



SHANGHAI JIAODA WITHUB
INFORMATION INDUSTRIAL COMPANY LIMITED*

上海交大慧谷信息產業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8205)

FIRST QUARTERLY REPORT 2012

** For identification purposes only*

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

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

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This report, for which the directors (the “Directors”) of SHANGHAI JIAODA WITHUB INFORMATION INDUSTRIAL COMPANY LIMITED (the “Company”) 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 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, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The Group recorded a turnover of approximately RMB19,182,000 for the three months ended 31st March, 2012, representing an approximately 1% decrease as compared with that of the corresponding period in 2011.
- The Group recorded a loss attributable to the owner of the parent of approximately RMB4,501,000 for the three months ended 31st March, 2012. Loss attributable to the owner of the parent for the corresponding period in 2011 was approximately RMB5,260,000.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2012.

FIRST QUARTERLY RESULTS

The board of directors (the “Board” or the “Directors”) of Shanghai Jiaoda Withub Information Industrial Company Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st March, 2012, together with the unaudited comparative figures for the corresponding period in 2011 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

		For the three months ended 31st March,	
		2012	2011
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
Turnover	2	19,182	19,338
Cost of sales		(18,243)	(18,419)
Gross profit		939	919
Other revenue		46	244
Distribution expenses		(1,967)	(1,792)
Research and development expense		(869)	(2,178)
Administrative expenses		(2,211)	(1,895)
Share of results of associates		(439)	(558)
Loss before tax	3	(4,501)	(5,260)
Income tax expense		-	-
Profit (loss) for the period attributable to the owner of the parent		(4,501)	(5,260)
Exchange difference arising on translation of foreign operations and other comprehensive income (loss) for the period		-	-
Comprehensive income (loss) for the period attributable to the owner of the parent		(4,501)	(5,260)
Loss per share (in RMB)			
– Basic and diluted	5	(0.0094)	(0.0109)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

	For the three months ended 31st March,	
	2012	2011
	RMB'000	RMB'000
Loss for the period	(4,501)	(5,260)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	-	-
Total comprehensive income for the period	(4,501)	(5,260)
Attributable to:		
Owners of the parent	(4,501)	(5,260)
Non-controlling interests	(6)	(3)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31st March, 2012

	Share capital	Share premium	Capital reserve	Statutory reserves	Translation reserve	Accumulated losses	Total	Non- controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2011	48,000	61,068	16,000	223	439	(43,798)	81,932	(3)	81,929
Loss for the period	-	-	-	-	-	(5,260)	(5,260)	-	(5,260)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(5,260)	(5,260)	-	(5,260)
At 31st March, 2011	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>439</u>	<u>(49,058)</u>	<u>76,672</u>	<u>(3)</u>	<u>76,669</u>
At 31st December, 2011 and 1st January 2012	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>692</u>	<u>(42,515)</u>	<u>83,468</u>	<u>(6)</u>	<u>83,462</u>
Loss for the period	-	-	-	-	-	(4,501)	(4,501)	-	(4,501)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(4,501)	(4,501)	-	-
At 31st March, 2012	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>692</u>	<u>(47,016)</u>	<u>78,967</u>	<u>(6)</u>	<u>78,961</u>

Notes:

1. BASIS OF PRESENTATION

The Group's unaudited condensed consolidated results have been prepared in accordance with the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated results have been prepared on the historical cost basis. The accounting policies adopted in preparing the unaudited condensed consolidated results for the three months ended 31st March, 2012 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2011. The condensed consolidated results are unaudited but have been reviewed by the Company's audit committee.

2. TURNOVER

Turnover represents revenue from business solutions development, application software, network and data security products, and the sales and distribution of computers and electrical products and accessories. Turnover is stated net of valued added tax, other sales tax and returns. Revenue from provision of business solutions development, application software and network and data security products are recognised when delivery or acceptance has occurred, the fee is fixed and determinable, evidence of an arrangement exists, collection of the receivable is probable and no significant post-delivery obligations remain. Sales and distribution of computers and electrical products and accessories are recognised when goods are delivered and title has passed.

	For the three months ended 31st March,	
	2012	2011
	RMB'000	RMB'000
Business solution development	2,980	3,652
Application software	330	2,023
Network and data security products	-	-
Sales and distribution of computer and electrical products and accessories	15,872	13,663
	<u>19,182</u>	<u>19,338</u>

All of the Group's activities are conducted in the PRC. Turnover as disclosed above is net of applicable PRC business tax.

3. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the three months ended 31st March,	
	2012	2011
	RMB'000	RMB'000
Staff costs (including Directors' emoluments) comprises:		
Salaries, wages and other benefits	3,363	3,118
Contributions to retirement benefit scheme	862	779
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	4,225	3,897
Cost of inventories recognised as an expense	18,243	18,419
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4. TAX EXPENSES

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("EIT") and its Implementation Regulations, the tax rate of the Company and its subsidiaries was 25% from 1st January, 2008 onwards.

For the three months ended 31st March, 2012, there was no material unprovided deferred tax (2011 : nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31st March, 2012 is based on the unaudited loss attributable to the owner of the parent of approximately RMB4,501,000 (2011 : loss attributable to the owner of the parent of approximately RMB5,260,000) and the weighted average number of shares during the period (three months ended 31st March, 2012 : 480,000,000 shares; three months ended 31st March, 2011 : 480,000,000 shares).

Diluted loss per share is not presented for the three months ended 31st March, 2012 and 2011 as there were no potential ordinary shares in issue during the relevant periods.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2012 (2011 : Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31st March, 2012, the Group recorded a turnover of approximately RMB19,182,000, representing a decrease of approximately RMB156,000 or 1% (2011: approximately RMB19,338,000) as compared to corresponding period in 2011. The gross profit slightly increased approximately 2% to approximately RMB939,000 for the quarter (2011: approximately RMB919,000). The Company continued to make loss for the first quarter 2012 and recorded a loss of approximately RMB4,501,000. The loss has decreased by approximately RMB759,000 from approximately RMB5,260,000 for the three months ended 31st March, 2011.

BUSINESS REVIEW AND FUTURE PROSPECTS

In the sales review, income is mainly generated from the sales and distribution of computer and electrical products and accessories. The sales volume has increased by RMB2,209,000 from RMB13,663,000 to RMB15,872,000, representing an increase of approximately 16%, mainly due to the recovery of economic environment and robust consumer market, leading to the increase of market demand.

Besides, for the sales of business solutions development, its sales decreased from RMB3,652,000 to RMB2,980,000, representing a decrease of 18% over the corresponding period last year.

The sales of application software recorded significant decrease from RMB2,023,000 of the corresponding period last year to RMB330,000.

In the expenses management and control, administration expenses amounted to RMB2,211,000, represented an increase of RMB316,000 over the corresponding period last year; and the expenses of marketing and sales amounted to RMB1,967,000, represented an increase of RMB175,000 over the corresponding period last year. However, the expenses of research and development amounted to RMB869,000, representing a substantial decrease of RMB1,309,000 over the corresponding period last year.

In conclusion, the Company will take necessary proactive steps to monitor its financial condition. Meanwhile, it will also maintain its focus on cost control with the attempt to expand to new market areas, including acquiring new clients through the referrals by the existing clients and marketing initiatives by the management, so as to secure higher business volumes.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2012, the interests and short positions of the Directors, the supervisors of the Company (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (“SFO”) had applied to the supervisors) or chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Directors	The Company/ name of subsidiary	Capacity and nature	Number and class of securities (Note 1)	Approximate percentage in the issued share capital of the Company/ subsidiary
Wang Yiming	Company	Beneficial owner	9,840,000 domestic shares (L)	2.05%
	Shanghai Huikang Information Technology Company Limited (Note 2)	Beneficial owner	100,000 shares (L)	10.00%

Notes:

1. The letter “L” represents the interests in the shares and underlying shares of the Company or its associated corporations.
2. Shanghai Huikang Information Technology Company Limited is one of the subsidiaries of the Company.

Save as disclosed above, as at 31st March, 2012, none of the Directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 31st March 2012, there were no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director, supervisor and chief executives of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES IN THE COMPANY

A. Substantial shareholders

As at 31st March 2012, the following shareholders (other than the Directors and the Supervisors (as if the requirements applicable to the Directors under the SFO had applied to the Supervisors)) had an interest or a short position in the Shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO and were directly or indirectly interested in 10% or more of the Shares:

Name of shareholders	Nature of interest	Number and class of shares <i>(Note 1)</i>	Approximate percentage of interest
Shanghai Jiada Science and Technology Park Limited	Beneficial owner <i>(Note 2)</i>	114,000,000 domestic shares (L)	23.75%
Shanghai Xin Xuhui (Group) Limited	Beneficial owner <i>(Note 3)</i>	60,000,000 domestic shares (L)	12.50%
Shanghai Huixin Investment Operation Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%
Shanghai Technology Investment Company	Beneficial owner	57,000,000 domestic shares (L)	11.88%

Notes:

1. The letter "L" represents the entity' s interest in the shares of the Company.
2. These 114,000,000 Domestic Shares are registered and owned by Shanghai Jiaoda Science and Technology Park Limited ("Jiaoda S&T Park"). The major shareholder of Jiaoda S&T Park is Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial") which owns 55.42% of registered capital in Jiaoda S&T Park. Shareholders of Jiaoda Industrial are Shanghai Jiao Tong University (96.735%) and Shanghai Jiaoda Enterprise Management Centre (3.265%), an entity wholly-owned by Shanghai Jiao Tong University. Both Jiaoda Industrial and Shanghai Jiao Tong University are deemed to be interested in the aggregate of 114,000,000 Domestic Shares held by Jiaoda S&T Park under the SFO.
3. These 60,000,000 Domestic Shares are registered and owned by Shanghai Xin Xuhui (Group) Limited, the registered capital of which will be owned as to approximately 74.58% by Xuhui District Industrial Association after the completion of certain capital reorganisation as referred to in the Prospectus. Xuhui District Industrial Association is deemed to be interested in the 60,000,000 Domestic Shares held by Shanghai Xin Xuhui (Group) Limited under the SFO.

B. Other persons who are required to disclose their interests pursuant to Division 2 and 3 of Part XV of the SFO

As at 31st March 2012, save for the persons/entities disclosed in sub-section A above, the following person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity and nature	Number and class of shares <i>(Note)</i>	Approximate percentage of interest
Chen Jianbo	Beneficial owner	24,300,000 domestic shares (L)	5.06%

Note: The letter "L" represents the entity' s interest in the shares of the Company.

Save as disclosed above, as at 31st March 2012, the Directors are not aware of any other person (other than the Directors and chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme. A summary of the principle terms and conditions of the share option scheme is set out in the section headed “Share Option Scheme” in Appendix IV of the prospectus of the Company dated 25th July, 2002. No share option has been granted pursuant to such share option scheme on or before 31st March, 2012.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company had any interest in a business which competes or may compete with the business of the Group.

PRACTICE AND PROCEDURES OF THE BOARD

Throughout the three months ended 31st March, 2012, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the Stock Exchange’s required standard of dealings.

Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the Stock Exchange’s required standard of dealings and its code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 7th July, 2002 with written terms of reference for the purpose of reviewing and supervising the Group’s financial reporting and internal control procedures. The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Dr. Cao Guo Qi and Dr. Chan Yan Chong. The audit committee has reviewed the unaudited results of the Company for the three months ended 31st March, 2012.

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 three months ended 31st March, 2012.

As at the date of this report, the directors of the Company are as follow:

Executive directors Li Zhan, Mo Zhenxi, Wu Hanyuan, Du Songning,
Wang Yiming and Qiao Jin

Independent non-executive directors Yuan Shumin, Cao Guo Qi and Chan Yan Chong

By Order of the Board
Shanghai Jiaoda Withub Information Industrial Company Limited
Li Zhan
Chairman

Shanghai, the PRC, 15th May, 2012