ended 31 December 2007 was approximately RMB12,856,000.

The audited net asset value (excluding minority interests) of the Group as at 31 December 2006 and 31 December 2007 were approximately RMB100,164,000 and approximately RMB87,308,000 respectively.

## **Reasons for the transfer of the right to acquire 78% equity interest in Zhejiang Tianxin to Zhejiang Tian'ai**

The Board is of the view that the transfer of the Company's rights to acquire 78% equity interest in Zhejiang Tianxin shall reduce the financial and operating risks of the Company after taking into consideration various factors. The main factors are that the current operations of Zhejiang Tianxin and market prospects of the internet audio-visual business are not favourable to the Company as Zhejiang Tianxin will need a large amount of capital in order to maintain its operations and for future development of its business and the Company is of the view that in the short term, this may be difficult. In addition, operating risks of Zhejiang Tianxin have increased due to the relevant PRC authorities tightening their control over the internet audio-visual business as well as potential intellectual property disputes.

In view of the above, the Board believes that the terms of the Rights Transfer Agreement are negotiated on arm's length basis, fair and reasonable and in the interests of the Shareholders as a whole.

### **Discloseable Transaction**

According to the GEM Listing Rules, the entering into the Rights Transfer Agreement constitutes a discloseable transaction of the Company.

A circular containing, *inter alia*, details of the Rights Transfer Agreement will be dispatched to the Shareholders pursuant to Rule 19.38 of the GEM Listing Rules.

### **DEFINITIONS**

In this announcement, the following expressions shall have the following meaning unless the context requires otherwise:

“Board”	the board of Directors
“Business”	the value-added telecommunications business in the PRC, including the telecommunications and information services provided by means of public network infrastructure which improves the economic performance and functional value of the network. The value-added telecommunications services that are widely provided in the PRC include electronic mails, video text, electronic data interchange (EDI), fax store and forward, online database search and internet;
“Company”	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 under the laws of the PRC, whose H Shares are listed on the GEM;
“Director(s)”	the director(s) of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;



“HK\$”	the lawful currency of Hong Kong;
“Independent Third Parties”	to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, any person who is not connected to any director, supervisor, chief executive, promoter, substantial shareholder or management shareholder (both as defined in the GEM Listing Rules) of the Company or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules), nor a connected person (as defined in the GEM Listing Rules);
“PRC”	the People’s Republic of China;
“Rights Transfer Agreement”	the transfer agreement in respect of the right to purchase of 78% equity interest in Zhejiang Tianxin dated 16 June 2008 entered into between the Company and Zhejiang Tian’ ai, the principal terms of which are set out in the paragraph headed “Transfer of the exclusive right to purchase 78% equity interest in Zhejiang Tianxin” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Agreement”	the termination agreement to the Tianxin Structure Contracts dated 16 June 2008 entered into among the Company, Zhejiang Tianxin and Zhejiang Tianxin (Shareholders), the principal terms of which are set out in the paragraph headed “Termination of the Tianxin Structure Contracts” in this announcement;
“Tianxin Exclusive Right to Purchase Contract”	the exclusive right to purchase contract among the Company, Zhejiang Tianxin and Zhejiang Tianxin (Shareholders) dated 14 June 2006;
“Tianxin Structure Contracts”	a suite of contracts and documents all dated 14 June 2006 entered into by/between/among the Company and/or Zhejiang Tianxin and/or Zhejiang Tianxin (Shareholders) (as the case may be);
“Zhejiang Tian’ ai”	浙江天艾信息技術有限公司 (Zhejiang Tian’ ai Information Technology Co. Ltd.*), an Independent Third Party of the Group, further particulars of which are set out in the paragraph headed “Information about Zhejiang Tian’ ai” in this announcement;
“Zhejiang Tianxin”	浙江天信科技發展有限公司 (Zhejiang Tianxin Science and Technology Development Company Limited*), a company incorporated in the PRC on 5 September 2003 and prior to the date of the Rights Transfer Agreement, its shareholdings was held as to 78%, 10%, 8%, 3% and 1% by Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu Keman and Mr. Weng Min;

“Zhejiang Tianxin  
(Shareholders)”

Ms. Tao Tsaiyun, Mr. Guo Qing, Mr. Wu Weimin, Mr. Yu  
Keman and Mr. Weng Min; and

“%”

per cent.

By order of the Board  
**Chen Ping**  
Chairman

Hangzhou, the PRC, 16 June 2008

*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. Guo Yu Lin.*

*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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.*

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\* For identification purpose only