



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 2015

** 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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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 RMB19,117,000 for the three months ended 31st March, 2015, representing an approximately 32.56% decrease as compared with that of the corresponding period in 2014.
- The Group recorded a loss attributable to the owners of the parent of approximately RMB3,630,000 for the three months ended 31st March, 2015. Loss attributable to the owners of the parent for the corresponding period in 2014 was approximately RMB7,171,000.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2015.

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, 2015, together with the unaudited comparative figures for the corresponding period in 2014 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	<i>Notes</i>	For the three months ended	
		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
Turnover	2	19,117	28,345
Cost of sales		<u>(17,726)</u>	<u>(29,327)</u>
Gross profit		1,391	(982)
Other revenue		451	74
Distribution expenses		(2,620)	(1,872)
Research and development expense		(2,226)	(1,715)
Administrative expenses		(1,085)	(1,646)
Share of results of associates		<u>459</u>	<u>(1,030)</u>
Loss before tax	3	(3,630)	(7,171)
Income tax expense		<u>-</u>	<u>-</u>
Profit (loss) for the period			
attributable to the owners of the parent		(3,630)	(7,171)
Exchange difference arising on translation of foreign operations and other comprehensive income (loss) for the period		<u>-</u>	<u>-</u>
Comprehensive income (loss) for the period attributable to the owners of the parent		<u>(3,630)</u>	<u>(7,171)</u>
Loss per share (in RMB)			
– Basic and diluted	5	<u>(0.00756)</u>	<u>(0.0149)</u>

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

	For the three months ended 31st March, 2015	
	RMB'000	2014 RMB'000
Loss for the period	(3,630)	(7,171)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	-	-
Total comprehensive income for the period	(3,630)	(7,171)
Attributable to:		
Owners of the parent	(3,630)	(7,171)
Non-controlling interests	(15)	(12)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31st March, 2015

	Share capital	Share premium	Capital reserve	Statutory reserves	Translation reserve	Accumulated losses	Total	Non- controlling interest	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1st January, 2014	48,000	61,068	16,000	223	936	(44,586)	81,641	(12)	81,629
Loss for the period	-	-	-	-	-	(7,171)	(7,171)	-	(7,171)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(7,171)	(7,171)	-	-
At 31st March, 2014	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>936</u>	<u>(51,757)</u>	<u>74,470</u>	<u>(12)</u>	<u>74,458</u>
At 31st December, 2014 and 1st January, 2015	48,000	61,068	16,000	223	932	(57,818)	68,405	(15)	68,390
Loss for the period	-	-	-	-	-	(3,630)	(3,630)	-	(3,630)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(3,630)	(3,630)	-	-
At 31st March, 2015	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>932</u>	<u>(61,448)</u>	<u>64,775</u>	<u>(15)</u>	<u>64,760</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, 2015 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2014. The condensed consolidated results are unaudited but have been reviewed by the Company's audit committee.

2. TURNOVER

Turnover represents revenue from the development and provision of business application solutions, application software, the installation and maintenance of network and data security products, and the sales and distribution of computers and electrical products and accessories.

An analysis of the Group's revenue for the quarter is as follows:

	For the three months ended	
	31st March,	
	2015	2014
	RMB'000	RMB'000
Business application solution	7,989	2,468
Application software	1,752	280
Installation and maintenance of network and data security products	485	428
Sales and distribution of computer and electrical products and accessories	8,891	25,169
	<u>19,117</u>	<u>28,345</u>

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

3. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the three months ended	
	31st March,	
	2015	2014
	RMB'000	RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, wages and other benefits	3,266	2,975
Contributions to retirement benefit scheme	<u>694</u>	<u>859</u>
	3,960	3,834
Cost of inventories recognised as an expense	<u>17,726</u>	<u>29,327</u>

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, 2015, there was no material unprovided deferred tax (2014 : nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31st March, 2015 is based on the unaudited loss attributable to the owners of the parent of approximately RMB3,630,000 (2014: loss attributable to the owners of the parent of approximately RMB7,171,000) and the weighted average number of shares during the period (three months ended 31st March, 2015: 480,000,000 shares; three months ended 31st March, 2014: 480,000,000 shares).

Diluted loss per share is not presented for the three months ended 31st March, 2015 and 2014 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, 2015 (2014 : Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31st March, 2015, the Group recorded a turnover of approximately RMB19,117,000, representing a decrease of approximately RMB9,228,000 or 32.56% (2014: approximately RMB28,345,000) as compared to the corresponding period in 2014. The gross profit increased approximately 41.65% to RMB1,391,000 as compared to the corresponding period in last year (2014: approximately a negative amount of RMB982,000). The Company continued to make loss for the first quarter of 2015 and recorded a loss of approximately RMB3,630,000. The loss has decreased by approximately RMB3,541,000 as compared with approximately RMB7,171,000 for the three months ended 31st March, 2014.

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 decreased from RMB25,169,000 to RMB8,891,000, representing a decrease of RMB16,278,000 or approximately 64.67%, mainly due to the saturation of computer and accessory products leading to slow pace of replacement.

Besides, for the sales of business application solutions development, its sales increased from RMB2,468,000 to RMB7,989,000, representing an increase of 223.70% over the corresponding period last year.

The sales of application software recorded an increase from RMB280,000 of the corresponding period last year to RMB1,752,000.

For the expenses management and control, administration expenses amounted to RMB1,085,000, represented a decrease of RMB561,000 over the corresponding period last year; and the expenses of marketing and sales amounted to RMB2,620,000, represented an increase of RMB748,000 over the corresponding period last year. The expenses of research and development amounted to RMB2,226,000, representing a growth of RMB511,000 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, 2015, none 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 have any interests and short positions 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 Company's 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.

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

As at 31st March, 2015, 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 corporations.

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

A. Substantial shareholders

As at 31st March, 2015, 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 Jiao Tong University	Interest of a controlled corporation (Note 2)	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Industrial Investment Management (Group) Limited	Interest of a controlled corporation (Note 2)	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Science and Technology Park Limited	Beneficial owner	114,000,000 domestic shares (L)	23.75%

Name of shareholders	Capacity and nature	Number and class of shares (Note 1)	Approximate percentage of interest
Shanghai Xin Xuhui (Group) Limited	Beneficial owner	60,000,000 domestic shares (L)	12.50%
Xuhui District Industrial Association	Interest of a controlled corporation (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 Venture Capital Management 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 substantial 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, 2015, 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 (Note)	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, 2015, 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 three months ended 31st March, 2015, 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, 2015.

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, 2015.

By Order of the Board
Shanghai Jiaoda Withub Information Industrial Company Limited
Liu Yuwen
Chairman

Shanghai, the PRC, 8 May 2015

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

Executive directors	Liu Yuwen, Mo Zhenxi, Wu Hanyuan, Shang Ling, Zhu Kaiyong and Shen Zhimin
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Independent non-executive directors	Yuan Shumin, Cao Guo Qi and Chan Yan Chong
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