



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 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 RMB70,478,000 for the nine months ended 30 September 2015 (2014: RMB79,285,000), representing a decrease of approximately 11.11% as compared to the corresponding period in 2014.
- For the nine months ended 30 September 2015, the Group recorded a loss attributable to owners of the parent of approximately RMB7,168,000 (2014: RMB10,992,000), representing a decrease of approximately 34.79% as compared to the corresponding period in 2014.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (2014: 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 30 September 2015, together with the unaudited comparative figures for the corresponding periods in 2014 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Turnover	2	28,332	27,740	70,478	79,285
Cost of sales		<u>(25,747)</u>	<u>(24,512)</u>	<u>(63,341)</u>	<u>(75,656)</u>
Gross profit		2,585	3,228	7,137	3,629
Other revenue		193	645	2,498	763
Distribution expenses		(2,208)	(1,288)	(6,880)	(4,596)
Research and development expenses		(2,099)	(1,912)	(6,272)	(5,245)
Administrative expenses		<u>(1,068)</u>	<u>(2,098)</u>	<u>(3,246)</u>	<u>(6,100)</u>
Loss before tax		(2,597)	(1,425)	(6,763)	(11,549)
Share of losses of associates		<u>(1,521)</u>	<u>488</u>	<u>(405)</u>	<u>557</u>
Loss before taxation		(4,118)	(937)	(7,168)	(10,992)
Tax expenses	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period		<u>(4,118)</u>	<u>(937)</u>	<u>(7,168)</u>	<u>(10,992)</u>
Attributable to:					
– Owners of the parent		(4,118)	(937)	(7,168)	(10,992)
– Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(4,118)</u>	<u>(937)</u>	<u>(7,168)</u>	<u>(10,992)</u>
Dividends	5	-	-	-	-
Loss per share (in RMB)					
– Basic	6	<u>(0.00857)</u>	<u>(0.00195)</u>	<u>(0.01493)</u>	<u>(0.0229)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Loss for the period	(4,118)	(937)	(7,168)	(10,992)
Other comprehensive income:				
Exchange difference arising on translation of overseas operations	-	-	-	-
Total comprehensive income for the period	<u>(4,118)</u>	<u>(937)</u>	<u>(7,168)</u>	<u>(10,992)</u>
Attributable to:				
Owners of the parent	(4,118)	(937)	(7,168)	(10,992)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(12)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the parent						Non-controlling interests		Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	RMB'000	
At 1 January 2014	48,000	61,068	16,000	223	936	(44,586)	81,641	(12)	81,629
Net loss for the period	-	-	-	-	-	(10,992)	(10,992)	-	(10,992)
Exchange difference arising on translation of an overseas subsidiary	-	-	-	-	-	-	-	-	-
At 30 September 2014	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>936</u>	<u>(55,578)</u>	<u>70,649</u>	<u>(12)</u>	<u>70,637</u>
At 1 January 2015	48,000	61,068	16,000	223	932	(57,818)	68,405	(15)	68,390
Net loss for the period	-	-	-	-	-	(7,168)	(7,168)	-	(7,168)
Exchange difference arising on translation of an overseas subsidiary	-	-	-	-	-	-	-	-	-
At 30 September 2015	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>932</u>	<u>(64,986)</u>	<u>61,237</u>	<u>(15)</u>	<u>61,222</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 30 September 2015 and 2014 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 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 30 September		For the nine months ended 30 September	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Business application solution	13,011	11,269	28,648	25,839
Application software	2,147	672	8,920	1,001
Installation and maintenance of network and data security products	625	481	1,554	1,703
Sales and distribution of computer and electrical products and accessories	12,549	15,318	31,356	50,742
	<u>28,332</u>	<u>27,740</u>	<u>70,478</u>	<u>79,285</u>

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

3. LOSS BEFORE TAX

Loss before tax has been arrived after charging:

	For the nine months ended 30 September	
	2015	2014
	RMB'000	RMB'000
Staff costs (including Directors' emoluments) comprises:		
Salaries, wages and other benefits	8,379	7,392
Contributions to retirement benefit scheme	2,654	2,625
	11,033	10,017
Cost of inventories recognised as an expense	63,341	75,656

4. TAX EXPENSES

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2015	2014	2015	2014
	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	–	–	–	–

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 1 January 2008 onwards.

No provision for Enterprise Income Tax has been made for five years ended 31 December 2014 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 30 September 2015 (2014: Nil).

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (2014: Nil).

6. LOSS PER SHARE

The calculation of the basic loss per share for the nine months ended 30 September 2015 is based on the unaudited loss attributable to owners of the parent of approximately RMB7,168,000 (2014: loss attributable to owners of the parent of approximately RMB10,992,000) and the weighted average number of 480,000,000 shares during the nine months ended 30 September 2015 (nine months ended 30 September 2014: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30 September 2015 is based on the unaudited loss attributable to owners of the parent of approximately RMB4,118,000 (2014: loss attributable to owners of the parent of approximately RMB937,000) and the weighted average number of 480,000,000 shares during the three months ended 30 September 2015 (three months ended 30 September 2014: 480,000,000 shares).

Diluted loss per share is not presented for the three months and nine months ended 30 September 2015 and 2014 as there were no potential dilutive shares in issue during the relevant periods.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform the presentation for the current accounting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 30 September 2015, the Group recorded a turnover of approximately RMB70,478,000 (2014: approximately RMB79,285,000), representing a decrease of approximately RMB8,807,000 or 11.11% as compared to the corresponding period last year. The Group recorded a loss of RMB7,168,000.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the nine months ended 30 September 2015, the revenue for the Group has decreased from RMB79,285,000 for the corresponding period in 2014 to RMB70,478,000. The revenue are mainly consisting of the sales and distribution of computer, electrical products and accessories which accounted for 44.49% of the total sales or RMB31,356,000, and this is followed by 40.65% of total sales or RMB28,648,000 for business solutions development and 12.66% of the total sales or RMB8,920,000 for application software. Installation and maintenance of network and data security products accounted for 2.20% of the sales or RMB1,554,000.

Sales and distribution of computer, electrical products and accessories has decreased in revenue by RMB19,386,000 or 38.21% to RMB31,356,000, as compared to RMB50,742,000 for the corresponding period last year. The revenue of business solutions development has increased by RMB2,809,000 or 10.87%, as compared to RMB25,839,000 for the previous year.

The revenue of application software business increased significantly by RMB7,919,000 or 791.11% to RMB8,920,000 from RMB1,001,000 for the corresponding period last year.

Gross profit increased by RMB3,508,000 or 96.67% from RMB3,629,000 to RMB7,137,000. There is a decline in both turnover and cost of sales as compared to the corresponding period last year. Gross profit margin has increased to 10.13% for the year, as compared to 4.58% for the previous financial year.

Administrative expenses of the Company decreased by RMB2,854,000 or 46.79% to RMB3,246,000 from RMB6,100,000 for the corresponding period last year. Research and development expenses increased by RMB1,027,000 or 19.58% to RMB6,272,000, as compared to RMB5,245,000 for the corresponding period last year. Distribution expenses has increased from RMB4,596,000 for the corresponding period last year to RMB6,880,000 for the current year.

In conclusion, the financial results of the nine months ended 30 September 2015 have decreased in a year-on-year basis. The Company will put more efforts in cost control. The management will endeavour 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 30 September 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 H SHARES

As at 30 September 2015, none of the Directors, supervisors and chief executives of the Company was granted options to subscribe for H shares of the Company. As at 30 September 2015, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

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

A. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2015, 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 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%
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 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 30 September 2015, 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 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 30 September 2015, 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 30 September 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 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 30 September 2015.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 7 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. Ni Jing and Dr. Chan Yan Chong. The Audit Committee has reviewed the unaudited results of the Company for the nine months ended 30 September 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 nine months ended 30 September 2015.

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 nine months ended 30 September 2015, 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 Liu Yuwen, Chen Xin, Shuai Ge, Shang Ling,
Zhu Kaiyong and Shen Zhimin

Independent Non-executive Directors Yuan Shumin, Ni Jing and Chan Yan Chong

By Order of the Board

Shanghai Jiaoda Withub Information Industrial Company Limited*

Liu Yuwen

Chairman

Shanghai, the PRC, 10 November 2015

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days of its posting.

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