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If you have sold or transferred all your shares in Zheda Lande Scitech Limited*, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.



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

A letter from the board of directors of Zheda Lande Scitech Limited* is set on pages 4 to 9 of this circular.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at www.landpage.com.cn.

* For identification purpose only

7 July 2008

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

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

The principal means of information dissemination on GEM is publication on the Internet website operated by The Stock Exchange of Hong Kong Limited. Listed companies are not generally required to issue paid announcements in gazetted in newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issues.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“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;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“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);

* For identification purpose only

DEFINITIONS

“Latest Practicable Date”	3 July 2008;
“PRC”	the People’s Republic of China;
“PRC GAAP”	the accounting principles generally accepted in the PRC;
“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 “Rights Transfer Agreement” in this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholders”	the shareholders of the Company;
“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 circular;
“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 circular;

* For identification purpose only

DEFINITIONS

“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.

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Ping (*Chairman*)
Mr. Shi Lie
Mr. Chao Hong Bo
Ms. Geng Hui
Mr. Hu Yang Jun
Mr. Xia Zhen Hai

Independent non-executive Directors:

Mr. Zhang De Xin
Mr. Cai Xiao Fu
Mr. Gu Yu Lin

Head office and registered office:

1/F-4/F, Block 3
108 Gu Cui Road
Hangzhou City
PRC

Place of business in Hong Kong:

Units 1116-1119
Sun Hung Kai Center
30 Harbour Road
Wanchai
Hong Kong

7 July 2008

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION INVOLVING THE TRANSFER OF THE EXCLUSIVE RIGHT TO PURCHASE EQUITY INTEREST IN ZHEJIANG TIANXIN

INTRODUCTION

On 16 June 2008, it was announced that (i) 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 Tianxian (Shareholders); and (ii) the Company entered into the Rights Transfer Agreement with Zhejiang Tian'ai, an Independent Third Party, pursuant to which the Company appointed Zhejiang Tian'ai as its designee to acquire from Ms. Tao Tsaiyun 78% equity interest in Zhejiang Tianxin 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).

* For identification purpose only

LETTER FROM THE BOARD

According to the Chapter 19 of the GEM Listing Rules, the entering into of the Rights Transfer Agreement constitutes a discloseable transaction of the Company. The purpose of this circular is to provide you with further details relating to the Rights Transfer Agreement and the transactions contemplated thereunder.

BACKGROUND

Pursuant to the terms of the Tianxin Exclusive Right to Purchase Contract (which forms part of the Tianxin Structure Contracts), 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

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 enquiries, 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.

LETTER FROM THE BOARD

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 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.

LETTER FROM THE BOARD

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.

	Year ended 31 December 2006 RMB	Year ended 31 December 2007 RMB
Zhejiang Tianxin		
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 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.

LETTER FROM THE BOARD

The gain on disposal is calculated on the basis of the consideration of RMB14,000,000 (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 the 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.

REASONS FOR ENTERING INTO THE RIGHTS TRANSFER AGREEMENT

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.

As a result of the disposal of Zhejiang Tianxin, the net asset value of the Group will increase by an amount of not exceeding approximately RMB7,945,000 (approximately HK\$8,906,000), which represents the excess of consideration of RMB14 million (approximately HK\$15,694,000) received or receivable over the Group's 78% share of the audited net asset value of approximately RMB6,055,000 (approximately HK\$6,788,000) of Zhejiang Tianxin, prepared under the PRC GAAP, disposed of. As a result of the disposal of Zhejiang Tianxin, the total assets and the total liabilities of the Group will decrease by approximately RMB22,672,000 (approximately HK\$25,414,000) and RMB28,909,000 (approximately HK\$32,406,000), prepared under PRC GAAP, respectively.

The disposal of Zhejiang Tianxin will incur a gain of not exceeding approximately RMB7,945,000 (approximately HK\$8,906,000) to the Company, prepared under PRC GAAP, and is not expected to have any negative effect on the earnings of the Group.

LETTER FROM THE BOARD

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.

DISCLOSEABLE TRANSACTION

According to Chapter 19 of the GEM Listing Rules, the entering into of the Rights Transfer Agreement constitutes a discloseable transaction of the Company.

FURTHER INFORMATION

Your attention is drawn to the additional information as set out in the Appendix.

Yours faithfully,
By order of the Board
Zheda Lande Scitech Limited*
Chen Ping
Chairman

* For identification purpose only

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material aspects and not misleading;
- (b) there are no other matters the omission of which would make any statement herein misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors, supervisors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 and 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 rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares, underlying shares and debentures of the Company:

Name	Type of interests	Capacity	Number of domestic shares held	Percentage of
				beneficial interests in the Company's share capital
Director				
Chen Ping	Personal	Beneficial owner	36,392,320	10.72%
Chief Executive Officer				
Liu Qiao Ping	Personal	Beneficial owner	10,235,340	3.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors or chief executives of the Company had registered an interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have 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 which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT PERSONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as the Directors, supervisors and chief executives are aware, the persons (other than Directors, supervisors or chief executives of the Company) who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO or who are 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 other member of the Group are as follows:

Long positions in the shares, underlying shares and debentures of the Company:

Shareholder	Capacity	Number of shares held	Percentage of beneficial interests in the Company's share capital
Insignia Technology Co. Ltd.	Beneficial owner	81,802,637 domestic shares	24.10%
Guoheng Shengxing Media Science Group Company Limited	Beneficial owner	34,117,800 domestic shares	10.05%
Mr. Fong For	Beneficial owner	21,735,000 H shares	6.40%
Mr. Shi Chun Hua	Beneficial owner	16,490,280 domestic shares	4.86%
Mr. Wu Zhong Hao	Beneficial owner	16,490,280 domestic shares	4.86%

On 23 July 2007, the Company's four shareholders, namely Mr. Shi Chun Hua, Mr. Wang Jin Cheng, Mr. Chen Chun, and Mr. Huo Zhong Hui, had respectively entered into the sale and purchase agreements (the "S&P Agreements") with a subscriber, Shanghai Longtail Investment Management Co., Ltd (the "Subscriber"). Pursuant to the S&P Agreements, the shareholders concerned agreed to sell and the Subscriber agreed to purchase an aggregate of 17,148,638 shares of the Company. The resolution for the transfer was reviewed and approved by the Company in the extraordinary general meeting held on 12 October 2007.

On 23 July 2007, the Company also entered into the capital increase and subscription agreement (the "Subscription Agreement") with the Subscriber. Pursuant to the Subscription Agreement, the Company agreed to (i) increase its registered share capital from RMB33,957,700 to RMB35,654,617; and (ii) allot and issue 16,969,170 shares to the Subscriber at a price of RMB0.37 per share.

For details of the transactions, please refer to the Company's announcement issued on 24 July 2007.

The completion of the transactions and, hence, the change in shareholding structure are subject to the approval of the Ministry of Commerce of the PRC.

Save as disclosed above, the Directors are not aware of any person (other than the Directors, supervisors or chief executives of the Company) who, as at the Latest Practicable Date, has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which will be recorded in the register required to be kept under section 336 of the SFO, or who is 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 other member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

5. DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service agreement with the Company.

Each of Mr. Xia Zhen Hai and Ms. Geng Hui entered into a service agreement with the Company for an initial term of three years commencing on 20 September 2007 and the service agreements between the Company and each of Mr. Chen Ping, Mr. Chao Hong Bo, Mr. Hu Yang Jun, Mr. Shi Lie, Mr. Cai Xiao Fu, Mr. Zhang De Xin and Mr. Giu Yu Lin were renewed on 20 September 2007 at the following remuneration:

Name of Director	Office	Remuneration <i>(RMB per annum)</i>
Mr. Chen Ping	Executive Director	nil
Mr. Chao Hong Bo	Executive Director	20,000
Mr. Hu Yong Jun	Executive Director	20,000
Ms. Geng Hui	Executive Director	20,000
Mr. Shi Lie	Executive Director	20,000
Mr. Xia Zhen Hai	Executive Director	20,000
Mr. Gu Yu Lin	Independent Non-executive Director	10,000
Mr. Cai Xiao Fu	Independent Non-executive Director	10,000
Mr. Zhang De Xin	Independent Non-executive Director	10,000

Such remuneration does not include any bonus and is equivalent to the current remuneration of the Director.

All appointments are subject to termination in certain circumstances as stipulated in the relevant service agreement. In the event that the appointment of the Director is terminated in the annual general meeting of the Company without any reason, the relevant Director may claim for compensation from the Company.

As at the Latest Practicable Date, none of the above service agreements has been terminated.

Save as disclosed above, as at the Latest Practicable Date, there is no other existing service agreement entered into or proposed service agreement to be entered into between any Director and any member of the Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. GENERAL

- (a) The registered office of the Company is located at 4th Floor, 108 Gu Cui Road, Hangzhou City, PRC.
- (b) The principal place of business of the Company in Hong Kong is located at Units 1116-1119, Sun Hung Kai Center, 30 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Hong Kong Registrars Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The qualified accountant and the company secretary of the Company is Miss Chan Ching Yi, Yvonne who is the fellow member of The Association of Chartered Certified Accountants.
- (e) The compliance officer of the Company is Mr. Chao Hong Bo who is also an executive Director. Mr. Chao Hong Bo does not have any professional qualification.
- (f) The Company has 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 primary duties of the audit committee of the Company are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee comprises the three independent non-executive Directors, namely Mr. Gu Yu Lin, Mr. Zhang De Xin and Mr. Cai Xiao Fu, whereas Mr. Gu Yu Lin is the chairman.

Mr. Gu Yu Lin, aged 37, graduated from the Faculty of Finance and Accounting of Fudan University in June 1997. Mr. Gu is an assistant accountant. Mr. Gu is currently working in the general office of Zhejiang University. He has been the independent supervisor of the Company before and was appointed as an independent non-executive director since September 2004. Mr. Gu is the chairman of the audit committee of the Company.

Mr. Zhang De Xin, aged 77, graduated from the faculty of Electrical & Mechanical Engineering at Zhejiang University in July 1953 and at Tsing Hua University in June 1956 respectively. He attended Illinois Institute of Technology in the United States from June 1982 to May 1984 to conduct research in the fields of Electrical & Mechanical as well as Computer Engineering. Professor Zhang has served as a professor at Zhejiang University's faculties of Electrical & Mechanical Engineering, Wireless Engineering and Computer Science for 37 years since 1956. He has also been a committee member of Zhejiang Political Consultative Conference for two terms in 1988 and 1993. Moreover, Professor Zhang has been involved in numerous research projects and studies in computing networks. Professor Zhang is awarded winner of the Zhejiang Province Science and Technology Advancement in 1989, 1991 and 1993 for three times. Mr. Zhang joined the Company in October 2001.

Mr. Cai Xiao Fu, aged 68, is a senior engineer and the chairman of Zhejiang Province Software Industry Association, inspecting and monitoring the development of Zhejiang Province IT industry. Mr. Cai graduated from Tsing Hua University's faculty of Control Automation in July 1963. He attended the Polytechnic of Cranfield in the United Kingdom during October 1981 to January 1984 to research aeronautics and computer simulation devices. Mr. Cai joined the Company in October 2001.

Save as disclosed above, each of the audit committee members has not held any directorship in any company listed on the Stock Exchange or other stock exchanges in the past three years.

- (g) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.