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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)

CONNECTED TRANSACTION

The Board announces that after the trading hours on 20 December 2007, (1) Lan Chuang, a 85% owned subsidiary of the Company pursuant to the Lan Chuang Structure Contracts, entered into the Capital Increase Agreement with Mr. Jin, the Other Shareholders and the Company, pursuant to which Mr. Jin and the Other Shareholders agreed to make capital contributions for the increase in the registered capital of Lan Chuang from RMB5,000,000 to RMB10,000,000; (2) the Company, Lan Chuang, Mr. Jin and the Other Shareholders entered into the Supplemental Lan Chuang Framework Contract to amend certain terms in the Lan Chuang Structure Contracts; and (3) the Company and Mr. Jin entered into the Loan Agreement pursuant to which the Company agreed to provide the Loan to Mr. Jin in an amount of RMB4,250,000 (approximately HK\$4,500,000) with nil interest for injection of capital into Lan Chuang.

Mr. Jin is a member of the senior management of the Company holding the position of vice-president of the Company. Moreover, Mr. Jin is an initial management shareholder of the Company as disclosed on page 113 of the Company's initial public offering prospectus dated 24 April 2002, and accordingly, Mr. Jin is a Connected Person by virtue of Rule 20.11 of the GEM Listing Rules. As a result, the Loan constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Based on the percentage ratio applicable to the Loan, the Loan constitutes a connected transaction exempted from independent shareholders' approval and subject to reporting and announcement requirements pursuant to Rule 20.66 of the GEM Listing Rules. Shareholders' approval is however required pursuant to Article 135 of the Articles of Association of the Company in connection to any financial assistance to a member of the senior management of the Company. A notice convening the extraordinary general meeting of the Company will be dispatched to the Shareholders as soon as practicable.

Reference is made to the announcement (the "Announcement") issued by the Company on 11 December 2006 in respect of certain transactions entered into by the Company, Lan Chuang and/or Mr. Jin and the Other Shareholders (as defined below). Details of the transactions are set out in the Announcement. Unless otherwise defined, capitalised terms herein shall have the same meanings as defined in the Announcement.

The Capital Increase Agreement

Lan Chuang is currently held as to 85% by Mr. Jin (as defined below) and 5% by each of Mr. Qiu Jin-song, Mr. Gao Zhang and Mr. Lei Jian Min (together with Mr. Qiu Jin Song, Mr. Gao Zhang and Mr. Lei Jian Min, the “**Other Shareholders**”). Pursuant to an agreement (the “**Capital Increase Agreement**”) dated 20 December 2007 entered into among Lan Chuang, Mr. Jin, the Other Shareholders and the Company, the parties agreed to increase the registered capital of Lan Chuang from RMB5,000,000 to RMB10,000,000 (the “**Capital Increase**”), by injecting cash in accordance with their respective equity interests in the registered capital of Lan Chuang. Each of Mr. Jin, Mr. Qiu, Mr. Gao and Mr. Lei will therefore contribute RMB4,250,000, RMB250,000, RMB250,000 and RMB250,000 respectively in cash. Mr. Jin’s and the Other Shareholders’ respective shareholding in the registered capital of Lan Chuang shall remain as 85%, 5%, 5% and 5% respectively.

Pursuant to the Lan Chuang Structure Contracts, the Company has the right to acquire up to but not exceeding 85% equity interest in Lan Chuang and is entitled to substantially absorb all of the operating profits and residual benefits generated by Lan Chuang. Lan Chuang is also a special purpose entity under HKAS-Int 12 and is consolidated into the Company’s consolidated financial statements. As a result of the Lan Chuang Structure Contracts, Lan Chuang is considered as a subsidiary of the Company. Therefore, Mr. Jin and the Company entered into the Loan Agreement (as defined below) so that the Loan is provided to Mr. Jin for injection of capital into Lan Chuang provided that the interest in such injected capital shall belong to the Company.

The Supplemental Lan Chuang Framework Contract

The Company, Lan Chuang, Mr. Jin and the Other Shareholders entered into a supplemental contract to the Lan Chuang Framework Contract (the “**Supplemental Lan Chuang Framework Contract**”) dated 20 December 2007 to amend certain provisions of the Lan Chuang Framework Contract and its respective appendices to reflect the increase in registered capital of Lan Chuang and the adjustment of the purchase price of 85% equity interest in Lan Chuang.

The Loan Agreement

The Company and Mr. Jin entered into a loan agreement dated 20 December 2007 (the “**Loan Agreement**”) pursuant to which the Company agreed to lend to Mr. Jin (as defined below) an amount of RMB4,250,000 (the “**Loan**”) based on the summary of the terms and conditions set out below:

Parties

- (1) the Company (as the Lender)
- (2) Jin Lian Fu (as the Borrower) (“**Mr. Jin**”)

Date

20 December 2007

Loan

RMB4,250,000 (approximately HK\$4,500,000) with nil interest

Purpose of the Loan

The Loan shall be used to inject capital into Lan Chuang in its entirety, which represents 85% equity interest in Lan Chuang being held by Mr. Jin.

Conditions Precedent

The Loan is subject to fulfillment of the following conditions unless otherwise waived by the Lender:

1. Shareholders' approval in respect of the Loan Agreement and the Loan being obtained by the Company, as required by the articles of association of the Company;
2. Receipt by the Lender of the Borrower's request for Loan as set out in clause 1.2 of the Loan Agreement. Clause 1.2 provides that upon receipt of the Borrower's notice for request of Loan, the Lender shall within 10 business days deposit the Loan to the bank account designated by the Borrower;
3. Representations and warranties of the Borrower as set out in clause 3.2 of the Loan Agreement are true, complete and accurate in all respects. Clause 3.2 provides that:
 - (i) The Borrower has the requisite power and authority to enter into the Loan Agreement. The entering into and performance of the Loan Agreement by the Borrower does not violate any other legal, valid and binding agreements;
 - (ii) The Loan Agreement is a legal, valid and binding agreement on the Borrower upon signing;
 - (iii) As at the date of signing the Loan Agreement, there are no disputes, litigation, arbitration or any other legal proceedings and there are no potential disputes, litigation, arbitration or any other legal proceedings brought against the Borrower.
4. No breach of the Borrower's undertaking as set out in clause 4 of the Loan Agreement. Pursuant to Clause 4, the Borrower undertakes:
 - (i) that the entire Loan shall be used for increasing the capital of the Company;
 - (ii) that he will effectively and cautiously maintain, operate and manage, financially and commercially the business of Lan Chuang;
 - (iii) that he shall agree to set off the purchase price (RMB4,250,000) of 85% equity interest in Lan Chuang against the Loan in the event that the Company chooses to exercise its right to purchase under the Lan Chuang Exclusive Right to Purchase Contract (as defined in the Announcement) 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 Valued-Added Business (as defined in the Announcement).

As of the date of the Lan Chuang Exclusive Right to Purchase Contract and as of the date hereof, the registered capital of Lan Chuang has been RMB4,250,000. Pursuant to the Lan Chuang Exclusive Right to Purchase Contract, the Company may exercise the right to acquire 85% equity interest in Lan Chuang which amounts to RMB4,250,000 at nil consideration.

The shareholders of Lan Chuang pursuant to the Capital Increase Agreement shall agree to increase the registered capital of Lan Chuang from RMB5,000,000 to RMB10,000,000 on a pro rata basis in proportion to their existing holdings of equity interest in Lan Chuang. As such, should the Company choose to exercise the right to acquire 85% equity interest in Lan Chuang pursuant to the Lan Chuang Exclusive Right to Purchase Contract, the Company is required to pay for the purchase price in respect of 85% of the increased capital amounting to RMB4,250,000. The Loan will set off against the purchase price of such 85% of the increased registered capital of Lan Chuang.

Repayment Terms

Within 30 days upon receipt by the Borrower of a written notice of repayment of Loan request issued by the Lender.

REASONS FOR THE CAPITAL INCREASE AND THE LOAN

Lan Chuang wishes to further develop their Value-Added Business by providing Internet related services to internet users in the PRC and in order to do so, Lan Chuang is required to apply for the national Internet Content Provider licence (全網電信與信息服務業務經營許可證) (the “**ICP Licence**”). According to the relevant PRC laws and regulations, an applicant of the ICP Licence must be a company established by law with a minimum registered capital of RMB10,000,000. Since the existing registered capital of Lan Chuang is only RMB5,000,000, Mr. Jin and the Other Shareholders have agreed to increase the registered capital of Lan Chuang so that it meets the eligibility requirements for application of an ICP Licence and will be able to develop its Internet related services. Since Lan Chuang is considered as a 85% owned subsidiary of the Company pursuant to the Lan Chuang Structure Contracts, the Company has agreed to provide the Loan to Mr. Jin in order to inject more capital into Lan Chuang to achieve the level of capital required for such application.

The Company can, through the Lan Chuang Structure Contracts, recognise and receive the economic benefit of the business and operations of Lan Chuang, without being in breach of the Regulations concerning Management of Foreign-Invested Telecommunication Wireless Enterprises which states that foreign ownership percentage in a foreign-invested telecommunication wireless enterprise shall not exceed 50%. Pursuant to the Lan Chuang Structure Contracts, the Company can substantially absorb all of the operating profits and residual benefits of the businesses of Lan Chuang. The Directors (including the independent non-executive Directors) believe that the Loan and the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the GEM. The Company is principally engaged in the business of technology development and services, computer software development, internet engineering and sales of self-manufactured products.

INFORMATION ABOUT LAN CHUANG

Lan Chuang was a company incorporated in the PRC in June 2005 and is principally engaged in the business of research and development, assignment, consultation and service with respect to computer hardware and its supporting equipment, as well as in the business of the sale and data service with respect to computer hardware and its supporting equipment, telecommunication equipment and electronic devices.

Its registered capital was RMB5,000,000 in which 85% were contributed by the Mr. Jin as to RMB4,250,000. The remaining 15% share capital were contributed by Mr. Qiu Jin-song, Mr. Gao Zhan and Mr. Lei Jian Min in equal proportion, who are third parties independent of and not connected with the Company and its Connected Persons.

LISTING RULES IMPLICATIONS AND REQUIREMENTS UNDER THE ARTICLES OF ASSOCIATION OF THE COMPANY

Mr. Jin is a member of the senior management of the Company holding the position of vice-president of the Company. Moreover, Mr. Jin is an initial management shareholder of the Company as disclosed on page 113 of the Company's initial public offering prospectus dated 24 April 2002, and accordingly, Mr. Jin is a Connected Person by virtue of Rule 20.11 of the GEM Listing Rules. Accordingly, the Loan constitutes a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

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Shareholders' approval is however required pursuant to Article 135 of the articles of association of the Company (the "**Articles of Association**") in connection to any financial assistance to a member of the senior management of the Company. A notice convening the extraordinary general meeting of the Company will be dispatched to the shareholders as soon as practicable.

By Order of the Board
ZHEDA LANDE SCITECH LIMITED*
Chen Ping
Chairman

Hangzhou, the PRC, 20 December 2007

* For identification purpose only

As at the date of this announcement, the Board comprises six executive directors, being Mr. Chen Ping, Mr. Shi Lie, Mr. Chao Hong Bo, Mr. Xia Zhen Hai, Mr Hu Yang Jun and Ms. Geng Hui, and three independent non-executive directors, being Mr. Zhang De Xin, Mr. Cai Xiao Fu and Mr. Gu 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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