



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)**

## INTERIM REPORT 2012

*\* For identification purposes only*

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 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 RMB38,002,000 for the six months ended 30th June, 2012 (2011 : approximately RMB32,373,000), representing an increase of approximately 17.39% as compared with that of the corresponding period in 2011.
- The Group recorded a loss attributable to owners of the parent of approximately RMB6,137,000 for the six months ended 30th June, 2012 (2011 : loss of approximately RMB7,758,000), representing a decrease of approximately 20.89% as compared with that of the corresponding period in 2011.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2012 (2011 : Nil).

## INTERIM RESULTS

The board of directors (the “Board”) of Shanghai Jiaoda Withub Information Industrial Company Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months and three months ended 30th June, 2012, together with the unaudited comparative figures for the corresponding periods in 2011 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30th June,		For the six months ended 30th June,	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Turnover	2	<b>18,820</b>	13,035	<b>38,002</b>	32,373
Cost of sales		<b>(17,764)</b>	(12,502)	<b>(36,007)</b>	(30,921)
Gross profit		<b>1,056</b>	533	<b>1,995</b>	1,452
Other revenue		<b>1,062</b>	1,057	<b>1,108</b>	1,301
Distribution expenses		<b>(1,387)</b>	(1,648)	<b>(3,354)</b>	(3,440)
Research and development expenses		<b>(1,395)</b>	(1,295)	<b>(2,264)</b>	(3,473)
Administrative expenses		<b>(1,527)</b>	(1,708)	<b>(3,738)</b>	(3,603)
Loss before tax	4	<b>(2,191)</b>	(3,061)	<b>(6,253)</b>	(7,763)
Share of losses of associates		<b>555</b>	563	<b>116</b>	5
Loss before taxation		<b>(1,636)</b>	(2,498)	<b>(6,137)</b>	(7,758)
Tax expenses	5	<b>–</b>	–	<b>–</b>	–
Loss for the period		<b>(1,636)</b>	(2,498)	<b>(6,137)</b>	(7,758)
Attributable to:					
– Owners of the parent		<b>(1,636)</b>	(2,498)	<b>(6,137)</b>	(7,758)
– Non-controlling interests		<b>–</b>	–	<b>–</b>	–
		<b>(1,636)</b>	(2,498)	<b>(6,137)</b>	(7,758)
Dividends	6	<b>–</b>	–	<b>–</b>	–
Loss per share (in RMB)	7				
– Basic		<b>(0.00338)</b>	(0.00526)	<b>(0.01278)</b>	(0.01616)
– Diluted		<b>N/A</b>	N/A	<b>N/A</b>	N/A

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30th June,</b>		<b>30th June,</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Loss for the period	<b>(1,636)</b>	(2,498)	<b>(6,137)</b>	(7,758)
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	<b>(3,679)</b>	–	<b>(3,679)</b>	(3,231)
Total comprehensive income for the period	<b>(5,135)</b>	(2,498)	<b>(9,816)</b>	(10,989)
Attributable to:				
Owners of the parent	<b>(5,135)</b>	(2,498)	<b>(9,816)</b>	(10,989)
Non-controlling interests	<b>–</b>	–	<b>(6)</b>	(3)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)**

		<b>30 June</b>	31 December
		<b>2012</b>	2011
	Notes	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Plant and equipment		289	359
Interests in associates		12,536	10,025
Intangible assets		3,639	3,748
Other receivable		-	-
Available-for-sale investments		2,416	2,416
Pledged bank deposits		450	450
		<u>19,330</u>	<u>16,998</u>
<b>Current assets</b>			
Inventories		16,928	4,572
Amounts due from customers for contract works		5,194	6,202
Trade receivables	8	18,036	17,219
Deposits, prepayments and other receivables		20,047	13,311
Amounts due from associates		332	191
Amount due from a shareholder		700	700
Pledged bank deposits		-	64
Bank balances and cash		48,325	60,101
		<u>109,562</u>	<u>102,360</u>
<b>Current liabilities</b>			
Trade payables	10	25,440	7,814
Other payables and accrued expenses		27,462	25,375
Amount due to a shareholder		-	365
Amount due to a related party		542	542
		<u>53,444</u>	<u>34,096</u>
<b>Net current assets</b>		<u>56,118</u>	<u>68,264</u>
		<u>75,448</u>	<u>85,262</u>
<b>Capital and reserves</b>			
Share capital		48,000	48,000
Reserves		25,654	35,468
		<u>73,654</u>	<u>83,468</u>
Equity attributable to owners of the Company		73,654	83,468
Non-controlling interest		(6)	(6)
Total equity		<u>73,648</u>	<u>83,462</u>
<b>Non-current liability</b>			
Deferred income		1,800	1,800
		<u>1,800</u>	<u>1,800</u>
		<u>75,448</u>	<u>85,262</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the parent							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserves	Translation reserve	Accumulated losses	Total		
	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
Net loss for the period	-	-	-	-	-	(7,758)	(7,758)	-	(7,758)
Exchange difference arising on translation of an overseas subsidiary	-	-	-	-	(3,231)	-	(3,231)	-	(3,231)
At 30th June, 2011	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>(2,792)</u>	<u>(51,556)</u>	<u>70,943</u>	<u>(3)</u>	<u>70,940</u>
At 1st January, 2012	<b>48,000</b>	<b>61,068</b>	<b>16,000</b>	<b>223</b>	<b>692</b>	<b>(42,515)</b>	<b>83,468</b>	<b>(6)</b>	<b>83,462</b>
Net loss for the period	-	-	-	-	-	(6,137)	(6,137)	-	(6,137)
Exchange difference arising on translation of an overseas subsidiary	-	-	-	-	(3,679)	-	(3,679)	-	(3,679)
At 30th June, 2012	<u><b>48,000</b></u>	<u><b>61,068</b></u>	<u><b>16,000</b></u>	<u><b>223</b></u>	<u><b>(2,987)</b></u>	<u><b>(48,652)</b></u>	<u><b>73,652</b></u>	<u><b>(6)</b></u>	<u><b>73,646</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	For the six months ended	
	30th June,	
	2012	2011
	RMB' 000	RMB' 000
Net cash used in operating activities	(18,885)	(18,788)
Net cash used in investing activities	519	301
Net cash used in financing activities	542	1,000
Net decrease in cash and cash equivalents	(17,824)	(17,487)
Cash and cash equivalents as at 1st January	<u>32,878</u>	<u>41,334</u>
Cash and cash equivalents as at 30th June (Note 9)	<u><b>15,054</b></u>	<u><b>23,847</b></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>15,054</u>	<u>23,847</u>
	<u><b>15,054</b></u>	<u><b>23,847</b></u>

Notes:

## 1. BASIS OF PRESENTATION

The Group's unaudited condensed consolidated results have been prepared in accordance with the 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 six months ended 30th June, 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 sale of distributed products. Turnover is stated net of 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 of distributed products are recognised when goods are delivered and title has passed.

	For the three months ended 30th June,		For the six months ended 30th June,	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Business solutions development	6,225	3,436	9,205	7,088
Application software	439	1,070	769	3,093
Sales and distribution of computer and electrical products and accessories	12,156	8,529	28,028	22,192
	<u>18,820</u>	<u>13,035</u>	<u>38,002</u>	<u>32,373</u>

All of the Group's activities are conducted in the People's Republic of China (the "PRC"). Turnover as disclosed above is net of applicable PRC business tax.



### 3. SEGMENT INFORMATION

#### Business segments

For management reporting purpose, business segment information is chosen as the primary reporting format. The principal business segments of the Group comprise the followings:

Business application solutions: Develop and provide business application solutions services which include business solutions development, application software, network and data security products.

Sales of goods: Sales and distribution of computer and electrical products and accessories.

Segment information about these businesses is presented below.

	Business application solutions for the six months ended 30th June,		Sales of goods for the six months ended 30th June,		Consolidated for the six months ended 30th June,	
	2012	2011	2012	2011	2012	2011
	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
<b>Segment revenue</b>						
Turnover from external customers	<u>9,974</u>	<u>10,181</u>	<u>28,028</u>	<u>22,192</u>	<u>38,002</u>	<u>32,373</u>
Unallocated other revenue					<u>1,108</u>	<u>1,301</u>
					<u>39,110</u>	<u>33,674</u>
<b>Results</b>						
Segment results	<u>(128)</u>	<u>(1,804)</u>	<u>967</u>	<u>1,084</u>	<u>839</u>	<u>(720)</u>
Unallocated operating expenses					<u>(7,092)</u>	<u>(7,043)</u>
Loss before tax					<u>(6,253)</u>	<u>(7,763)</u>
Share of losses of associates					<u>116</u>	<u>5</u>
Tax expenses of owners of the parent					<u>-</u>	<u>-</u>
Loss attributable to owners of the parent					<u>(6,137)</u>	<u>(7,758)</u>

#### Geographical segment

The Group's business and assets are generated from and situated in the PRC. Accordingly, no geographical segment information has been presented.

#### 4. LOSS BEFORE TAX

Loss before tax has been arrived after charging:

	For the three months ended		For the six months ended	
	30th June,		30th June,	
	2012	2011	2012	2011
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs (including Directors' emoluments) comprises:				
Salaries, wages and other benefits	1,790	2,068	5,153	5,186
Contributions to retirement benefits scheme	851	782	1,713	1,561
	<u>2,641</u>	<u>2,850</u>	<u>6,866</u>	<u>6,747</u>
Auditors' remuneration	83	83	165	165
Cost of inventories recognised as an expense	<u>17,764</u>	<u>12,502</u>	<u>36,007</u>	<u>30,921</u>

#### 5. TAX EXPENSES

(a) The amount of tax expenses in the consolidated income statement represents:

	For the three months ended		For the six months ended	
	30th June,		30th June,	
	2012	2011	2012	2011
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – PRC				
– tax for the period	–	–	–	–
– over-provision in respect of prior years	–	–	–	–
Tax expenses for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25% from 1st January, 2008 onwards.

No provision for Enterprise Income Tax has been made for both years ended 31st December, 2011 since the assessable profits of the companies within the Group are wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in nor is derived from Hong Kong.

(b) There is no significant unprovided deferred tax for the six months ended 30th June, 2012 (2011: Nil).

## 6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2012 (2011: Nil).

## 7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30th June, 2012 is based on the unaudited net loss of approximately RMB6,137,000 (2011: net loss of approximately RMB7,758,000) and the weighted average number of shares during the six months ended 30th June, 2012 was 480,000,000 shares (2011: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30th June, 2012 is based on the unaudited net loss of approximately RMB1,636,000 (2011: net loss of approximately RMB2,498,000) and the weighted average number of shares during the three months ended 30th June, 2012 was 480,000,000 shares (2011: 480,000,000 shares).

Diluted loss per share is not presented for the six months and three months ended 30th June, 2012 and 2011 as there were no potential dilutive shares in issue during the relevant periods.

## 8. TRADE RECEIVABLES

The normal credit terms of the Group are 30–90 days. The aged analysis of trade receivables net of allowance for bad and doubtful debts is as follows:

	<b>30th June, 2012 RMB'000 (Unaudited)</b>	31st December, 2011 RMB'000 (Audited)
Aged:		
0–90 days	<b>8,688</b>	1,797
91–180 days	<b>769</b>	4,401
181–365 days	<b>3,528</b>	4,128
Exceeding 365 days	<b>5,051</b>	2,082
	<hr/> <b>18,036</b> <hr/>	<hr/> 12,408 <hr/>

## 9. BANK BALANCES AND CASH

	<b>30th June, 2012 RMB'000 (Unaudited)</b>	31st December, 2011 RMB'000 (Audited)
Cash and cash equivalents for the purpose of the consolidated statement of financial position	48,325	56,847
Time deposits with an original maturity of more than three months when acquired	<u>(33,271)</u>	<u>(33,000)</u>
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	<u><b>15,054</b></u>	<u>23,847</u>

## 10. TRADE AND BILLS PAYABLE

The aged analysis of trade and bills payable is as follows:

	<b>30th June, 2012 RMB'000 (Unaudited)</b>	31st December, 2011 RMB'000 (Audited)
Aged:		
0 – 90 days	21,272	17,538
91 – 180 days	56	3,249
181 – 365 days	283	68
Exceeding 365 days	<u>3,829</u>	<u>2,818</u>
	<u><b>25,440</b></u>	<u>23,673</u>

## 11. SHARE CAPITAL

	<b>30th June, 2012 RMB'000 (Unaudited)</b>	31st December, 2011 RMB'000 (Audited)
Registered, issued and fully paid: 480,000,000 (2011: 480,000,000) shares of RMB0.1 each	<u><b>48,000</b></u>	<u>48,000</u>

The Company has conditionally adopted a share option scheme which enables the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors may, at their discretion but on the basis of their contribution to the development and growth of the Group, make an offer to certain persons to subscribe for the Company's H shares.

During the period, no option was granted by the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results and financial review

For the six months ended 30th June, 2012, the Group recorded a turnover of approximately RMB38,002,000 (2011 : approximately RMB32,373,000), representing an increase of approximately RMB5,629,000 or 17.39% as compared to the corresponding period last year. Gross profit increased by RMB543,000 or 37.40% to RMB1,995,000. The Group recorded a loss of RMB6,137,000 which represents a significant decrease as compared with the loss of approximately RMB7,758,000 for the corresponding period in 2011.

For the six months ended 30th June, 2012, the revenue for the Group has increased from RMB32,373,000 to RMB38,002,000. The revenue are mainly consisting of the sales and distribution of computer and electrical products and accessories which made up of 73.75% of the total sales or RMB28,028,000, and this is followed by 24.22% of total sales or RMB9,205,000 for business solutions development, 2.03% or RMB769,000 for application software.

Sales and distribution of computer and electrical products and accessories has increased in revenue by RMB22,192,000 or 26.30%, as compared to RMB5,836,000 for the previous year. The revenue of business solutions development increased by RMB7,088,00 or 29.87%, as compared to RMB7,088,000 for the previous year.

However, the revenue of application software business significantly decreased by RMB2,324,000 or 75.14% from RMB3,093,000 for the previous year.

Gross profit increased by RMB543,000 or 37.40% from RMB1,452,000 to RMB1,995,000. Gross profit margin has increased to 5.25% for the year, as compared to 4.49% for the previous financial year.

Administrative expenses increased by RMB135,000 or 3.75% to RMB3,738,000 from RMB3,603,000 for the corresponding period last year. Research and development expenses decreased by RMB1,209,000 or 34.81% to RMB2,264,000, as compared to RMB3,473,000 for the previous year. Distribution expenses has decreased from RMB3,440,000 for the previous year to RMB3,354,000 for the current year.

During the first half of the year, the Company recorded an increase in turnover and gross profit margin, resulting in a growth of the overall gross profit of its businesses. Meanwhile, due to the stringent cost control, there was a decrease in expenses during the first half of the year. The loss of the Company for the first half of the year has decreased from that of the corresponding period last year. The Company is committed to enhance the operational capability and impose cost control, so as to further improve the Company's operational conditions.

## **Financial resources and liquidity**

As at 30th June, 2012, shareholders' funds of the Group amounted to approximately RMB73,654,000 (as at 31st December, 2011 : approximately RMB83,468,000). Current assets amounted to approximately RMB109,562,000 (as at 31st December, 2011 : approximately RMB102,360,000), of which approximately RMB48,325,000 (as at 31st December, 2011 : approximately RMB60,101,000) were bank balances and cash. The Group had no non-current liabilities and its current liabilities amounted to approximately RMB53,444,000 (as at 31st December, 2011 : approximately RMB34,096,000), which mainly comprised of creditors and bill payables and accrued expenses. The Group's net assets per share are approximately RMB0.16 (as at 31st December, 2011 : approximately RMB0.18).

As at 30th June, 2012, the Group has bank balances and cash amounting to approximately RMB48,325,000 with a current ratio of approximately 205%. The Directors believed that the Group's financial position is healthy.

As at 30th June, 2012, the Group has a gearing ratio (liabilities over total assets) of approximately 41.46% (as at 31st December, 2011 : approximately 30%).

## **Capital structure**

There has been no change to the capital structure of the Company during the six months ended 30th June, 2012.

## **Gearing ratio**

The Group expresses its gearing ratio as a percentage of long-term debts over equity. The Group had a gearing ratio of zero since the Group did not have any long-term debts. The Group generally finances its operations with equity funding and bank borrowings.

## **Foreign exchange expenses**

During the six months ended 30th June, 2012, as the Group's sales and purchases were substantially denominated in Renminbi, the Board considers that the potential foreign exchange exposure of the Company is minimal.

## **Employee information and remuneration policies**

As at 30th June, 2011, the Group employed permanent staff of approximately 126 (2011 : 141). For the six months ended 30th June, 2012, the remuneration for the employees (including the Directors emoluments) amounted to approximately RMB5,153,000 (2011: approximately RMB5,186,000). The Group's remuneration and bonus policies are principally determined with reference to the qualification, experience and performance of individual employee.

### Material acquisitions or disposals

During the six months ended 30th June, 2012, the Group had no material acquisitions and disposal of subsidiaries and affiliated companies.

### Charges on Group's assets

As at 30th June, 2012, the Group had no charges on Group's assets.

### Details of future plans for material investments or capital assets

As at 30th June, 2012, the Group had no future plans for material investments or capital assets.

### Contingent liabilities

As at 30th June, 2012, the Group had no material contingent liabilities (2011 : Nil).

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

As at 30th June, 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 30th June, 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 H SHARES**

As at 30th June, 2012, none of the Directors, supervisors and chief executives of the Company was granted options to subscribe for H shares of the Company. As at 30th June, 2012, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

### **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 30th June, 2012.



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

### A. Substantial shareholders

As at 30th June 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	Capacity and nature	Number and class of shares (Note 1)	Approximate percentage of interest
Shanghai Jiaoda Science and Technology Park Limited	Beneficial owner (Note 2)	114,000,000 domestic shares (L)	23.75%
Shanghai Xin Xuhui (Group) Limited	Beneficial owner (Note 3)	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 30th June 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:

<b>Name of shareholder</b>	<b>Capacity and nature</b>	<b>Number and class of shares</b> <i>(Note)</i>	<b>Approximate percentage of interest</b>
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 30th June 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.

**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 six months ended 30th June, 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 Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the Exchange’s required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30th June, 2012.

## **AUDIT COMMITTEE**

The Company established an 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 six months ended 30th June, 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 six months ended 30th June, 2012.

## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied with the code provisions of the Code on Corporate Governance as set out in Appendix 15 of the GEM Listing Rules (the "CG Code") throughout the period, except that the Company has not disclosed the terms of reference of audit committee and remuneration committee by including such information on the Company's website. The Company will take appropriate actions to comply with the CG Code.

As at the date of this report, the Directors of the Company are as follows:

<b>Executive Directors</b>	Li Zhan, Mo Zhenxi, Wu Hanyuan, Du Songning Wang Yiming, and Qiao Jin
<b>Independent Non-executive Directors</b>	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, 8th August, 2012

*\* For identification purpose only*