



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)

THIRD 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 RMB61,629,000 for the nine months ended 30th September, 2012 (2011: RMB63,156,000), representing a decrease of approximately 2.42% as compared to the corresponding period in 2011.
- For the nine months ended 30th September, 2012, the Group recorded a loss attributable to owners of the parent of approximately RMB6,487,000 (2011: RMB7,333,000), representing a decrease of approximately 11.54% as compared to the corresponding period in 2011.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2012 (2011: Nil).

THIRD QUARTERLY 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 three months and nine months ended 30th September, 2012, together with the unaudited comparative figures for the corresponding periods in 2011 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	For the three months ended 30th September,		For the nine months ended 30th September,	
		2012	2011	2012	2011
		RMB' 000	RMB' 000	RMB' 000	RMB' 000
Turnover	2	23,627	30,783	61,629	63,156
Cost of sales		(20,302)	(26,215)	(56,309)	(57,136)
Gross profit		3,325	4,568	5,320	6,020
Other revenue		639	11	1,747	1,312
Distribution expenses		(1,593)	(1,557)	(4,947)	(4,997)
Research and development expenses		(725)	(931)	(2,989)	(4,404)
Administrative expenses		(1,896)	(1,744)	(5,634)	(5,347)
Loss before tax		(250)	347	(6,503)	(7,416)
Share of losses of associates		(100)	78	16	83
Loss before taxation		(350)	425	(6,487)	(7,333)
Tax expenses	4	–	–	–	–
Loss for the period		(350)	425	(6,487)	(7,333)
Attributable to:					
– Owners of the parent		(350)	425	(6,487)	(7,333)
– Non-controlling interests		–	–	–	–
		(350)	425	(6,487)	(7,333)
Dividends	5	–	–	–	–
Loss per share (in RMB)					
– Basic	6	(0.00073)	0.00088	(0.01351)	(0.01528)
– Diluted		N/A	N/A	N/A	N/A

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

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Loss for the period	(350)	425	(6,487)	(7,333)
Other comprehensive income:				
Exchange difference arising on translation of overseas operations	–	–	(3,648)	(3,423)
Total comprehensive income for the period	<u>(350)</u>	<u>425</u>	<u>(10,135)</u>	<u>(10,756)</u>
Attributable to:				
Owners of the parent	(350)	425	(10,135)	(10,756)
Non-controlling interests	<u>–</u>	<u>–</u>	<u>(6)</u>	<u>–</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the parent						Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>	
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>			
At 1st January, 2011	48,000	61,068	16,000	223	439	(43,798)	81,932	(3)	81,929
Net loss for the period	–	–	–	–	–	(7,333)	(7,333)	–	(7,333)
Exchange difference arising on translation of an overseas subsidiary	–	–	–	–	(3,423)	–	(3,423)	–	(3,423)
At 30th September, 2011	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>(2,984)</u>	<u>(51,131)</u>	<u>71,176</u>	<u>(3)</u>	<u>71,173</u>
At 1st January, 2012	48,000	61,068	16,000	223	692	(42,515)	83,468	(6)	83,462
Net loss for the period	–	–	–	–	–	(6,487)	(6,487)	–	(6,487)
Exchange difference arising on translation of an overseas subsidiary	–	–	–	–	(3,648)	–	(3,648)	–	(3,648)
At 30th September, 2012	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>(2,956)</u>	<u>(49,002)</u>	<u>73,333</u>	<u>(6)</u>	<u>73,327</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 nine months ended 30th September, 2012 and 2011 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 September,		For the nine months ended 30th September,	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Business solutions development	10,968	13,132	20,173	20,220
Application software	49	2,392	818	5,485
Sales and distribution of computers and electrical products and accessories	12,610	15,259	40,638	37,451
	<u>23,627</u>	<u>30,783</u>	<u>61,629</u>	<u>63,156</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. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the nine months ended 30th September,	
	2012 RMB'000	2011 RMB'000
Staff costs (including Directors' emoluments) comprises:		
Salaries, wages and other benefits	6,913	7,070
Contributions to retirement benefit scheme	2,531	2,484
	<u>9,444</u>	<u>9,554</u>
Cost of inventories recognised as an expense	56,309	57,136

4. TAX EXPENSES

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

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2012 <i>RMB'000</i> (Unaudited)	2011 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)	2011 <i>RMB'000</i> (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 nine months ended 30th September, 2012 (2011: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2012 (2011: Nil).

6. LOSS PER SHARE

The calculation of the basic loss per share for the nine months ended 30th September, 2012 is based on the unaudited loss attributable to owners of the parent of approximately RMB6,487,000 (2011: loss attributable to owners of the parent of approximately RMB7,333,000) and the weighted average number of 480,000,000 shares during the nine months ended 30th September, 2012 (nine months ended 30th September, 2011: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30th September, 2012 is based on the unaudited profit attributable to owners of the parent of approximately RMB350,000 (2011: loss attributable to owners of the parent of approximately RMB425,000) and the weighted average number of 480,000,000 shares during the three months ended 30th September, 2012 (three months ended 30th September, 2011: 480,000,000 shares).

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 30th September, 2012, the Group recorded a turnover of approximately RMB61,629,000 (2011: approximately RMB63,156,000), representing a decrease of approximately RMB1,527,000 or 2.42% as compared to the corresponding period last year. The Group recorded a loss of RMB6,487,000.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the nine months ended 30th September, 2012, the revenue for the Group has decreased from RMB63,156,000 for the corresponding period in 2011 to RMB61,629,000. The revenue are mainly consisting of the sales and distribution of computer, electrical products and accessories which accounted for 65.94% of the total sales or RMB40,638,000, and this is followed by 32.73% of total sales or RMB20,173,000 for business solutions development and 1.33% or RMB818,000 for application software.

Sales and distribution of computer, electrical products and accessories has increased in revenue by RMB3,187,000 or 8.51% to RMB40,638,000, as compared to RMB37,451,000 for the corresponding period last year. The revenue of business solutions development decreased by RMB47,000 or 0.23%, as compared to RMB20,220,000 for the previous year.

However, the revenue of application software business dropped significantly by RMB4,667,000 or 85.09% to RMB818,000 from RMB5,485,000 for the corresponding period last year.

Gross profit reduced by RMB700,000 or 11.63% from RMB6,020,000 to RMB5,320,000, representing a decrease in both turnover and cost of sales as compared to the corresponding period last year. Gross profit margin has decreased to 8.63% for the year, as compared to 9.53% for the previous financial year.

Administrative expenses of the Company increased by RMB287,000 or 5.37% to RMB5,634,000 from RMB5,347,000 for the corresponding period last year. Research and development expenses decreased by RMB1,415,000 or 32.13% to RMB2,989,000, as compared to RMB4,404,000 for the corresponding period last year. Distribution expenses has slightly decreased from RMB4,997,000 for the corresponding period last year to RMB4,947,000 for the current year.

In conclusion, the financial results of the nine months ended 30th September 2012 have slightly decreased in a year-on-year basis. The Company will put more efforts in cost control. The management will endeavor to minimize unnecessary expenses and to improve the productivity of the management staff. Active measures will be launched to monitor the financial position of the Company in order to continuously monitor the cost in achieving the targeted profit.

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

As at 30th September, 2012, the interests and short positions of the Directors, the supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (“SFO”) had applied to the supervisors) and 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 by the Company 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 Director	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 share 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 September, 2012, none of the Directors, supervisors and 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 September, 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 September, 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

On 7th July, 2002, the Company has, through a resolution passed by all Shareholders of the Company, 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. The share option scheme of the Company has become invalid on 6th July, 2012.

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

A. Substantial shareholders

As at 30th September, 2012, the following shareholders (other than the Directors, the supervisors (as if the requirements applicable to the Directors under the SFO had applied to the supervisors) or chief executives of the Company) 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 by the Company under Section 336 of the SFO:

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 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 Divisions 2 and 3 of Part XV of the SFO

As at 30th September, 2012, save as 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 by the Company under Section 336 of the SFO:

Name of shareholders	Capacity and nature	Number and class of shares (Note)	Approximate percentage of interest
Chan 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 September, 2012, the Directors are not aware of any other person (other than the Directors, supervisors 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 nine months ended 30th September, 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 Stock Exchange's required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 30th September, 2012.

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 nine months ended 30th September, 2012.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 7th July, 2005 for the purpose of determining the remuneration package for all Directors and senior management. The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Dr. Cao Guo Qi and Dr. Chan Yan Chong.

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 nine months ended 30th September, 2012.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the code provisions of the Code on Corporate Governance Practices 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:

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, 9th November 2012