



**SHANGHAI JIAODA WITHUB
INFORMATION INDUSTRIAL COMPANY LIMITED***

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

Stock Code: 8205

The background features a central illustration of an open laptop computer, surrounded by several interlocking gears of various sizes. The entire scene is set against a blue background with a subtle circuit board pattern.

**ANNUAL REPORT
2015**

**for identification purpose only*

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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.

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CORPORATE PROFILE

上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) is principally engaged in the development of business application solutions in the PRC. One of its founders is Shanghai Jiao Tong University, a renowned tertiary education institution in the PRC. The Group utilises the expertise and research capability of Shanghai Jiao Tong University in the information technology sector to develop its core technologies in business application solutions.

The Group's operations encompass the development and provision of business application solutions on project basis, the development and sale of application system as off-the-shelf products and sale of distributed products, such as notebook computers and computer related products.

Leveraging on its well-qualified and experienced team of research and development staff as well as its relationship with and on-going technological support from Shanghai Jiao Tong University, the Group is well positioned to become a leading business application solutions developer in the PRC.

HIGHLIGHTS

For the year ended 31 December 2015,

- turnover of the Group amounted to approximately RMB112,178,591.55 (2014: approximately RMB112,919,531.84) which represented a decrease of 0.66%;
- profit attributable to owners of the Company was approximately RMB2,618,688.49 (2014: loss of approximately RMB13,232,427.57); and
- the Directors do not recommend the payment of a final dividend (2014: Nil).

** For identification purpose only*

Executive Directors

Mr. Liu Yuwen (*Chairman*)
Mr. Chen Xin (*Vice Chairman*)
Mr. Shuai Ge (*Vice Chairman*)
Mr. Shang Ling (*Chief Executive*)
Mr. Zhu Kaiyong
Mr. Shen Zhimin

Independent Non-executive Directors

Mr. Yuan Shumin
Dr. Ni Jing
Dr. Chan Yan Chong

Supervisors

Mr. Yao Benqiang
Mr. Yu Jiming
Ms. Qin Yan
Mr. Gu Wei
Ms. Dong Beihua

Company Secretary

Ms. Ho Wing Yan *ACIS ACS(PE)*

Audit Committee

Mr. Yuan Shumin (*Chairman*)
Dr. Ni Jing
Dr. Chan Yan Chong

Remuneration Committee

Mr. Yuan Shumin (*Chairman*)
Mr. Liu Yuwen
Dr. Ni Jing
Dr. Chan Yan Chong

Nomination Committee

Mr. Liu Yuwen (*Chairman*)
Mr. Yuan Shumin
Dr. Ni Jing

Compliance Officer

Mr. Liu Yuwen

Legal Address

2nd Floor, Block 7
471 Gui Ping Road
Shanghai
The PRC

Principal Place of Business in Hong Kong

Suites 3306-12, 33rd Floor
Shui On Centre
Nos. 6-8 Harbour Road
Wanchai, Hong Kong

Principal Place of Business in the PRC

Building A, Shanghai Jiaoda Withub Information Park
No. 951B Panyu Road
Shanghai
The PRC

Authorised Representatives

Mr. Liu Yuwen
Ms. Ho Wing Yan

Principal Bankers

China Construction Bank
– Shanghai Sub-branch No. 2
Shanghai Bank
– Xu Hui Sub-branch

Auditor

ShineWing Certified Public Accountants
(*Special General Partnership*)
9/F., Block A, Fu Hua Mansion.
No.8, Chao Yang Men Bei Da Jie,
Dong Cheng District,
Beijing, the PRC

Hong Kong Share Registrar and Transfer Office

Suites 3301–04, 33/F.,
Two Chinachem Exchange Square, 338 King's Road,
North Point, Hong Kong

Stock Code

8205

Company Website

www.withub.com.cn

Chairman's Statement

To All Shareholders,

On behalf of the Board, I announce the results review on Shanghai Jiaoda Withub Information Industrial Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the prior year, and would also like to take this opportunity to introduce the business plan of the Company and development direction which the Company will focus on the coming financial year.

Looking back to 2015, various uncertainties still exist in the global economy, and along with the changing market environment and increasing market competition, the Company inevitably recorded a loss for the current year.

To cope with the future challenge and sustainable development, the Company will set up objectives and plans according to the three-year development plan in 2015, and actively transform and expand its operating direction. For business, the major direction is to develop software development and system integration business; for management, along with the on-going business development, the operating management of various aspects will be further enhanced and improved.

In the future, the Company will continue to strengthen the core competitiveness, exert greater efforts in highlighted businesses, enhance the corporate competitiveness, and effectively formulate assessment and revenue allocation system that is favourable for attracting and retaining high-calibre personnel. The Company will also continue to concentrate on the corporate culture establishment and build an environment for active development and innovative creation. It will remain positive in its perception to build up a harmonious enterprise.

Last but not least, I would like to express my gratitude to our customers and shareholders for their steadfast support and trust and also thank the directors, senior management and all the staff for their unremitting efforts and contribution.

By order of the Board

Liu Yuwen
Chairman

Shanghai, 15 March 2016

RESULTS

For the year ended 31 December 2015, the Group recorded a turnover of approximately RMB112,178,591.55 (2014: approximately RMB112,919,531.84), representing a decrease of RMB740,940.29 or 0.66% as compared to that of the last year. The Group recorded a profit of RMB2,618,688.49, while a loss for the year ended 31 December 2014 was RMB13,232,427.57.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the entire financial year under review ended 31 December 2015, the total revenue of the Group has decreased from RMB112,919,531.84 to RMB112,178,591.55. The decrease of RMB740,940.29 in revenue represents 0.66% decrease of the Group's sales as compared with that in 2014. The Group recorded a loss before tax of RMB13,232,427.57 for the previous year and a profit before tax of RMB2,618,688.49 during the year.

Revenue are mainly generated from the sales and distribution of computer and electronic products and accessories which made up of 69.21% of the total sales (or RMB77,635,267.67), and this is followed by 27.14% of total sales (or RMB30,337,556.71) for business application solutions and application software development, 3.49% (or RMB3,910,644.38) for installation and maintenance of network and data security products. These business segments remain the core services and products for the Company in the past and also for the future.

The sales and distribution of computer and electronic products and accessories has decreased by RMB7,647,938.24 in revenue as compared with RMB85,283,205.91 last year, representing a decrease of 8.97%.

Revenue in business application solutions and application software development has increased by RMB6,166,100.74 or 25.51% from RMB24,171,445.97 in the previous year.

Sales from installation and maintenance of network and data security products has increased by RMB717,962.61 from the previous year of RMB3,192,681.77, representing an increase of 22.49%.

The gross profit has increased from RMB9,152,503.14 to RMB16,094,669.13. This represents an increase of RMB6,942,165.99 or 75.85%. The gross profit margin has increased from 8.11% for the previous financial year to 14.35% for the current year.

Other revenue has increased by RMB1,045,082.41 or 118.21% to RMB1,929,177.74 for the current year from RMB884,095.33 for the previous year.

The share of profits of associates amounted to RMB2,861,964.74 for the current year as compared to the profit of RMB1,910,108.29 for the previous year, representing a surge of RMB951,856.45.

Distribution cost has decreased by RMB1,001,533.78 or 20.30% from RMB4,933,808.65 for the previous year to RMB5,935,342.43 for the current year.

During the past year of 2015, the decrease in segment revenue resulted that the Company recorded a loss for the year. The Company will continue to strengthen the core competitiveness, exert greater efforts in highlighted businesses, enhance the corporate competitiveness, and actively formulate assessment and revenue allocation system that is favourable for attracting and retaining high-calibre personnel.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2015, shareholders' funds of the Group amounted to approximately RMB71,359,442.35 (2014: RMB68,405,013.57). Current assets amounted to approximately RMB92,896,101.23 (2014: RMB87,014,305.76), of which approximately RMB62,884,191.12 (2014: RMB49,881,302.63) were cash and bank balances. The Group did not have non-current liabilities (2014: Nil) and its current liabilities amounted to approximately RMB35,384,133.72 (2014: RMB32,380,754.44), which mainly comprised of other payables and accrued expenses. The Group did not have any long-term debts.

WORKING CAPITAL RATIO AND GEARING RATIO

As at 31 December 2015, the Group had a net cash position and its working capital ratio (current assets to current liabilities) was 2.63 (2014: 2.69); and gearing ratio (liabilities to total assets) was approximately 33.15% (2014: 32.13%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2015.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2015.

SEGMENT INFORMATION

All of the Group's activities are conducted in the PRC and are divided into two major business segments namely business application solutions and sales of goods. Accordingly, analysis by business segments is presented in note 6 to the consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2015, the Group had 123 full time employees (2014: 117), comprising 18 in management, finance and administration (2014: 14), 33 in research and development (2014: 34), 46 in application development and engineering (2014: 45), and 24 in sales and marketing (2014: 22). Also, the Group had 2 school staff (2014: 2).

The Group has not experienced any disruption of its normal business operations due to labour disputes or significant turnover of staff. The Directors consider that the Company has maintained a very good relationship with its staff.

Remuneration of employees including Directors' emoluments and all staff-related costs for the year ended 31 December 2015 was approximately RMB15,560,322.07 (2014: RMB12,215,000).

The Group's remuneration and bonus policies are principally determined with reference to the qualification, experience and performance of individual employee.

CHARGES ON GROUP ASSETS

As at 31 December 2015, the Group did not have any charges on its assets (2014: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors currently do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2015, the Group's monetary assets and transactions are mainly denominated in RMB, HKD and USD. Though the exchange rates among RMB, HKD and USD are not pegged, there are relatively low level of fluctuation in exchange rates among RMB, HKD and USD. The management noted that the recent appreciation in the exchange rate of RMB to HKD and USD and is of the opinion that it does not currently have a material adverse impact on the Group's financial position. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

Biographical Details of Directors, Supervisors and Senior Management

DIRECTORS

The Company has six executive Directors, and three independent non-executive Directors. Their details are set out below:

Executive Directors

Mr. Liu Yuwen (“Mr. Liu”), aged 53, Ph.D., is a professorate senior engineer. He has engaged in technical management of Baosteel Corporation (寶鋼股份公司) since 1996 and served as the branch manager of Baosteel Pipe (寶鋼鋼管), deputy division manager of Baosteel Pipe (寶鋼鋼管), as well as chairman of 魯寶鋼管公司, 煙寶鋼管公司 and 寶通鋼鐵公司. He has acted as the chief executive of Shanghai Jiao Da Industrial Investment Management (Group) Co., Ltd (上海交大產業投資管理(集團)有限公司) and a director of Shanghai Jiao Tong University Science Park Company Limited (上海交大大學科技園有限公司) since December 2013.

Mr. Chen Xin (“Mr. Chen”), aged 36, graduated with a Bachelor degree. He served as the project manager of market research division of Trump Real Estate Consulting (Shanghai) Co., Ltd (川普房產諮詢(上海)有限公司), the manager of new energy project division of Shanghai Xinjicheng Import & Export Trade Co., Ltd. (上海新績成進出口貿易有限公司), the senior project manager of marketing department of Shanghai Zhangjiang Venture Investment Management Co., Ltd (上海張江投資創業股份有限公司), and the manager assistant of enterprise development department of Shanghai Zhangjiang Enterprise Innovation Management Co., Ltd (上海張江企業孵化器經營管理有限公司). He has been the deputy manager of technology and financial department of Shanghai Technology Venture Capital (Group) Co., Ltd since 2012.

Mr. Shuai Ge (“Mr. Shuai”), aged 47, MA, is an engineer. He has long-term engagement in business management since 1993, and served as the manager of the research and development department of Shanghai Xianhe Optoelectronics Technology Company Limited (上海先河光電技術有限公司) and of the import and export division of Shanghai Taiping International Container Co., Ltd (上海太平國際貨櫃有限公司), the general manager assistant of Shanghai Xinhua Power Station Control Co., Ltd (上海新華電站控制技術有限公司), the general manager of Shanghai International Program Controlled Company Limited (上海國際程序控制有限公司) as well as the general manager assistant of Shanghai Xin Xuhui (Group) Limited (上海新徐匯(集團)有限公司). He has been the deputy general manager of Shanghai Xin Xuhui (Group) Limited since November 2006.

Mr. Shang Ling (“Mr. Shang”), aged 45, MA, is an engineer. He is appointed as the chief executive of the Company on 18 June 2014. He has long-term engagement in corporate production and operational management after he graduated from his master degree in 2001. He served as a manager of 上海申聯資訊技術公司, an assistant officer of Shanghai Withub Hi-Tech Business Incubator (上海慧谷高科技創業中心), the general manager of Shanghai Withub Business Investment and Management Company Limited (上海慧谷創業投資管理有限公司), the general manager of Shanghai Jiaoda Withub Technology Street Company Limited (上海交大慧谷科技街有限公司) and the deputy general manager of Shanghai Xin Nanyang Company Limited (上海新南洋股份公司).

Mr. Zhu Kaiyong (Mr. Zhu), aged 43, obtained a master degree of business administration and is an economist. He has served as the deputy manager of investment department, a representative of securities affairs, the deputy director of office of board secretary, the deputy manager of administration department and administrative manager for 上海新南洋公司 as well as the board secretary of Shanghai Xin Nanyang Company Limited (上海新南洋股份公司). He currently serves as a supervisor of Shanghai Jiao Tong University Science Park Company Limited (上海交大大學科技園有限公司) and board secretary of Shanghai Jiao Da Industrial Investment Management (Group) Co., Ltd.

Mr. Shen Zhimin (“Mr. Shen”), aged 50, graduated with a Bachelor degree. He worked for Shanghai Baoshan District Finance Bureau from 1989 to 1992, and he has served as the head of accounting department for Shanghai Xuhui District Finance Bureau since 1992. Mr. Shen has acted as the director of Shanghai Huxin Investment Operation Company Limited since 2012.

Independent Non-executive Directors

Mr. Yuan Shumin (“Mr. Yuan”), aged 65, was appointed as an independent non-executive Director by the Company in June 2007. He was graduated from School of Accounting of Shanghai University of Finance and Economics in January 1983 with a bachelor degree in Economics, and taught there after graduation. In January 1985, he attended the part-time Postgraduate program in School of Accounting of Shanghai University of Finance and Economics, and graduated in June 1988 with a master degree in Economics. Mr. Yuan became associate professor in 1992, and promoted as professor in 1977. Since 1993, he has been supervisor of teaching department, assistant supervisor and assistant dean of School of Accounting, standing assistant dean and dean of School of Adult Education (成教學院) of Shanghai University of Finance and Economics. He studied in a part-time doctorate program of Management at School of Management of Fudan University from January 1995, and graduated from Fudan University in January 1998 with a doctorate degree in Science. In July 2001, he was appointed as tutor of accounting doctorate program in Shanghai University of Finance and Economics. He has served in School of Accounting in Shanghai Finance University since September 2005, and is currently serving as the president of School of Accounting. Mr. Yuan has written various thesis, studies, teaching material, and served as Chairman of Computerized Accountancy Association for Youth (中青年會計電算化分會) of PRC Accounting Association (中國會計學會).

Dr. Ni Jing (“Dr. Ni”), aged 35, is an associate professor and a supervisor for master students. She obtains both bachelor and master degrees in Law from Southern University of Political Science & Law in China, a master degree in EU Commercial Law from Aix-Marseille Université in France, a doctoral degree in Law from Xiamen University in China and a post-doctoral degree in Law from Chinese Academy of Social Sciences. Dr. Ni has extensive experience in law, and worked for Shenzhen Intermediate People’s Court in China, J. Tongue Law Office GD and Beijing JunZeJun Law Offices respectively, and served as the legal consultant for various enterprises included, among other things, Shanghai Taikang Life Insurance Co., Ltd (上海泰康人壽公司), Shanghai Oriental Maritime Engineering Technology Co., Ltd (上海東方海事工程技術有限公司), Shanghai Kasha Blanca Garment Co., Ltd (上海卡莎布蘭卡服飾有限公司), Shanghai Weixin Company Limited (上海維信有限責任公司), Shanghai Yuexing Wealth Management Co., Ltd (上海悅星財富管理公司), and Beijing Mashi Food Production Co., Ltd (北京馬氏莊園食品有限公司). Dr. Ni also actively participates in social affairs and served as the secretary of alumni association for Southern University of Political Science & Law in Shanghai, China and the secretary of legal professional committee of the Sichuan Chamber of Commerce in Shanghai. Dr. Ni currently works in the International Law Faculty of East China University of Political Science and Law in China.

Biographical Details of Directors, Supervisors and Senior Management

Dr. Chan Yan Chong (“Dr. Chan”), aged 65, was appointed as an independent non executive Director on 7 July 2009. He graduated from Nanyang University in Singapore with a degree in Mathematics. Then he obtained a Master degree in Operational Research at Lancaster University and Doctorate in Management Studies at Manchester University. Currently, Dr. Chan serves as the associate professor at the City University of Hong Kong, the group leader of Centa-City Index (now known as CCI) research group and the economic advisor of Ganzhou City Government in Jiangxi Province. He served as an advisor to the Central Policy Unit of Hong Kong and a council member of Sham Shui Po District Council of Hong Kong. In 2001, Dr. Chan was awarded the Best Commercial Application Research Prize of the City University of Hong Kong. He has published 20 professional books and more than 3,000 articles, and is also a feature column writer for many newspapers and magazines.

SUPERVISORS

Mr. Yao Benqiang (“Mr. Yao”), aged 63, is the chairman of the Supervisory Committee of the Company and responsible for the supervision of the Company’s financial activities. Mr. Yao has over 25 years of experience in financial accounting and auditing. Mr. Yao joined Shanghai Xin Xuhui in 1995 and became the financial controller in 1998. He was awarded 上海市財務總監業務培訓班證書 (the Certificate of Continuing Education of Shanghai Chief Financial Officer) and is the 徐匯區內部審計協會副理事長 (Vice chief counsel of Xuhui District Internal Audit Committee), 區會計學會理事 (council member of District Accountancy Committee) and 市成本研究會會員 (member of the City Costing Research Committee). Mr. Yao was appointed as a supervisor by the Company in December 2001.

Mr. Yu Jiming (“Mr. Yu”), aged 57, is a supervisor of the Company and responsible for the supervision of the Company’s operation and financial activities. Mr. Yu graduated with Bachelor degree in University of Science and Technology Beijing and is a Senior Accountant and a registered accountant. Mr. Yu held various positions in 上海浦東鋼鐵公司 including Administrator, Supervisor and Section Chief of Cost Section of Finance Department (財務處成本科管理員、組長及科長), Deputy Head of Finance Department, Head of Foreign Economic and Trade Department (對外經濟貿易處) and Deputy Chief Accountant. He was also the General Manager of 三網國際貿易公司. Since 1999, Mr. Yu has acted as the Deputy Chief Accountant and Manager of Finance Division of Shanghai Science & Technology Investment Corporation, the chairman of Supervisory Committee of 上海眾恒信息產業有限公司, Head of Supervisors (監事長) of 上海燃料動力汽車有限公司 and a director of 上海中新技術創業投資有限公司, supervisor of 上海申騰資訊技術有限公司 and supervisor of 廣東冠昊生物科技股份有限公司. Mr. Yu was appointed as a supervisor by the Company in July 2005.

Ms. Qin Yan (“Ms. Qin”), aged 42, is the representative of the employees and is a supervisor of the Company. Ms. Qin is the manager of the integration department of the Company responsible for network integration design and wiring design. She graduated with Bachelor degree in 上海理工大學 (University of Shanghai for Science & Technology) specialized in complex machinery and subsequently obtained a master degree specialised in measurement techniques and instruments. Ms. Qin was appointed as a supervisor by the Company in September 2000.

Ms. Dong Beihua (“Ms. Dong”), aged 52, graduated with a Bachelor degree. She worked for Shanghai Xuhui District Taxation Bureau from 1983 to 1985, and she has served as the head of inspection department for Shanghai Xuhui District Finance Bureau since 1986. Ms. Dong has acted as the general manager of Shanghai Huxin Investment Operation Company Limited since 2012.

Mr. Gu Wei (“Mr. Gu”), aged 45, graduated from Adult Education Institute of Shanghai Jiao Tong University and also from Research Institute of Information Security Engineering of Shanghai Jiao Tong University. He is currently a professional engineer and serves as the deputy general manager of integration business. He graduated from Shanghai Panyu Secondary School in 1988 and Shanghai College of Metallurgy Industry in 1992. He has served as a technician for Shanghai Tenth Steel Mills since 1992 and as the deputy general manager of Shanghai Jiaoda Withub Information Industrial Company Limited since 1998.

SENIOR MANAGEMENT

Ms. Cao Zhen (“Ms. Cao”), aged 47, graduated from Shanghai Jiao Tong University. Ms. Cao is the vice president of the Company, in charge of the Company’s system integration business department and solution business department. Ms. Cao had worked in various positions including 上海交大科外系語言所 (Shanghai Jiaoda Ke Wai System Language Centre) as an engineer, 上海天明科技有限公司 as a manager, 上海瀚英實業發展有限公司 (Shanghai Han Ying Industrial Development Company Limited) as a manager, the general manager of Network Integration Centre (網絡集成中心) of the Company and being a chief project officer of the Company. Ms. Cao was appointed by the Company in May 2005 and was re-appointed by the Company in July 2014, for a term of three years.

Mr. Zhang Yuanyuan (“Mr. Zhang”), aged 43, graduated from Shanghai Jiao Tong University with an MBA. Mr. Zhang is the vice president of the Company, in charge of the Company’s software business department and product business department. Mr. Zhang had worked in various positions including Royton Technologies Co. Ltd. as a chief investment officer, 上海三九藥店有限責任公司 (Shanghai San Jiu Yao Dian Company Limited) as a managing director, 江蘇三九醫藥零售有限公司 (Jiangsu San Jiu Yi Yao Retail Company Limited) as a president, 杭州三九醫藥零售有限公司 (Hangzhou San Jiu Yi Yao Retail Company Limited) as a director, 上海三九醫藥有限公司 as a director, 上海價美醫藥零售連鎖有限公司 (Shanghai Jia Mei Yi Yao Retail Chain Company Limited) as a director. Mr. Zhang Yuanyuan was appointed by the Company in May 2005 and was re-appointed by the Company in July 2014, for a term of three years.

The Board of Directors is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Principal Activities

The Group is principally engaged in the development and provision of business application solutions which include business solutions, application software, network and data security products and is also engaged in the sales and distribution of computers and electrical products.

Business Review

A fair review of the Group's business and its outlook are set out in the sections of Chairman's Statement and Management Discussion & Analysis. Certain financial key performance indicators are provided in the section of Five-Year Financial Summary. No important event affecting the Group has occurred since the end of the financial year under review.

The Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

The Group respects the environment and is committed to minimizing its carbon footprints as a socially responsible enterprise. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO₂) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimize the impact on carbon footprints and the environment, the Group implements the following practices to use paper efficiently:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practice photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Paper waste is recycled instead of direct disposed in landfills;
- Paper is separated from other waste for easier recycling; and
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect on carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximize efficiency.

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Major Customers and Suppliers

During the year under review, the Group's sales to the five largest customers accounted for 24.49% of the Group's turnover for the year, of which the largest customer accounted for 7.76% of the Group's turnover for the year.

Purchases from major suppliers accounted for the following percentages:

The largest supplier:	30.94%
Total percentage of the five largest suppliers:	53.11%

Save as disclosed above, as far as the Directors are aware, neither the Directors or their close associates nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued capital) and management shareholders had any material interest in the five largest customers and five largest suppliers.

Results

The Group's results and financial position for the year ended 31 December 2015 are set out in the annual report on pages 29 to 115.

Dividends

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2015.

Financial Summary

A summary of the results and assets and liabilities of the Group for each of the five years ended 31 December 2015 is set out on page 116 of the annual report.

Plant and Equipment

Details of the movements in the plant and equipment of the Group and of the Company during the year are set out in note 6.10 to the notes to the financial statements.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 6.18 to the notes to the financial statements.

Share Option Scheme

The Company conditionally adopted a Share Option Scheme by a resolution of all shareholders of the Company on 7 July 2002. The Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

The maximum total number of H shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30 percent of the H shares in issue from time to time. The total number of H shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 13,200,000 H shares, being 10 percent of issued H shares. The total number of H shares issued and which may fall to be issued upon exercise of the options granted or to be granted under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-month period up to the date of grant shall not exceed one percent of the H shares in issue for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders and the shareholders' approval in general meeting of the Company with such grantee and his associates abstaining from voting.

An option may be accepted by a participant within 21 days from the date of grant of the option. No eligible participants who are PRC nationals and have taken up any options to subscribe for H shares shall be entitled to exercise any such options until the current restrictions imposed by the relevant PRC laws and regulations restricting PRC nationals from subscribing for and dealing in H shares or any laws or regulations with similar effects (the "H Shares Restrictions") have been abolished or removed. Options may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The subscription price for H shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (aa) the closing price of the H shares on GEM as stated in the Stock Exchange's daily quotations on the date of the offer of grant, which must be a business day; (bb) the average closing price of the H shares on GEM as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (cc) the nominal value of the H shares.

The Share Option Scheme of the Company has become invalid on 6 July 2012.

Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out on pages 39 to 42 and in notes 6.19 to 6.23 to the notes to the financial statements.

RETIREMENT BENEFITS

Details of the retirement benefit scheme of the Group are set out in note 6.15 to the notes to the financial statements.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Liu Yuwen	<i>(Chairman)</i>
Mr. Chen Xin	<i>(Vice Chairman) (appointed on 7 July 2015)</i>
Mr. Shuai Ge	<i>(Vice Chairman) (appointed on 7 July 2015)</i>
Mr. Shang Ling	<i>(Chief Executive)</i>
Mr. Zhu Kaiyong	
Mr. Shen Zhimin	
Mr. Mo Zhenyi	<i>(Vice Chairman) (resigned on 7 July 2015)</i>
Mr. Wu Hanyuan	<i>(Vice Chairman) (resigned on 7 July 2015)</i>

Independent Non-executive Directors

Mr. Yuan Shumin	
Dr. Ni Jing	<i>(appointed on 7 July 2015)</i>
Dr. Chan Yan Chong	
Dr. Cao Guo Qi	<i>(resigned on 7 July 2015)</i>

Supervisors

Mr. Yao Benqiang
Mr. Yu Jiming
Ms. Qin Yan
Mr. Gu Wei
Ms. Dong Beihua

According to the provisions of the Articles of Association of the Company, the terms of service of all the Directors and the Supervisors are three years. All Directors and the Supervisors (except the representative of the employees) are subject to re-election at a general meeting upon the expiration of their terms of service.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company did not enter into any service contract with its executive Directors and independent non-executive Directors and each of the executive Directors, independent non-executive Directors and Supervisors.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

Directors', Supervisors' and Senior Executives' Emoluments

Details of the Directors', Supervisors' and senior executives' emoluments and the highest paid individuals are set out in note 9.2(3) to the financial statements.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2015, 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 Securities and Future Ordinance ("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

At no time during the year were 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 31 December 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) of the Company) 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 percent or more of the Shares:

Name of shareholders	Capacity and nature	Number and class of shares	Approximate percentage of interest
		<i>(Note 1)</i>	
Shanghai Jiao Tong University	Interest of a Controlled corporation <i>(Note 2)</i>	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Industrial Investment Management (Group) Limited	Interest of a Controlled corporation <i>(Note 2)</i>	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 <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 Venture Capital Management Company	Beneficial owner	57,000,000 domestic shares (L)	11.88%

Notes:

- The letter "L" represents the entity's interest in the shares of the Company.
- 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.
- 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 31 December 2015, save for the persons/entities disclosed in sub-section A above, the following persons/entities 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	Approximate percentage of interest
		(Note)	
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 31 December 2015, the Directors are not aware of any other person (other than the Directors or 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.

Board Practices and Procedures

Throughout the year ended 31 December 2015, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

Directors' Interests in Contracts

Save as disclosed in the annual report, no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Closure of Register of Members

The register of members of the Company will be closed from 18 May 2016 to 17 June 2016 (both days inclusive), during which no transfer of shares will be effected. The holders of shares whose name appears on the register of members of the Company on 17 June 2016 will be entitled to attend and vote at the annual general meeting. In order to qualify for attendance at the above meeting, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong (which will be relocated to Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong with effect from 5 April 2016), not later than 4:00 p.m. on 17 May 2016.

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 year ended 31 December 2015.

Competing Interests

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

Public Float

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by the public as at the date of the annual report.

Audit Committee

The Company established an audit committee on 7 July 2002 with written terms of reference. The audit committee comprises the three independent non-executive Directors, namely Mr. Yuan Shumin, Dr. Ni Jing and Dr. Chan Yan Chong.

The Company's consolidated financial statements for the year ended 31 December 2015 have been reviewed by the audit committee, who gave advice on such statements to the Board. The financial reporting process and internal control of the Company have also been reviewed by the audit committee, who were of the opinion that no further improvement was required for the time being. During the year, the audit committee has held four formal meetings.

Auditor

The consolidated financial statements for the years ended 31 December 2013, 2014 and 2015 were audited by SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants (Special General Partnership) ("ShineWing CPA") respectively.

ShineWing CPA will retire at the forthcoming annual general meeting of the Company and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of ShineWing CPA as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Liu Yuwen

Chairman

Shanghai, the PRC, 15 March 2016

Report of the Supervisory Committee

To All Shareholders,

Shanghai Jiaoda Withub Information Industrial Company Limited has complied with the Company Law of the PRC during the year ended 31 December 2015, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association of the Company, exercised conscientiously its authority, safeguarded the interests of the shareholders and the Company, followed the principles of honesty and trustworthiness and worked cautiously and diligently.

During the year we carefully reviewed the use of the proceeds raised in strict compliance with the plan of use of proceeds disclosed in the prospectus of the Company dated 25 July 2002 for the listing of the Company's H shares on the GEM. We provided reasonable suggestions and advice on the operations and development plans to the Board and strictly and effectively monitored whether the policies and decisions made had conformed with the state laws and regulations and the Articles of Association of the Company or safeguarded the interests of shareholders.

After investigation, we consider that the financial statements of the Group and of the Company, audited by ShineWing CPA, truly and fairly reflect the operating results of the Group and asset positions of the Group and of the Company. We also reviewed the Report of the Directors and profit distribution proposal. We consider that the aforesaid report and proposal meet the requirements of the relevant regulations and articles of the Company. We have attended the meeting of the Board. We consider that the members of the Board, the general manager and other officers have strictly complied with the principles of honesty and trustworthiness, worked diligently and sincerely acted in the best interests of the Group. None of the Directors, the general manager and the officers have abused their authorities, caused damage to the interests of the Group and infringed upon the interests of the Group and its staff, nor have they violated any laws, regulations or the Company's Articles of Association.

We are satisfied with the various tasks achieved as well as the cost-effectiveness gained in 2015 and are confident about the prospects and future development of the Group.

On behalf of the Supervisory Committee

Yao Benqiang

Chairman of the Supervisory Committee

Shanghai, the PRC, 15 March 2016

The Group has complied with most of the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules (“CG Code”) other than the deviations as disclosed in this report.

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 standard of dealings in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries 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 during the year.

BOARD OF DIRECTORS

The Board comprises nine Directors, of whom six are executive Directors and three are independent non-executive Directors. Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the pages 8 to 11 of the annual report. The participation of independent non-executive Directors in the Board brings independent judgement on issues relating to the Group’s strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Company did not enter into any service contract with its executive Directors and independent non-executive Directors. However, according to article 96 of the Articles of Association of the Company, the terms of the Directors shall be three years. Upon the expiry of the term, the Directors shall be eligible for re-election at the shareholders’ general meeting of the Company. Therefore, terms of the executive Directors of (i) Mr. Liu Yuwen, Mr. Shang Ling, Mr. Zhu Kaiyong and Mr. Shen Zhimin, commenced from 7 July 2014 to 6 July 2017; and (ii) Mr. Chen Xin and Mr. Shuai Ge, commenced from 7 July 2015 to 6 July 2018. For the independent non-executive Directors, the term of (i) Mr. Yuan Shumin commenced from 22 June 2013 for three years and another term of three years commencing from 22 June 2016 which was passed by an ordinary resolution at the annual general meeting held on 18 June 2015; (ii) Dr. Ni Jing commenced from 7 July 2015 to 6 July 2018 and (iii) Dr. Chan Yan Chong commenced from 7 July 2015 to 6 July 2018.

The Board considers that all of the independent non-executive Directors are independent as to the Company has received from each of them the annual confirmation of independence required by the GEM Listing Rules.

The Board is responsible for the leadership and control of the Company and also approve business plans, evaluate the performance of the Group and oversight of management. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions as to the powers of the Management, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Report of Corporate Governance

The Board held four board meetings during the year ended 31 December 2015. Details of the attendance of the Board are as follows:

Board Meetings	Number of Attendance
Executive Directors	
Mr. Liu Yuwen (Chairman)	4/4
Mr. Chen Xin (Vice Chairman) (appointed on 7 July 2015)	2/2
Mr. Shuai Ge (Vice Chairman) (appointed on 7 July 2015)	2/2
Mr. Shang Ling (Chief Executive)	4/4
Mr. Zhu Kaiyong	4/4
Mr. Shen Zhimin	4/4
Mr. Mo Zhenxi (Vice Chairman) (resigned on 7 July 2015)	2/2
Mr. Wu Hanyuan (Vice Chairman) (resigned on 7 July 2015)	2/2
Independent Non-executive Directors	
Mr. Yuan Shumin	4/4
Dr. Ni Jing (appointed on 7 July 2015)	2/2
Dr. Chan Yan Chong	4/4
Dr. Cao Guo Qi (resigned on 7 July 2015)	2/2

The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

During the year ended 31 December 2015, the Company held one annual general meeting on 18 June 2015, being 2014 annual general meeting of the Company (the "2014 AGM").

2014 AGM	Number of Attendance
Executive Directors	
Mr. Liu Yuwen (Chairman)	1/1
Mr. Chen Xin (Vice Chairman) (appointed on 7 July 2015)	N/A
Mr. Shuai Ge (Vice Chairman) (appointed on 7 July 2015)	N/A
Mr. Shang Ling (Chief Executive)	1/1
Mr. Zhu Kaiyong	1/1
Mr. Shen Zhimin	1/1
Mr. Mo Zhenxi (Vice Chairman) (resigned on 7 July 2015)	1/1
Mr. Wu Hanyuan (Vice Chairman) (resigned on 7 July 2015)	1/1
Independent Non-executive Directors	
Mr. Yuan Shumin	1/1
Dr. Ni Jing (appointed on 7 July 2015)	N/A
Dr. Chan Yan Chong	1/1
Dr. Cao Guo Qi (resigned on 7 July 2015)	1/1

DIRECTORS' TRAINING

According to the code provision A.6.5 of the CG Code, all directors shall participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company shall be responsible for arranging and funding training, and place appropriate emphasis on the roles, functions and duties of the Directors.

During the year and up to the date of this report, the Company had arranged to provide all Directors with the “Guidelines for Directors” and the “Guide for Independent Non-executive Directors” both issued by the Hong Kong Institute of Directors. Each of the Directors had noted and studied the above mentioned guidelines and the Company had received from each of the Directors the confirmations on taking continuous professional training.

CHAIRMAN AND THE CHIEF EXECUTIVE

In order to maintain the transparency and independence of the corporate governance, the Chairman of the Company is Mr. Liu Yuwen, the Vice-chairmen of the Company are Mr. Chen Xin and Mr. Shuai Ge, and the Chief Executive of the Company is Mr. Shang Ling. The roles of the Chairman, Vice-Chairman and the Chief Executive are segregated and assumed by those separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board, the Vice-chairmen are responsible for the overall business planning of the Group, while the Chief Executive is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman, Vice-chairmen and the Chief Executive have been clearly established and set out in writing.

In compliance with the Rules 5.05(1) and 5.05A of the Listing Rules, there are three independent non-executive Directors representing one-third of the Board. Among the three independent non-executive Directors, one of them has appropriate professional qualifications in accounting or relevant financial management expertise as required by the Rule 5.05(2) of the Listing Rules. The independent non-executive Directors bring independent judgment on issues of strategy, performance and risk. The Company has received from each of the independent non-executive Directors written confirmations of their independence pursuant to the Rule 5.09 of the Listing Rules. Based upon the said confirmations, the Board considers that all the independent non-executive Directors are independents.

AUDIT COMMITTEE

The Audit Committee was established on 7 July 2002 with written terms of reference. The financial reporting system, risk management and internal control systems of the Company have also been reviewed by the Audit Committee, which were of the opinion that no further improvement was required for the time being.

The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin (Chairman), Dr. Ni Jing and Dr. Chan Yan Chong.

The Audit Committee held four meetings during the year. Number of attendance of the Audit Committee meetings during the year ended 31 December 2015 are as follows:

Meetings of Audit Committee		Number of Attendance
Mr. Yuan Shumin	<i>(Chairman)</i>	4/4
Dr. Ni Jing	<i>(appointed on 7 July 2015)</i>	2/2
Dr. Chan Yan Chong		4/4
Dr Cao Guo Qi	<i>(resigned on 7 July 2015)</i>	2/2

The Group’s unaudited quarterly and interim results and audited annual results during the year ended 31 December 2015 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 7 July 2005 with written terms of reference and comprising four independent non-executive Directors, namely Mr. Yuan Shumin (Chairman), Mr. Liu Yuwen, Dr. Ni Jing and Dr. Chan Yan Chong.

The role and function of the Remuneration Committee included the determination of the remuneration package of all Directors and senior management of the Company. The principal elements of the remuneration package may include basic salary, discretionary bonus and share option. The determined guidelines are based on their skill, knowledge and involvement in the Company's affairs and which are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration Committee consults the Chairman and Chief Executive about its proposals related to the remuneration of the Directors and senior management of the Company. The Remuneration Committee held two meetings during the year. Number of attendance of the Remuneration Committee meeting during the year ended 31 December 2015 are as follow:

Meetings of Remuneration Committee		Number of Attendance
Mr. Yuan Shumin	<i>(Chairman)</i>	2/2
Mr. Liu Yuwen		2/2
Dr. Ni Jing	<i>(appointed on 7 July 2015)</i>	N/A
Dr. Chan Yan Chong		2/2
Dr. Cao Guo Qi	<i>(resigned on 7 July 2015)</i>	2/2

NOMINATION COMMITTEE

On 20 March 2012, the Company established the Nomination Committee (the "Nomination Committee") with clear written terms of reference as to its authority and duties. The Nomination Committee consists of three Directors and is chaired by Mr. Liu Yuwen, the Chairman of Board. The Nomination Committee comprises three members, namely, Mr. Liu Yuwen, Mr. Yuan Shumin and Dr. Ni Jing, the majority of them are the independent non-executive Directors.

The Nomination Committee is responsible for electing and recommending candidates for directorship, based on assessment of their professional qualifications and experience and also for assessing the independence of each independent non-executive Director.

The Nomination Committee held one meeting during the year. Number of attendance of the Nomination Committee meeting during the year ended 31 December 2015 are as follow:

Meetings of Nomination Committee		Number of Attendance
Mr. Liu Yuwen	<i>(Chairman)</i>	1/1
Mr. Yuan Shuman		1/1
Dr. Ni Jing	<i>(appointed on 7 July 2015)</i>	N/A
Dr. Cao Guo Qi	<i>(resigned on 7 July 2015)</i>	1/1

Board Diversity Policy

The Nomination Committee adopted the board diversity policy on 8 August 2013.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Functions

The terms of reference on corporate governance functions was adopted by the Board on 20 March 2012. The Board is responsible for performing the corporate governance functions to develop and review the Company's policies and practices on corporate governance and make recommendations; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the "Corporate Governance Code and Corporate Governance Report" as set out in Appendix 15 of the GEM Listing Rules and disclosure in the Corporate Governance Report contained in the annual report of the Company.

AUDITOR'S REMUNERATION

An amount of RMB 381,600 was charged to the Group's consolidated income statement and income statement for the year ended 31 December 2015 for the auditing services provided by ShineWing CPA, the existing auditor of the Company. During the year, the amount charged in respect of non-auditing services provided by ShineWing CPA was RMB nil.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

Annual Report and Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the quarterly and annual financial statements, and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group position and prospects.

Accounting Period

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance and the applicable accounting standards.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, is appropriate to adopt the going concern basis in preparing the financial statements.

THE COMPANY SECRETARY

After entering into the service contracts by the Company and the external service providers, Ms. Ho Wing Yan (“Ms. Ho”) has been appointed as the Company Secretary of the Company. Mr. Shang Ling, our executive director, is the main contact person of Ms. Ho at the Company when she fulfills her duties.

As the Company Secretary, Ms. Ho supports the Board to ensure a smooth exchange of information within the members of the Board and that the policies and procedures of the Board are followed. She is responsible for advising the Board on corporate governance matters and making arrangements for the directors’ induction training and ongoing training as well as professional development.

Ms. Ho is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho constantly pursues continuing education courses relating to the certificates of corporate governance. She has extensive experience in acting as the company secretary of a listed company and is awarded practitioners professional accreditation by the Hong Kong Institute of Chartered Secretaries. According to Rule 5.15 of the Listing Rules, Ms. Ho has attended more than 15 hours of relevant professional training during the year.

SHAREHOLDER’S RIGHTS

The Convening of an Extraordinary General Meeting

Pursuant to the Article 80 of the Articles of Association of the Company, Shareholders who request the convening of an extraordinary general meeting or a class meeting of shareholders shall do so in accordance with the following procedures:

- (1) Two (2) or more shareholders with an aggregate of more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting’s agenda. After receiving the aforesaid written request, the board of directors shall promptly convene an extraordinary general meeting or class meeting of shareholders of shareholders. The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request.
- (2) If the Board fails to issue notice for convening a meeting within thirty (30) days after receiving the aforesaid written request, the shareholders who raised the request may convene the meeting within four (4) months after the Board received that request. The procedures for convening such a meeting shall be, as much as possible, the same as the procedures for convening a general meeting by the Board.

In the case of shareholders organizing the convening of a meeting as a result of the failure of the Board to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the bank funds of those directors who were negligent in the performance of their duties.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholders' communication policy (the "Policy") on 20 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Putting forward a proposal at a general meeting

Pursuant to the Article 61 of the Articles of Association of the Company, the Board of Directors, the Supervisory Committee and the Shareholder(s) individually or aggregately holding more than 3% of the Shares of the Company may put forward written additional proposals to the shareholders' general meeting. The contents of such additional proposals shall fall within the scope of the shareholder's general meeting and such proposals shall have clear and specific topics for discussion and comply with the relevant provisions of the laws, administrative regulations and the Articles of Association. The proposals shall be served to the Company within thirty (30) days from the issuance of the notice convening the meeting. The person convening such meeting shall give an additional notice in relation to the addition proposals within two (2) days upon receipt of the same. Save for the circumstances mentioned in the preceding paragraphs, no amendment to the proposals or additional proposals shall not be made after the notice of convening a general meeting is delivered. No proposal which has not been set out in the notice of the general meeting or not in compliance with the requirement under the second paragraph of this Article shall be considered and decided at the general meeting.

INVESTOR RELATIONS

The Company continues to pursue a proactive policy in promoting communications with the investors. The Board also recognized that effective communication with investors is the key to establish investor confidence and to attract new investors.

The Company communicates with its investors through the publication of annual and interim reports, press announcements and releases and also the Company's website at <http://www.withub.com.cn:81/index.jsp>. The Group regularly releases corporate information such as awards received, and the latest news of the Group's developments on the Company's website. The public are welcome to give their comments and make their enquiries through the Company's website, and the management will give their prompt response.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Board complied with the code provisions on risk management and internal control as set out in the CG code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.



信永中和會計師事務所

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XYZH/2016SHA20078

To Shanghai Jiaoda Withub Information Industrial Company Limited :

We have audited the enclosed financial statements of Shanghai Jiaoda Withub Information Industrial Company Limited (Withub), which comprise the consolidated and parent balance sheet as at 31 December 2015, the consolidated and parent income statement, the consolidated and parent cash flow statement and the consolidated and parent statement of changes in equity for the year 2015 and notes to the financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of Withub is responsible for the preparation and fair representation of the financial statements, and such responsibilities include: (1) preparing the financial statements in accordance with the Accounting Standards for Business Enterprises to give a fair view; (2) designing, implementing and maintaining necessary internal control to enable the financial statements to be free from material misstatement, whether due to fraud or error

2. CERTIFIED ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing for Certified Public Accountants. Those standards require that we comply with the code of professional ethics, plan and conduct the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. QUALIFIED OPINIONS

In our opinion, the financial statements give a fair view of the financial position of both consolidated and parent companies as of Dec.31 2015, and of its financial performance and its cash flow for the year then ended in accordance with the Accounting Standards for Business Enterprises in all material respects.

Shine Wing Certified public accountants
(Special General Partnership)*Chinese Certified Public Accountant**Chinese Certified Public Accountant*

Beijing, China

Mar.15 2016

Consolidated Balance Sheet

31 December 2015

Unit: RMB (Yuan)

Item	Note	31 December 2015	31 December 2014
Current assets:			
Cash and bank balances	6.1	62,884,191.22	49,881,302.63
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivables	6.2	13,226,125.17	14,104,491.89
Prepayments	6.3	1,016,022.48	3,906,310.75
Interest receivable	6.4	2,221,721.25	3,213,667.02
Dividends receivable			
Other receivables	6.5	6,290,441.90	4,871,872.91
Inventories	6.6	7,244,598.71	11,003,060.56
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	6.7	13,000.50	33,600.00
Total current assets		92,896,101.23	87,014,305.76
Non-current assets:			
Available-for-sale financial assets	6.8	1,916,154.00	2,416,154.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment	6.9	10,308,209.64	9,299,546.90
Investment properties			
Fixed assets	6.10	855,667.49	991,018.29
Construction in progress			
Construction supplies			
Clearance of fixed asset			
Biological assets for production			
Fuel assets			
Intangible assets	6.11	750,000.00	1,050,000.00
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	6.12		
Other non-current assets			
Total non-current assets		13,830,031.13	13,756,719.19
Total assets		106,726,132.36	100,771,024.95

Unit: RMB (Yuan)

Item	Note	31 December 2015	31 December 2014
Current liabilities:			
Short-term loans			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payables	6.13	26,322,388.95	25,054,106.73
Unearned revenue	6.14	4,763,564.54	3,552,285.04
Payroll payable	6.15	1,134,390.08	995,662.55
Taxes payable	6.16	485,125.26	405,045.03
Interest payable			
Dividends payable			
Other payables	6.17	2,678,664.89	2,373,655.09
Other payables			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		35,384,133.72	32,380,754.44
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Premium			
Perpetual			
Long-term payroll payable			
Specific payables			
Accrued liabilities			
Deferred income			
Deferred income			
Other non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		35,384,133.72	32,380,754.44
Shareholders' equity:			
Share capital	6.18	48,000,000.00	48,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve	6.19	77,068,451.89	77,068,451.89
Less: treasury stock			
Other comprehensive income	6.20	1,267,587.41	931,847.12
Special reserve			
Surplus reserve	6.21	222,962.29	222,962.29
General risk reserve			
Undistributed profits	6.22	-55,199,559.24	-57,818,247.73
Total owners' equity			
attributable to the parent company		71,359,442.35	68,405,013.57
Minority interests	6.23	-17,443.71	-14,743.06
Total shareholders' equity		71,341,998.64	68,390,270.51
Total liabilities and shareholders' equity		106,726,132.36	100,771,024.95

Balance Sheet

31 December 2015

Unit: RMB (Yuan)

Item	Note	31 December 2015	31 December 2014
Current assets:			
Cash and bank balances	14.1	58,235,457.85	44,684,612.29
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivables		13,226,125.17	14,104,491.89
Prepayments		1,016,022.48	3,906,310.75
Interest receivable		2,221,721.25	3,213,667.02
Dividends receivable			
Other receivables	14.2	6,289,158.67	4,868,089.68
Inventories		7,244,598.71	11,003,060.56
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		13,000.50	33,600.00
Total current assets		88,246,084.63	81,813,832.19
Non-current assets:			
Available-for-sale financial assets	14.3	1,916,154.00	2,416,154.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment	14.4	10,308,209.64	9,299,546.90
Investment properties			
Fixed assets		855,667.49	991,018.29
Construction in progress			
Construction supplies			
Clearance of fixed asset			
Biological assets for production			
Fuel assets			
Intangible assets		750,000.00	1,050,000.00
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		13,843,031.13	13,756,719.19
Total assets		102,076,115.76	95,570,551.38

Unit: RMB (Yuan)

Item	Note	31 December 2015	31 December 2014
Current liabilities:			
Short-term loans			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payables		26,212,902.23	24,944,620.01
Unearned revenue		4,763,564.54	3,552,285.04
Payroll payable		1,025,345.50	886,617.97
Taxes payable		495,584.26	415,504.03
Interest payable			
Dividends payable			
Other payables		2,473,538.64	2,166,529.16
Other payables			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		34,970,935.17	31,965,556.21
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Premium			
Perpetual			
Perpetual			
Long-term payroll payable			
Specific payables			
Accrued liabilities			
Deferred income			
Deferred income			
Other non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		34,970,935.17	31,965,556.21
Shareholders' equity:			
Share capital	14.5	48,000,000.00	48,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve	14.6	77,068,451.89	77,068,451.89
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve	14.7	222,962.29	222,962.29
Undistributed profits	14.8	-58,186,233.59	-61,686,419.01
Total owners' equity			
attributable to the parent company		67,105,180.59	63,604,995.17
Total liabilities and shareholders' equity		102,076,115.76	95,570,551.38

Consolidated Income Statement

2015

Unit: RMB (Yuan)

Item	Note	2015	2014
I. Total operating income		112,178,591.55	112,919,531.84
Including: Operating income	6.26	112,178,591.55	112,919,531.84
Interest revenue			
Earned Premium			
Charges and commission income			
II. Total operating costs		113,087,129.33	129,763,340.96
Including: Operating cost	6.26	96,083,922.42	103,767,028.70
Interest expenses			
Bank charges and commission fee			
Surrender charge fee			
Net payments for insurance claims			
Net reserves from insurance contract			
Bond insurance expense			
Reinsurance costs			
Tax and surcharges	6.27	551,504.10	701,062.96
Selling expenses	6.28	5,935,342.43	4,933,808.65
Administrative expenses	6.29	12,129,565.87	19,340,090.73
Financial expenses	6.30	-1,208,841.54	-1,697,939.87
Loss on assets impairment	6.31	-404,363.95	2,719,289.79
Add: Gain from change in fair value (losses are represented by "-")			
Investment income (losses are represented by "-")	6.32	2,861,964.74	1,910,108.29
Including: Income from investment in associates and joint ventures		1,008,662.74	1,700,108.29
Exchange gain (losses are represented by "-")			
III. Operating profit (losses are represented by "-")		1,953,426.96	-14,933,700.83
Add: Non-operating income	6.33	720,889.77	1,720,552.77
Including: Profit from the disposal of non-current assets			
Less: Non-operating expenses	6.34	58,328.89	22,129.80
Including: Loss from the disposal of non-current assets		16,442.08	
IV. Total profit (losses are represented by "-")		2,615,987.84	-13,235,277.86
Less: Income tax expenses			
V. Net Profit (losses are represented by "-")		2,615,987.84	-13,235,277.86
Net profit attributable to the equity holders of the parent company		2,618,688.49	-13,232,427.57
Minority interests		-2,700.65	-2,850.29

Unit: RMB (Yuan)

Item	Note	2015	2014
VI. Other comprehensive income, net of tax	6.40	335,740.29	-4,000.00
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
(2) Other comprehensive income that may be reclassified subsequently to profit or loss	6.40	335,740.29	-4,000.00
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Gains or losses from reclassifying held-to maturity investments to available-for-sale financial assets			
4. Effective portion of cash flow adjusted for hedging gains or losses			
5. Exchange differences from retranslation of financial statements	6.40	335,740.29	-4,000.00
6. Others			
Other comprehensive income attributable to minority shareholders, net of tax			
VII. Total comprehensive income		2,951,728.13	-13,239,277.86
Total comprehensive income attributable to the shareholders of the parent company		2,954,428.78	-13,236,427.57
Total comprehensive income attributable to the minority shareholders		-2,700.65	-2,850.29
VIII. Earnings per share:	6.39		
(1) Basic earnings per share	6.39	0.006	-0.028
(2) Diluted earnings per share	6.39	0.006	-0.028

Income Statement

2015

Unit: RMB (Yuan)

Item	Note	2015	2014
I. Operating income		112,178,591.55	112,919,531.84
Including: Operating cost		96,083,922.42	103,767,028.70
Taxes and surcharges		551,504.10	701,062.96
Selling expenses		5,935,342.43	4,933,808.65
Administrative expenses		12,081,541.15	19,346,107.70
Financial expenses		-1,209,471.59	-1,699,418.32
Loss on assets impairment		-1,239,906.76	1,869,846.70
Add: Gain from change in fair value (losses are represented by "-")			
Investment income (losses are represented by "-")		2,861,964.74	1,984,265.33
Including: Income from investment in associates and joint ventures Exchange gain (losses are represented by "-")		1,008,662.74	1,700,108.29
II. Operating profit (losses are represented by "-")		2,837,624.54	-14,014,639.22
Add: Non-operating income		720,889.77	1,720,552.77
Including: Profit from the disposal of non-current assets			
Less: Non-operating expenses		58,328.89	22,129.80
Including: Loss from the disposal of non-current assets		16,442.08	
III. Total profit (losses are represented by "-")		3,500,185.42	-12,316,216.25
Less: Income tax expenses			
IV. Net Profit (losses are represented by "-")		3,500,185.42	-12,316,216.25
V. Other comprehensive income, net of tax		-	-
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
(2) Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method		-	-
1. Shares of other comprehensive income of investee that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Gains or losses from reclassifying held-to maturity investments to available-for-sale financial assets			
4. Effective portion of cash flow adjusted for hedging gains or losses			
5. Exchange differences from retranslation of financial statements			
6. Others			
VI. Total comprehensive income		3,500,185.42	-12,316,216.25
VII. Earnings per share:			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Consolidated Cash Flow Statement

2015

Unit: RMB (Yuan)

Item	Note	2015	2014
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		129,036,678.57	127,399,664.77
Refund of taxes and surcharges			53,075.35
Cash received relating to other operating activities		1,413,871.51	1,634,365.81
Sub-total of cash inflows from operating activities		130,450,550.08	129,087,105.93
Cash paid for goods and services		98,934,242.30	115,622,483.13
Cash paid to and on behalf of employees		15,552,520.09	13,073,705.13
Payments of tax charges		2,322,290.04	3,244,173.29
Cash paid relating to other operating activities		5,363,514.29	10,088,243.47
Sub-total of cash outflows from operating activities		122,172,566.72	142,028,605.02
Net cash flows from operating activities		8,277,983.36	-12,941,499.09
II. Cash flows from investing activities			
Cash received from disposal of investments		2,371,868.32	870,000.00
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,200.00	
Net cash received from disposal of subsidiaries and other operating entities		2,203,302.00	
Cash received relating to other investing activities		1,418,708.52	2,726,000.00
Sub-total of cash inflows from investing activities		6,008,078.84	3,596,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		188,073.10	749,781.43
Cash paid to acquire investments			
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities			5,300,000.00
Sub-total of cash outflows from investing activities		188,073.10	6,049,781.43
Net cash flows from investing activities		5,820,005.74	-2,453,781.43
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings			
Cash received from issuing of bonds			
Cash received from other financing activities			200,000.00
Sub-total of cash inflows from financing activities		-	200,000.00
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits and interest expenses			
Cash paid to other financing activities			1,036,000.00
Sub-total of cash outflows from financing activities		-	1,036,000.00
Net cash flows from financing activities		-	-836,000.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		323,191.16	-4,000.00
V. Net increase in cash and cash equivalents		14,421,180.26	-16,235,280.52
Add: Cash and cash equivalents at beginning of period		11,157,719.48	27,393,000.00
VI. Cash and cash equivalent at end of period		25,578,899.74	11,157,719.48

Cash Flow Statement

2015

Unit: RMB (Yuan)

Item	Note	2015	2014
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		129,036,678.57	127,399,664.77
Refund of taxes and surcharges			53,075.35
Cash received relating to other operating activities		2,018,602.64	1,634,365.81
Sub-total of cash inflows from operating activities		131,055,281.21	129,087,105.93
Cash paid for goods and services		99,737,888.02	114,388,957.75
Cash paid to and on behalf of employees		15,413,792.56	13,073,705.13
Payments of tax charges		2,322,290.04	3,244,173.29
Cash paid relating to other operating activities		4,433,198.21	10,088,243.47
Sub-total of cash outflows from operating activities		121,907,168.83	140,795,079.64
Net cash flows from operating activities		9,148,112.38	-11,707,973.71
II. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from returns on investments		2,371,868.32	870,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		14,200.00	
Net cash received from disposal of subsidiaries and other operating entities		2,203,302.00	
Cash received relating to other investing activities		1,418,708.52	2,726,000.00
Sub-total of cash inflows from investing activities		6,008,078.84	3,596,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		188,073.10	749,781.43
Cash paid to acquire investments			
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities			5,300,000.00
Sub-total of cash outflows from investing activities		188,073.10	6,049,781.43
Net cash flows from investing activities		5,820,005.74	-2,453,781.43
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings			
Cash received from issuing of bonds			
Cash received from other financing activities			200,000.00
Sub-total of cash inflows from financing activities		-	200,000.00
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits and interest expenses			
Cash paid to other financing activities			1,036,000.00
Sub-total of cash outflows from financing activities		-	1,036,000.00
Net cash flows from financing activities		-	-836,000.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,019.11	
V. Net increase in cash and cash equivalents		14,969,137.23	-14,997,755.14
Add: Cash and cash equivalents at beginning of period		5,961,029.14	20,958,784.28
VI. Cash and cash equivalent at end of period		20,930,166.37	5,961,029.14

Consolidated Statement of Changes in Equity

2015

Unit: RMB (Yuan)

Item	Current Year												
	Share Capital	Preferred shares	Perpetual bond	Others	Capital Reserve	Less-Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Reserve for general risks	Undistributed profits	Minority interests	Total shareholders' equity
I. Ending balance of previous year	48,000,000.00	-	-	-	77,068,451.89	-	931,847.12	-	222,962.29	-	-57,818,247.73	-14,743.06	68,390,270.51
Add: changes in accounting policies													
Correction of prior period errors													
Others													
II. Beginning balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	931,847.12	-	222,962.29	-	-57,818,247.73	-14,743.06	68,390,270.51
III. Change through current year													
(+ for losses)													
(1) Total comprehensive income	-	-	-	-	-	-	335,740.29	-	-	-	2,618,688.49	-2,700.65	2,951,728.13
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amounts of share-based payments recognized in shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalized capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalized surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve for covering up losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current year appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Current year usage	-	-	-	-	-	-	-	-	-	-	-	-	-
6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	1,267,587.41	-	222,962.29	-	-55,199,559.24	-17,443.71	71,341,998.64

Consolidated Statement of Changes in Equity (Continued)

2015

Unit: RMB (Yuan)

Item	Last Year												
	Share Capital	Preferred shares	Perpetual bond	Others	Capital Reserve	Less-Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Reserve for general risks	Undistributed profits	Minority interests	Total shareholders' equity
I. Ending balance of previous year	48,000,000.00	-	-	-	77,068,451.89	-	935,847.12	-	222,962.29	-	-44,585,820.16	-11,892.77	81,629,548.37
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Beginning balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	935,847.12	-	222,962.29	-	-44,585,820.16	-11,892.77	81,629,548.37
III. Change through current year ("for losses")	-	-	-	-	-	-	-4,000.00	-	-	-	-13,232,427.57	-2,850.29	-13,239,277.86
(1) Total comprehensive income	-	-	-	-	-	-	-4,000.00	-	-	-	-13,232,427.57	-2,850.29	-13,239,277.86
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amounts of share-based payments recognized in shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalized capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalized surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve for covering up losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current year appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Current year usage	-	-	-	-	-	-	-	-	-	-	-	-	-
6) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	931,847.12	-	222,962.29	-	-57,818,247.73	-14,743.06	68,390,270.51

Statement of Changes in Equity

2015

Unit: RMB (Yuan)

Item	Current Year											
	Share Capital	Preferred shares	Perpetual bond	Others	Capital Reserve	Treasury shares	Less: Comprehensive Income	Other	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Ending balance of previous year	48,000,000.00	-	-	-	77,068,451.89	-	-	-	-	222,962.29	-61,686,419.01	63,604,995.17
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Beginning balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	-	-	-	222,962.29	-61,686,419.01	63,604,995.17
III. Change through current year ("-" for losses)	-	-	-	-	-	-	-	-	-	-	3,500,185.42	3,500,185.42
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	3,500,185.42	3,500,185.42
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Amounts of share-based payments recognized in shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus Reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(4) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalized capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalized surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve for covering up losses	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Current year appropriation	-	-	-	-	-	-	-	-	-	-	-	-
2. Current year usage	-	-	-	-	-	-	-	-	-	-	-	-
6) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	-	-	-	222,962.29	-58,186,233.59	67,105,180.59

Statement of Changes in Equity (Continued)

2015

Unit: RMB (Yuan)

Item	Current Year										
	Share Capital	Preferred shares	Perpetual bond	Others	Capital Reserve	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Ending balance of previous year	48,000,000.00	-	-	-	77,068,451.89	-	-	-	222,962.29	-49,370,202.76	75,921,211.42
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Beginning balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	-	-	222,962.29	-49,370,202.76	75,921,211.42
III. Change through current year ("-" for losses)											
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	-12,316,216.25	-12,316,216.25
(2) Contribution and withdrawal of capital by shareholders	-	-	-	-	-	-	-	-	-	-12,316,216.25	-12,316,216.25
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-
3. Amounts of share-based payments recognized in shareholder's equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus Reserve	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(4) Internal carry-over of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-
1. Capitalized capital reserve	-	-	-	-	-	-	-	-	-	-	-
2. Capitalized surplus reserve	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve for covering up losses	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-
1. Current year appropriation	-	-	-	-	-	-	-	-	-	-	-
2. Current year usage	-	-	-	-	-	-	-	-	-	-	-
6) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of current year	48,000,000.00	-	-	-	77,068,451.89	-	-	-	222,962.29	-61,686,419.01	63,604,995.17

1. BASIC CORPORATE INFORMATION

Shanghai Jiaoda Withub Information Industrial Company Limited (hereinafter referred to as the "Company") was a stock limited liability company jointly established by Shanghai Jiao Tong University、Shanghai Technology Investment Company、Shanghai Xinxuhui (Group) Co.,Ltd.、Shanghai Huixin Investment Management Company Limited、Shanghai Jiaoda Onlly Co., Ltd. after Shanghai Municipal Government issued the permit document "體改審(1998)040". The Company received the Business License of Legal Entity "310000400192903" from Shanghai Administration for Industry & Commerce on 4 May 1998. The registered capital on establishment was RMB10 million.

On 26 October 1999, the Company increased the registered capital by RMB20 million. On 31 August 2001, the Company raised a total of RMB6 million from 6 natural person through private placement. After the replenishment, the Company's total registered capital is RMB 36 million.

On 7 July 2002, the board of directors approved a 1 to 10 stock split plan. Stock price decreased from RMB1 to RMB0.1.

On 31 July 2002, the Company was listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, and issued 132 million foreign shares with a par value of RMB0.1 per share and total value of RMB 13.2 million, and meanwhile, some of the original shareholders filed a share placement of 12 million with a total value of RMB1.2 million. Upon the issuance, the registered capital and share capital of the Company increased to RMB48 million, and total capital stock increased to 480 million.

By the end of 31 December 2015, the total equity of the Company was 480 million shares, including 348 million unlisted shares, representing 72.5% of the equity, and 132 million outstanding public H shares, representing 27.5% of the equity.

The registered address of the Company: Floor 2, 471-10 Guiping Rd. Shanghai; legal representative: Liu Yuwen.

The Company's business scope mainly includes: development of electronic products, technical service and maintenance, sales and maintenance of computer software and hardware, intelligent integration of computer internet, software development, real estate development, server room decoration, property management, education investment, designing and installment of safety and prevention system, and sale and manufacture of safety and prevention system.

The Company is mainly engaged in the sales of computer hardware and software products, business solution and application software development, and installment and maintenance of internet and data safety product.

2. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The scope of the Company's consolidated financial statements during the reporting period includes Jiaoda Withub (Hong Kong) Limited、Shanghai Withub Zhirui Hi-Tech Co., Limited, and Shanghai Withub Information and Professional Training School. Jiaoda Withub (Hong Kong) Limited、Shanghai Withub Zhirui Hi-Tech Co., Limited, and Shanghai Withub Information and Professional Training School suspended their operations during the reporting period. See "VIII Interests in Other Entities" for the details of changes in the scope of consolidation during the reporting period.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis for preparation

The Financial statements has been prepared on the going-concern basis and transactions and events actually occurred in accordance with the “Accounting Standards for Business Enterprises” promulgated by the Ministry of Finance of the People’s Republic of China and relevant requirements (Collectively “Accounting Standards for Business Enterprises”), and China Securities Regulatory Commission’s “Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15-General Provisions on Financial Reports (2014 Revision)” and the provisions regarding disclosure pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance of Hong Kong, as well as the accounting policies and estimation as stated in “4. Significant Accounting Policies and Accounting Estimation” under this section.

Upon listing, the Company has been adopting the accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards (“HKASs”), to prepare the financial statements for information disclosure in Hong Kong. In accordance with the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” which was published by the Hong Kong Stock Exchange in December 2010, from this financial year, the Company decided to prepare the financial statements in accordance with “Accounting Standards for Business Enterprises” and the relevant regulations issued by the China Ministry of Finance (“PRC Accounting Standards”) for the preparation of financial statements. PRC Accounting Standards have been applied retrospectively, and the comparative financial information for the year ended 31 December 2014 (note: the previous year) is converted to applying PRC Accounting Standards. A reconciliation of the shareholders’ equity and profits and the effect caused by converting from the accounting principles generally accepted in Hong Kong to PRC Accounting Standards are stated in the supplemental information of the financial statements “2. Reconciliation of the Shareholders’ Equity and Profits of the Company under the conversion from the accounting principles generally accepted in Hong Kong to PRC Accounting Standards”.

3.2 Continuous Operation

The Company has a record of continuing operation recently and adequate financial resource to support its operation, thus the Company has the ability to continue as a going concern in 12 months from the end of the reporting period, and it is reasonable to prepare the financial statements on a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The specific accounting policies and accounting estimation prepared by the Company based on actual production and operation characteristics include recognition and measurement of bad debt provisions on receivables, measurement of inventories transferred out, classification and depreciation method of fixed assets, amortization of intangible assets, recognition and measurement of income, etc.

4.1 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with Accounting Standards for Business Enterprises and give a true and fair view of the financial position, operating results and cash flows and other relevant information of the Company.

4.2 Accounting year

The Company’s accounting year starts on 1 January and ends on 31 December.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.3 Reporting currency

The reporting currency of the Company and its domestic subsidiaries is RMB. The reporting currency for the overseas business is the currency of the place in which they are located.

Overseas subsidiaries use the currency of the country in which they are located. When preparing the consolidated statements of the Company, the statements in foreign currency of overseas subsidiaries translated according to the translation method in Notes 4 and 7(2).

4.4 Accounting treatments for a business combination involving enterprises under and not under common control

The assets and liabilities obtained by the Company (as the acquirer) by business combination under common control are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combinations adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For identifiable assets, liabilities and contingent liabilities of the acquiree obtained on the acquisition date through business combination under common control are measured at fair value. The cost of business combination is the fair value of consideration paid including cash and non-cash assets, liabilities issued or undertaken, debts and equity securities issued for the controlling interest of the acquiree at the acquisition date and the sum of all expenses incurred during the business combination (For business combination achieved in stages, the cost of combination is the sum of cost for each single transaction). Goodwill is recognized by the difference between the costs of business combination over the fair value of net identifiable assets acquired. In case the cost of business combination is smaller than the fair value of net identifiable assets of the acquiree acquired, firstly, fair values of each identifiable assets, liabilities and contingent liabilities obtained during combination, and fair values of those non-cash assets or equity securities have to be reviewed. The excess of the fair value of net identifiable assets of the acquirer acquired over the cost of business combination will be recognized in the consolidated non-operating income for the current period after review.

4.5 Preparation of consolidated financial statements

The scope of consolidated financial statements includes the Company and its controlled subsidiaries.

When preparing the consolidated financial statements, when the accounting policy and the accounting period that subsidiaries adopted are inconsistent with the Company, necessary adjustments are made to the financial statements of those subsidiaries according to the accounting policies or accounting period of the Company.

When preparing consolidated financial statements, all significant internal transactions, balances and un-realized profits within the scope of combination shall be offset. Proportion of shareholder's equity of the subsidiaries which do not belong to the parent company, and proportion of profit or loss for the current period, other comprehensive income and total comprehensive income which belong to the equity of minority shareholders, which shall be listed under "equity of minority shareholders, profit or loss of minority shareholders, other comprehensive income attributable to minor shareholders and total comprehensive income attributable to the minority shareholders".

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.5 Preparation of consolidated financial statements (Continued)

For subsidiaries acquired through business combination under common control, its operating results and cash flows shall be included in the consolidated financial statement since the beginning of combination. When preparing comparative consolidated financial statements, adjustment shall be made to the related items in the financial statements for the last year, regarding as the reporting subject which was formed after combination has existing since the final controller started control.

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be included in the consolidated financial statement since the Company obtained its control. When preparing consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as basis, which were determined on date of acquisition.

Proceeds from disposal of part of the equity investment in the subsidiaries without losing control and the disposal of long-term equity investment should enjoy the difference between the proportion of net assets calculated from the date of acquisition or date of combination, and adjust the share premium. In case the capital reserve is insufficient for offset, retained earnings will be adjusted.

When the Company loses control in the acquiree due to reasons such as disposal of part of the equity investment, remaining shareholding will be remeasured based on the fair value on the date of loss of control when preparing the consolidated financial statements. The sum of proceeds obtained from the disposal of equity and fair value of the remaining shareholding, and less the difference of the proportion of net assets calculated from the date of acquisition or combination according to the original shareholding proportion, and included into the investment profit or loss of loss of control for the current period, and also goodwill will be written off. Other comprehensive income related to the original equity investment in the subsidiary, will be changed to investment profit or loss for the current period upon loss of control.

For loss of control by the Company through different transactions and disposed shareholding in subsidiaries in stages, in case when each transaction that the Company loses control through disposal of shareholding in subsidiaries belongs to package deal, accounting treatment for each transaction shall be treated as one transaction which involves disposal of subsidiary with loss of control. However, the difference between the proceeds for each disposal before loss of control and the proportion of net assets corresponding to the disposal of such subsidiary shall be recognized as other comprehensive income in the consolidated financial statements, and transfer to investment profit or loss of loss of control for the current period upon loss of control.

4.6 Cash and cash equivalents

Cash in the cash flow statement of the Company indicates the cash on hand and the deposit in bank available for payment at any time. Cash equivalents in the cash flow statement are terms which are less than three months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4.7 Foreign currency operations****(1) Foreign currency transaction**

Transactions by foreign currency are translated into RMB at the spot exchange rate of the transaction date.

On the balance sheet date, monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance sheet date. Except for the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized, the exchange difference is accounted into profit and loss for the period. For non-monetary items measured in foreign currency under historical cost method, the foreign currency is translated into reporting currency at the spot exchange rate. For non-monetary items in foreign currency measured at fair value, the foreign currency is translated into RMB at the exchange rate on the date when the fair value is recognized which is applied and the exchange difference is accounted into profit and loss for the period as a result of fair value change, or recognized as other comprehensive income and charged into capital reserves.

(2) Foreign Currency Translation of Financial Statements

The asset and liability items in the balance sheets prepared in foreign currency are translated at a spot exchange rate as at the balance sheet date. The owner's equity items, except for those classified as "retained earnings", are translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit or loss statements are translated at the average exchange rate approximate to the spot exchange rate of the date when the transaction occurred. The difference in the foreign currency statements arisen from the above translation's are presented under the other comprehensive income. Foreign currency cash flow is translated using the average exchange rate approximate to the spot exchange rate of the date when the cash flow occurred. The impact of exchange rate fluctuations on cash and cash equivalents is separately presented in the statement of cash flow.

4.8 Financial assets and financial liabilities

When the Company becomes a party in the financial instrument contract, a financial asset or financial liability will be recognized.

(1) Financial assets**1) Classification of financial assets, basis of recognition and method of measurement**

The Company classified financial assets into financial assets at fair value through profit or loss, held-to-maturity investments, receivables and financial assets available for sale according to the investment purpose and the economic stance.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.8 Financial assets and financial liabilities (Continued)

(1) *Financial assets* (Continued)

1) *Classification of financial assets, basis of recognition and method of measurement* (Continued)

Financial assets at fair value through profit or loss include trading financial assets and financial assets designated into financial assets at profit or loss at initial recognition. Financial asset is classified as held for trading if one of the following conditions is satisfied: It has been acquired principally for the purpose of selling in the near term; or on initial recognition it is a part of a portfolio of identifiable financial instruments that the group manages together and there is objective evidence that the group recently manages the portfolio through the approach of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; hybrid instruments which contain one or more embedded derivatives, unless the embedded derivatives does not have a substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from the relevant hybrid instruments; hybrid instruments that have to be separated but cannot be individually measured after it has been obtained or the balance sheet date afterwards. Such kind of financial assets designated by the Company mainly includes forward exchange settlement business. The Group applies subsequent measurement based on fair value in respect of such kind of financial assets. Changes in fair values include in the fair value profit or loss; interests or cash dividends obtained during the period of holding assets, shall be recognized as investment income; difference between the fair value and the amount initial record, recognized as investment income on disposal, and the profit or loss from changes of fair value will be adjusted at the same time.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4.8 Financial assets and financial liabilities** (Continued)**(1) Financial assets** (Continued)1) *Classification of financial assets, basis of recognition and method of measurement* (Continued)

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available-for-sale and other financial assets which do not fall into any of the above categories. For equity instruments which do not have quotations in active market and the fair values of which cannot be reliably measured and linked to that equity instrument, and derivatives linked to such equity instrument and settled through delivery of such equity instrument, will be measured at cost. Except for exchange of impairment loss and exchange gain or loss arising from foreign currency monetary financial assets, changes in fair value of available-for-sale financial assets are directly recorded in shareholders' equity. Until such financial assets are derecognized, the accumulated change in the amount of fair value previous recorded in equity is transferred to the profit and loss account for the period. Interests for the period in which the assets are held are calculated using the effective interest method is charged to profit or loss for the period as

'Investment income'. Cash dividends declared by the investee company relating to available-for-sale equity instruments are charged to profit or loss for the period as 'Investment income'. As for instruments that do not have quotation in active market and the fair values of which cannot be reliably measured, they are measured subsequently at cost.

2) *Recognition basis of transfer of financial assets and measure method*

A financial asset is derecognized when any one of the following conditions is satisfied: (1) the rights to receive cash flows from the asset expire, (2) the financial asset has been transferred and the group transfers substantially all risks and rewards relating to the financial assets to the transferee, (3) the financial asset has been transferred to the transferee, and the Group has given up its control of the financial asset although the group neither transfers nor retains all risks and rewards of the financial asset.

Where an enterprise neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognizes such financial asset to the extent of its continuous involvement and recognizes the corresponding liabilities.

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

In the case where only part of the financial asset meets the criteria for de-recognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognized and the portion that continued to be recognized according to their relative fair value. The difference between the amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income of the part qualifies for de-recognition and the above-mentioned allocated carrying amount is charged to profit or loss for the period.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.8 Financial assets and financial liabilities (Continued)

(1) **Financial assets** (Continued)

3) *Testing of impairment of financial assets and accounting method*

The Company assesses the carrying amount of financial assets, other than those at fair value through profit and loss, at the balance sheet date. Impairment of financial assets is provided for when there is objective evidence that a financial asset is impaired.

When an impairment of financial assets carried at amortized cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit loss that have not been incurred). If there is objective evidence indicating that the value of the financial asset is recovered and recovery is related objectively to events occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit and loss for the period.

Where an available-for-sale financial asset is impaired, the cumulative loss generated from decline of fair value that had been recognized directly in shareholder's equity shall be reversed and included in the impairment loss. For the available for sale debt instruments investment of which impairment loss has been recognized, if, in a subsequent period, the fair value of which increases and it can be objectively related to events occurring after the impairment loss was recognized, the previously recognized impairment loss shall be reversed. For the available for sale equity instruments investment of which impairment loss has been recognized, the increase in fair value in a subsequent period shall be directly included in shareholder's equity.

(2) **Financial Liabilities**

1) *Classification of financial liabilities, recognition basis and measure method*

Financial liabilities of the Company are classified as financial liabilities at fair value through profit or loss and other financial liabilities on initial recognition.

Financial liabilities at fair value through profit or loss include trading financial liabilities and financial liabilities held-for-trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value; dividends and Interest expenditure related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.8 Financial assets and financial liabilities (Continued)

(2) *Financial Liabilities* (Continued)

2) *Conditions of de-recognition of financial liabilities*

A financial liability (or a part of financial liability) is derecognized when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

(3) *Method for determination of fair values of financial assets and financial liabilities*

Fair values of financial assets and financial liabilities of the Company are measured at the prices in principal market. In case there is no principal market, fair values of financial assets and financial liabilities are calculated using the price which is the most beneficial to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information. The inputs which are used to measure the fair value have been divided into 3 levels by the Company: Level 1-inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2-inputs are quoted prices for the asset or liability (other than those included in Level 1) that are either directly or indirectly observable. Level 3-inputs are unobservable inputs to the related assets or liabilities. The Level 1 inputs are the first priority to use by the Group, and level 3 inputs will be the last one to use. The level to which the results of measurement of fair value belong is subject to the lowest level to which the inputs having great significance to the measurement of fair value as whole belong.

4.9 Bad debts provision for receivables

Receivables include accounts receivable and other receivables, etc. The Company's accounts receivable from selling products and providing services are initially recorded at fair value of consideration of contract value from buyer or service receiver.

The Company adopts the following criteria for recognition of provision for bad debts on receivables: When the debtors are dissolved, bankrupt, insolvent and in significant financial difficulty, or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; fails to perform its obligations of debt repayment by the debtors over 5 years; when there are other objective evidences indicating the debts are not recovered or not likely to be recoverable.

Provision for bad debts is made using allowance account method. At the end of the period, receivables are assessed for impairment on individual or group basis and the provision for bad debts is recognized in the profit or loss for the current period. When there are objective evidences indicating the receivable cannot be collected, it is written off against the provision for bad debts as a loss of bad debts according to the required procedures of approval of the Company.

Individual and portfolio methods are applied to estimate impairment loss on accounts receivable.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4.9 Bad debts provision for receivables** (Continued)**(1) Accounts receivable that are individually significant and are provided for bad debts on individual basis**

The basis or standard for determining the significant level of individual receivable	Consider individual receivables above RMB1,000,000 as significant receivables
Provision-making method on individual receivables above significant level	The provision of bad debts is made according to the difference between the present value of future cash flows and the book value of receivables

(2) Receivables for which provision of bad debts made by portfolio of credit risk characteristics
Basis of defining portfolio

Portfolio of ageing	Consider ageing of receivables as credit risk characteristics
Portfolio of nature of amounts	Consider nature of receivables as credit risk characteristics
Portfolio of relationship with counterparties	Consider relationship with counterparties as credit risk characteristics

Method of provision of bad debts based on portfolio

Portfolio of ageing	Ageing analysis method
Portfolio of ageing	No provision of bad debts is made for guaranteed amounts
Portfolio of relationship with counterparties	No provision of bad debts is made for subsidiaries

1) *The rate of bad debts provision according to ageing analysis is as follows*

Ageing	Provision percentage for account receivables (%)	Provision percentage for other receivables (%)
Within 1 year	0%	0%
Over 1 year	100%	100%

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4.9 Bad debts provision for receivables** (Continued)**(3) *Accounts receivable that are individually insignificant but are provided for bad debts on individual basis***

Reason for making provision of bad debts individually	Individual receivables below significant level whereby the portfolio method does not reflect its risk characteristics
Method for provision of bad debts	Provision for bad debts is made using the difference between the present value of future cash flows and the book value of receivables

4.10. Inventories

The inventories of the Company include merchandise inventory, goods shipped in transit and construction, etc.

The Company maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are acquired or sent out.

Labor contract is determined based on the actual cost and the contract costs shall consist of the direct and indirect costs incurred and related to a contract during the period from the date of the contract signed to the date of the contract completed. Travel expense, cost of tendering and other expense related to the signing of the contract which could be distinguished and reliably measured should be considered as part of the contract cost if the contract is likely to be signed. Otherwise, the contract cost should be expensed in the current year.

The aggregate amount of costs incurred and aggregate gross profits (or loss) should be offsetted with the settlement amount of the contract, and balance sheet should present their net amount. Any excess of the aggregate amount of costs incurred and aggregate gross profits (or loss) over the settlement amount of the contract should be disclosed as the inventory (construction).

The net realizable value of merchandise inventory which are directly used for sale such as merchandise and materials for sale, is determined based on the estimated selling price of such inventories after deducting its estimated selling costs and related taxes.

4.11. Long-term equity investment

Long-term investment of the Company is the investment in subsidiaries and investment in associates and investment in joint ventures.

Basis for determination in respect of common control is that all participated parties or a group of participated parties control such arrangement, and that policies of such related business of such arrangement have to obtain unanimous agreement by all parties that are control such arrangement.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.11. Long-term equity investment (Continued)

The Company directly or indirectly through its subsidiaries owns 20% (inclusive) or more but less than 50% shares with voting rights in the invested company, usually representing having significant influence on the invested company. For voting rights of less than 20% in the invested company, the Board or representative in similar authority in the invested company or the implementation processes of financial or operation policies of invested company have also been taken into account, or significant transaction with the invested company, or management personnel send to the invested company, or key technology information provided to the invested company which have significant influence to the invested company.

The Company's subsidiaries are invested companies which form control. For long-term investment obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of acquisition in the consolidated financial statements of the final controller shall be accounted as the initial investment cost of the long-term investment. For carrying value of net assets of the acquiree is negative, investment cost of long term equity investment is calculated as zero.

For shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements, and accounted as the initial investment cost of long-term investment. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For long-term equity investment acquired through business combination not under common control, cost of combination will be treated as the initial investment cost.

For shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the invested company when it directly dispose related assets or liabilities upon disposal. For shareholding which it holds before acquisition and accounted for under fair value method in the available-for-sale financial assets, the accumulated change in fair value which is originally included in other comprehensive income shall be change to profit or loss for the current period on the date of combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is expensed as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Group by the investor, the investment cost is the agreed consideration as specified in the investment contract or agreement.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.11. Long-term equity investment (Continued)

Investments in subsidiaries are accounted for the Company using cost method, while investments in the associates and joint ventures are accounted for under equity method.

For long-term equity investments for which the subsequent measure is accounted for using cost method, when making additional investment, carrying value of the long-term equity investments will be added according to the fair value of cost of additional investment and the related expenses incurred by related transactions. For cash dividend or profit paid by the invested company, it shall be recognized as investment income for the current period using the amount which it entitles.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly according to the change in the shareholders equity of the invested company. When determining the amount of proportion of net profit or loss in the invested company which it entitles, fair value of each identifiable assets of the invested company at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Group, and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the investing company according to the shareholding, and recognized after adjustment is made to the net profit of the invested company.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

When the Company ceases to have control or significant influence on the invested company due to the reasons such as disposal of part of its equity investment, the remaining shareholding after disposal shall be accounted for under available-for-sale financial assets, and the difference between fair value and the carry value on the date of loss of common control or significant influence will be included in the profit or loss for the current period. Other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method it shall be using the same accounting basis as the invested company directly disposing related assets or liabilities.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted as under available-for sale financial assets, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

Notes to the Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.11. Long-term equity investment (Continued)

For each transaction which equity are disposed in stages until loss of control, which does not belong to package transaction, the accounting for each transaction shall be conducted separately. For the package transaction, the accounting for each transaction shall be treated as disposing subsidiary and loss of its control. However, the difference between each disposal price before loss of control and the carrying value of the corresponding long-term investment of the equity disposed, shall be recognized as other comprehensive income, and shall be transfer to the profit or loss for the current period upon loss of control.

4.12. Fixed assets

The Company's fixed assets are tangible assets that are held for the production of goods and/or the rendering of services, leasing to others (excluding houses and structure), or for administrative purposes. Such assets have a useful life of over one accounting year.

The cost of an item of fixed assets shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. For the fixed assets consist of transportation equipment, electronic equipment and others, the cost should include the purchasing price and imported tax when acquiring the fixed asset and all other cost direct related to the fixed asset to make it function, such as installment cost. For the self-built fixed asset, the cost include all the necessary cost occurred during the construction process. The cost of fixed assets injected by investors to the Company is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the actual cost of assets is determined based on its fair value.

The subsequent expense related to the fixed asset, such as fixing expense and renovation expense, should be capitalized if the expense meet the requirement of capitalization. If part of the fixed asset is replaced, the face value of that part of the fixed asset should be derecognized. All other expenses which could not meet the requirement of capitalization should be expense in the current period.

Apart from fixed assets which are provided in full and continue to use, the Company made provision of depreciation for all the fixed assets. The Company made provision for depreciation by using the straight-line method. The useful life, estimated rate of salvage value and depreciation rate of fixed assets of the Group are as below:

Classification	Useful life (year)	Estimated rate of salvage value (%)	Annual depreciation rate (%)
Transportation equipment	5	0	20.00
Electronic equipment and others	3/5	0	20.00 – 33.33

The Company makes the assessment on the estimated useful life, estimated rate of salvage value and the depreciation method of fixed assets at each financial year-end. If any changes occur, they will be regarded as changes on accounting estimates.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4.13. Intangible assets**

The intangible assets of the Company include the purchased trade name and software, and are measured at actual cost on acquisition. The cost of intangible assets purchased from outsiders includes purchase prices and other relevant expenditure. The cost of intangible assets injected by investors to the Company is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the actual cost of assets is determined based on its fair value.

Purchased trade names are amortized over 20 years by straight-line method since is the date they are acquired. Other intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is accounted into related assets and current profit and loss according to its beneficiaries. The Group makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at each financial year-end and makes adjustment if needed. If any changes occur, they will be regarded as changes on accounting estimates.

Internal research and development expenses of the Group is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognized in profit or loss for the period as incurred; Expenditure on the development phase will be recognized as intangible assets while satisfying the following conditions:

- 1) It is technically feasible that the intangible asset can be used or sold upon completion;
- 2) There is intention to complete the intangible asset for use or sale;
- 3) The products produced using the intangible asset have a market or the intangible asset itself has a market;
- 4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- 5) The expenses attributable to the development stage of the intangible asset can be measured reliably. Other expenditures that do not meet the above conditions are expensed in the period as incurred. Development expenditure previously expensed in prior periods is not recognized as an asset in subsequent period.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.14. Long-term assets impairment

The Company would assess long-term equity investment, fixed assets, and intangible assets with limited useful lives at each balance sheet date. When there is indication that there is impairment, the Company would perform impairment test. Impairment test should be made for goodwill and intangible assets with uncertain useful life, at the year-end regardless of whether there is indication of impairment loss. For the asset which could not be tested individually, the asset group where the asset belongs should be tested as a whole.

After the impairment test, if the carrying value of such assets is higher than its recoverable amount, the difference is recognized as impairment loss. The above assets impairment loss once is recognized, it cannot be reversed in subsequent accounting period.

4.15. Employee remuneration

Employee remuneration of the Group includes short-term compensation, post-employment benefits and termination benefits.

Short-term compensation include salaries, bonus, allowances and subsidies, medical insurance, industrial injury insurance, birth insurance and housing accumulation fund, worker welfare funds, union funds and employee education funds. Short-term compensation actually incurred shall be recognised as liabilities during the accounting period which the labor provided services, and included into the profit or loss or related assets cost of the current period of beneficiary.

Post-employment benefits including the endowment insurance, and unemployment insurance, and classified into defined contribution plan and defined benefit plan according to the risks and liabilities assumed by the Company. As for defined contribution plan under which the group consumed obligation of making payment to independent funds, in order to exchange for staff services to be provide during the accounting period, shall be recognized as liabilities, and included into the profit or loss or related assets cost of the current period of the beneficiary.

Termination benefits are incurred when the Company terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy. If the Company has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Company cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognized with a corresponding charge to the profit or loss for the period.

4.16. Estimated liabilities

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Company will recognize them as liabilities. The requirements mentioned above are as follows: the assumed responsibilities are actual and real; the fulfillment of obligations will probably to cause the outflow of economic benefit from the Company; the amount of liabilities can be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4.16. Estimated liabilities** (Continued)

Estimated liabilities are initially recognized at the most appropriate estimation of performing relevant obligations by considering relative risks, uncertainties and time value related to contingent events. If the effect from time value of currency is significant, the best estimation will be determined by discounting relevant future cash flow. The Company assesses the book value of estimated liabilities on each balance sheet date and adjustments will be made if there are changes to reflect the current best estimation.

4.17. Recognition and measurement of revenue

The revenue of the Company is mainly revenue from sales of goods, provision of services and transference of assets. Revenue recognition principles are as follows:

(1) Sales of goods

Revenue recognition principle of sales of goods by the Company is as follows: The revenue from selling goods shall be realized, when main risks and rewards related to the ownership of goods have been transferred to buyers, and the Group doesn't hold continuing management rights or effective control rights of goods, the amount of relevant revenue can be measured reliably and relevant economic benefits may flow into the Group, and related cost incurred or to be incurred can be measured in a reliable way.

Time of recognition of revenues from sales of goods: When the goods are in delivery of cargo from storage and related evidence for signature confirmation has been obtained from customers.

(2) Provision of services

When the provision of services is started and completed in the same accounting period, revenue from rendering of services is recognized upon completion. When the provision of services is started and completed in different accounting period and the outcome of a transaction involving the rendering of services can be estimated reliably on the balance sheet date, revenue from rendering of services is recognized by percentage of completion method. The percentage of completion of contract is calculated by the cost of contract actually incurred in proportion to the estimated total contract cost or the process actually measured.

When the outcome of provision of services cannot be estimated reliably on the balance sheet date, different accounting treatments will be adopted depending on the circumstances: if the costs of rendering of services are expected to be recoverable, the service revenue will be recognized to the extent of the costs incurred and service costs will be carried forward with the same amount. If the costs of rendering of services are not expected to be recoverable, the costs incurred are charged to the current profit or loss, and revenues are not recognized.

(3) Revenue from transference of assets

The revenue from transference of right to use assets shall be recognized when the economic benefits related to transactions may flow into the Company and the amount of relevant revenue can be measured reliably.

Time of recognition of lease revenue: on a time proportion basis over lease term.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4.18. Government grants

The Company classifies government grants as grants pertinent to assets and grants pertinent to incomes.

If a government grant is a monetary asset, it is measured at actual received amount; For the grants being allocated in accordance with fixed quotas, or if there is sufficient evidence at end of the period to show that the entity complies with the conditions of financial policies and is expected to receive supporting funds, the grants shall be measured at receivable amount; If a government grant is a non-monetary asset, it is measured at its fair value, and in the event the fair value cannot be acquired in a reliable way, it is measured at its nominal amount (RMB1).

The government grants pertinent to assets are recognized as deferred revenue, and equally accounted into current profit and loss within the useful life. The government grants pertinent to incomes and used to compensate the related expenses or losses in subsequent periods are recognized as deferred income, and accounted into profit and loss during the period when the related expenses are recognized; the government grants used to compensate the related expenses or losses already incurred are directly recognized in current profit or loss.

4.19. Deferred tax assets and deferred tax liabilities

The Company's deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

The Company recognizes the deferred tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference.

4.20. Lease

Lease of the Company includes operating lease and financial lease.

The Group, as the lease under operational lease, rental during the leasing term in each of the period, shall be included in the cost of related assets or profit or loss for the period using straight-line method directly.

5. TAXATION

5.1. Main categories of tax and tax rate

Category	Tax base	Tax rate
Value-Added Tax	Revenue from sales of goods and provision of technical service	17%/6%
Business Tax	Revenue from lease, technical service and installation	3%
Urban Construction & Maintenance Tax	VAT and business tax payable	7%
Education Surcharges	VAT and business tax payable	5%
Estate Tax	VAT and business tax payable	1%
Corporate Income Tax	Taxable Income	25%

5.2 Tax Preference

(1) VAT

According to the provisions of the “Notice of the transformation from business tax to VAT” (Cai Shui 2013 No. 106), the taxpayer shall be exempted from value-added tax on the technical development and related technical consulting and technical services.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the financial statement data disclosed below, unless specifically indicated, “Beginning Balance” refers to January 1, 2015; and “Ending Balance” refers to December 31, 2015. “Current Year” refers to the period from January 1, 2015 to December 31, 2015; and “Last Year” refers to the period from January 1, 2014 to December 31, 2014.

6.1 Cash and cash equivalents

Item	2015	2014
Cash	8,793.56	1,528.32
Bank balances	62,875,397.66	49,579,774.31
Other cash and cash equivalents		300,000.00
Total	62,884,191.22	49,881,302.63
Including: total amount deposited overseas	4,648,516.77	5,196,464.52

Note 1: Among the bank deposits of the Group, RMB 37,305,291.48 was fixed-term deposit, and RMB 17,000,000.00 was seven-day call deposits (RMB 38,423,583.15 was fixed-term deposit in 2014).

The interest rate of deposits is according to market rate, between 0.35% and 3.75% (0.01% and 5.0% for 2014).

Note 2: The Company’s other cash and cash equivalents, for last year, was guarantee deposit, calculated by market rate as 0.35%.

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.2 Account Receivables

Item	2015	2014
Account receivables	18,100,992.71	19,608,385.98
Less : provision for bad debts	4,874,867.54	5,503,894.09
Net Amount	13,226,125.17	14,104,491.89

Note: The balance of provision for bad debts as at the end of the year decreased compared to the previous period mainly due to receive the amounts from Hainan High People's Court.

(1) Aging analysis

The company awarded their customers credit period for an average of 90 to 180 days. For customers with good credit record and good financial support, their credit period is more than 180 days. According to products delivery date or the date providing service (estimated confirmation date), the aging analysis of account receivables (less provision for bad debts) as follows:

Age	2015	2014
3 months (inclusive)	7,821,154.29	8,712,167.14
3 months to 6 months (inclusive)	379,414.40	284,972.14
7 months to 12 months (inclusive)	2,850,866.13	307,000.72
Over 1 year	2,174,690.35	4,800,351.89
Total	13,226,125.17	14,104,491.89

(2) Classification by risks

Item	Ending Balance				Book value	Beginning Balance				Book value
	Book balance		Bad debt provision			Book balance		Bad debt provision		
	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent	
Accounts receivable that are individually significant and are provided for bad debts on individual basis										
Accounts receivable that are provided for bad debts by portfolio of credit risk characteristics	18,100,992.71	100.00	4,874,867.54	26.93	13,226,125.17	19,608,385.98	100.00	5,503,894.09	28.07	14,104,491.89
Accounts receivable that are individually insignificant but are provided for bad debts on individual basis										
Total	18,100,992.71	100.00	4,874,867.54	26.93	13,226,125.17	19,608,385.98	100.00	5,503,894.09	28.07	14,104,491.89

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.2 Account Receivables** (Continued)**(2) Classification by risks** (Continued)

1) *Accounts receivable in portfolio of which provision was made using ageing analysis method:*

Aging	Ending Balance		Ratio (%)
	Accounts receivables	Provision for bad debts	
3 months (inclusive)	7,274,254.29		
3 months to 6 months (inclusive)	379,414.40		
7 months to 12 months (inclusive)	2,850,866.13		
Over 1 year	4,874,867.54	4,874,867.54	100.00
Total	15,379,402.36	4,874,867.54	31.70

Aging	Beginning Balance		Ratio (%)
	Accounts receivables	Provision for bad debts	
3 months (inclusive)	8,879,315.51		
3 months to 6 months (inclusive)	284,972.14		
7 months to 12 months (inclusive)	307,000.72		
Over 1 year	5,503,894.09	5,503,894.09	100.00
Total	14,975,182.46	5,503,894.09	36.75

2) *Accounts receivable in portfolio of which provision was made using other method:*

Aging	Ending Balance		Ratio (%)
	Book balance	Provision for bad debts	
Guarantee deposit and project payment within credit period	1,731,830.35		
Receive guaranteed payment	442,860.00		
	546,900.00		
Total	2,721,590.35		

Aging	Beginning Balance		Ratio(%)
	Book balance	Provision for bad debts	
Guarantee deposit and project payment within credit period	4,221,114.99		
Receive guaranteed payment	324,334.50		
	87,754.03		
Total	4,633,203.52		

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.2 Account Receivables (Continued)

(2) Classification by risks (Continued)

3) Analysis of overdue unimpaired receivables at balance date

Aging	Ending Balance	Beginning Balance
No overdue and no decreasing value	8,200,568.69	8,997,139.28
Overdue but no decreasing value		
7 months to 12 months (inclusive)	2,850,866.13	307,000.72
Over 1 year	2,174,690.35	4,800,351.89
Total	<u>13,226,125.17</u>	<u>14,104,491.89</u>

Note 1: The account receivables, which are not overdue, and value are not decreased, are related to customers currently without defaulted records.

Note 2: The account receivables, which are overdue, but value are not decreased, are related to customers with good payment records. According to previous experience, management believes provision for bad debts is not needed, because there is no change in credit quality and the related balance will be totally received.

(3) This year provision for bad debts received situation

Aging	Ending Balance	Beginning Balance
At 1st January	5,503,894.09	3,500,277.46
Provision for bad debts	95,973.45	2,127,853.50
Provision for bad debts received	725,000.00	124,236.87
At 31st December	<u>4,874,867.54</u>	<u>5,503,894.09</u>

Including significant amounts of provision for bad debts received:

Company Name	Amounts received	The way of receiving funds	Reasons for amounts received
Hainan High People's Court	725,000.00	Cash	Returned funds
Total	<u>725,000.00</u>		

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.2 Account Receivables** (Continued)**(4) The description of accounts receivable assembled by debtors**

Company Name	Ending Balance	Aging	Proportion of ending balance of accounts receivables in total (%)	Ending balance of bad debts provision
No. 1	1,676,600.00	0-3 months	9.26%	
No. 2	1,333,251.90	6-12 months	7.37%	
No. 3	1,231,973.37	0-3 years	6.81%	1,078,518.61
No. 4	1,221,800.00	More than 3 years	6.75%	1,221,800.00
No. 5	1,157,155.00	1-2 years	6.39%	1,157,155.00
Total	6,620,780.27		36.58%	3,457,473.61

6.3 Prepayments**(1) Aging analysis**

Items	Ending Balance Amounts	Ratio (%)	Beginning Balance Amounts	Ratio (%)
Within 1 year	853,810.18	84.03	3,876,580.45	99.24
1-2 years	141,422.00	13.92	29,730.30	0.76
2-3 years	20,790.30	2.05		
Total	1,016,022.48	100.00	3,906,310.75	100.00

(2) Prepayments from the five largest suppliers assembled by the subject receiving prepayments:

Company name	Ending Balance	Aging	Proportion of ending balance of prepayments in total (%)
No. 1	315,200.00	Within 1 year	31.02
No. 2	188,450.00	Within 1 year	18.55
No. 3	129,192.00	Within 1 year	12.72
No. 4	61,422.00	1-2 years	6.05
No. 5	60,000.00	Within 1 year	5.91
Total	754,264.00		74.24

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.4 Interest receivable

(1) Classification of interest receivable

Item	Ending Balance	Beginning Balance
Time deposit	2,221,721.25	3,213,667.02
Total	2,221,721.25	3,213,667.02

6.5 Other receivable

Item	Ending Balance	Beginning Balance
Other receivable	6,885,737.60	5,467,168.61
Less : Provision for debts	595,295.70	595,295.70
Net amount	6,290,441.90	4,871,872.91

(1) Classification of other receivables

Items	Ending Balance					Beginning Balance				
	Book Balance		Provision for debts		Book Value	Book Balance		Provision for debts		Book Value
	Amounts	Ratio %	Amounts	Ratio %		Amounts	Ratio %	Amounts	Ratio %	
Accounts receivable that are individually significant and are provided for bad debts on individual basis										
Accounts receivable that are provided for bad debts by portfolio of credit risk characteristics	6,885,737.60	100.00	595,295.70	8.65	6,290,441.90	5,467,168.61	100.00	595,295.70	10.89	4,871,872.91
Accounts receivable that are individually insignificant but are provided for bad debts on individual basis										
Total	6,885,737.60	100.00	595,295.70	8.65	6,290,441.90	5,467,168.61	100.00	595,295.70	10.89	4,871,872.91

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.5 Other receivable** (Continued)**(1) Classification of other receivables** (Continued)

1) *Other receivables in portfolio of which provision was made using ageing analysis method:*

Aging	Ending Balance		Ratio(%)
	Other receivable	Provision for debts	
Within 1 year	352,329.23		
More than 1 year	595,295.70	595,295.70	100
Total	947,624.93	595,295.70	

Aging	Beginning Balance		Ratio(%)
	Other receivable	Provision for debts	
Within 1 year	150,865.18		
More than 1 year	595,295.70	595,295.70	100%
Total	746,160.88	595,295.70	

1) *Other receivable in portfolio of which provision was made using other method*

Nature	Ending Balance	Beginning Balance
Cash pledge	2,506,448.69	2,384,430.89
Guaranteed payment	3,149,269.68	2,023,173.54
Security deposit, imprest	142,465.00	173,474.00
Regular trading between related party	139,929.30	139,929.30
Total	5,938,112.67	4,721,007.73

(2) Current year provision for bad debts received description

Aging	Ending Balance	Beginning Balance
At 1 January	595,295.70	653,313.80
Provision for debts		
Provision for bad debts received		58,018.10
At 31 December	595,295.70	595,295.70

Note: At 31 December 2015, among impairment losses of other receivable, the total balance of individually impairment other receivables is RMB 595,295.70 (RMB 595,295.70 in 2014). This is a long-term not paid balance and there is no any collateral for the balance.

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.5 Other receivable (Continued)

(3) Other receivables by nature

Nature	Ending Balance	Beginning Balance
Security deposit, imprest and cash pledge	2,648,913.69	2,557,904.89
Current accounts	4,236,823.91	2,909,263.72
Total	6,885,737.60	5,467,168.61

(4) The five largest other receivables assembled by debtors

Company Name	Nature	Ending Balance	Aging	Proportion of ending balance of other receivables in total (%)	Ending balance of bad debts provision
No. 1	Current accounts	1,934,533.68	Within 1 year	28.09	
No. 2	Current accounts	1,215,434.90	Within 1 year	17.65	
No. 3	Current accounts	633,346.00	Within 1 year	9.20	
No. 4	Current accounts	581,390.00	Within 1 year	8.44	
No. 5	Current accounts	430,872.49	Within 1 year	6.26	
Total		4,795,577.07		69.65	

6.6 Inventories

(1) Classification

Item	Ending Balance Inventory			Beginning Balance Inventory		
	Book Balance	Impairment	Book Value	Book Balance	Impairment	Book Value
Merchandise inventories	3,850,475.30	815,871.90	3,034,603.40	7,104,032.95	1,419,283.96	5,684,748.99
Engineering construction	4,209,995.31		4,209,995.31	5,318,311.57		5,318,311.57
Total	8,060,470.61	815,871.90	7,244,598.71	12,422,344.52	1,419,283.96	11,003,060.56

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.6 Inventories** (Continued)**(2) Inventory Impairment**

Item	Beginning Balance	Increase during the year	Decrease during the year		Ending Balance
			Reversal	Transferred out	
Merchandise inventories	1,419,283.96	224,662.60		828,074.66	815,871.90
Total	1,419,283.96	224,662.60		828,074.66	815,871.90

Note: Other reversal is due to achieved sales.

(3) Provision for inventory impairment

Item	Basis of determination of net realisable value	Reasons for reversal or write-off
Merchandise inventories	Based on the amount of the estimated selling price of such merchandise inventory after deducting its estimated sales expenses and relevant taxes	No reversal during the year
Total		

(4) Completed without settlement assets from service contract at the end of the year

Item	Ending Balance	Beginning Balance
Cost of contract		
Add: confirmed profits		
Less: confirmed losses	62,230,357.34	60,139,258.43
Less : Settlement amounts	58,020,362.03	54,820,946.86
Completed without settlement assets from construction contract	4,209,995.31	5,318,311.57

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.7 Other current asset

Item	Ending Balance	Beginning Balance
Unamortized expense —rent	13,000.50	33,600.00
Total	13,000.50	33,600.00

6.8 Available-for-sale financial assets

(1) Description of available-for-sale financial assets

Item	Ending Balance		Beginning Balance			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale equity instrument						
Measured at cost	1,916,154.00		1,916,154.00	2,416,154.00		2,416,154.00
Total	1,916,154.00		1,916,154.00	2,416,154.00		2,416,154.00

Note: As the reasonable scope of fair value valuation is significant and the directors of the Company believed such fair values were not reliable calculations, such assets were measured at cost impairment at the end of the reporting period.

(2) The analysis of available-for-sale financial assets is as follows:

Item	Ending Balance	Beginning Balance
Listed		
Unlisted	1,916,154.00	2,416,154.00
Total	1,916,154.00	2,416,154.00

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.8 Available-for-sale financial assets** (Continued)**(3) Available-for-sale financial assets measured at cost at the end of the year**

Investee	Book Balance			Provision for Impairment			Shareholding ratio investee (%)	Cash dividend for this year
	Beginning	Increase during the year	Decrease during the year	Ending	Beginning	Increase during the year		
Shanghai Jiaoda Withub Technological Street Limited	1,500,000.00			1,500,000.00			3.00%	150,000.00
Shanghai Huikang Information Limited	266,154.00			266,154.00			7.02%	
Shanghai Chengda Withub Automatic Technology Limited (Note 1)	500,000.00		500,000.00				10.00%	
Shanghai Technology Property Exchange (Note 2)	150,000.00			150,000.00				
Total	2,416,154.00		500,000.00	1,916,154.00				150,000.00

Note 1: In January 14, 2015, the board of directors of the company agreed to choose the higher value between the net assets by the evaluation record and 400,00.00 investment amount to determine the transfer listing price. On 8 April 2015 on 7 May 8 to 2015, the company found a transferee Wang Quanxi (one of minority shareholder of Shanghai Chengda Withub Automatic Technology Limited Company) via Shanghai Property Exchange and the transfer price is RMB 2,209,931.20. The transaction was completed, and Shanghai Chengda Withub Automatic Technology Limited Company finished the business registration at July 6, 2015.

Note 2: The Company has acquire the transferrable membership of Shanghai Technology and Property Exchange and is allowed to purchase and sell technology. This kind of membership has no open price in the market. Therefore, there is no reliable measurement for assets fair value.

6.9 Long-term equity investment**1) Classification of Long-term equity investment**

Item	Ending Balance	Beginning Balance
Under equity method	52,317,000.00	52,317,000.00
Proportion of takeover loss and other comprehensive (deduct received dividend)	-29,384,790.36	-30,393,453.10
Total of long-term equity investment	22,932,209.64	21,923,546.90
Less : Long-term equity investment provision for impairment	12,624,000.00	12,624,000.00
Value of long-term equity investment	10,308,209.64	9,299,546.90

Note: At 31 December 2015, the investment costs, coming from associated companies, include goodwill, as around RMB 2,699,000.00 (RMB 2,699,000.00 at 31st December 2014). The related investment value with associated companies has been decreased gradually.

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.9 Long-term equity investment (Continued)

2) Long-term equity investment accounted under equity method

Investee	Beginning Balance	Additional Investment	Reduction of Investment	Increase/Decrease for the year					Others	Ending Balance	Ending Balance of provision for impairment
				Investment Gain or Loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Announced cash dividends or profit	Provision for impairment			
Under equity method											
Shanghai Jiaoda Withub Technological Street Limited	488,551.98			-232,587.90						255,964.08	
Shanghai Jiaoda Technology Park and information technology (Shangrao) Limited	10,000,000.00									10,000,000.00	10,000,000.00
Shanghai Tongchuang Information and technology Limited	6,013,571.91			1,001,418.48						7,014,990.39	
Shanghai Huigu Duogao Information Engineer Limited	2,797,423.01			239,832.16						3,037,255.16	
Subsidiary holds											
Union Genesis Limited	2,624,000.00									2,624,000.00	2,624,000.00
Total	21,923,546.90			1,008,662.74						22,932,209.64	12,624,000.00

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.10 Fixed Asset****(1) Breakdown of fixed assets**

Item	Lease Improvement Project	Transportation Equipment	Office Equipment and others	Total
1. Original book value				
1. Balance as at 31 December 2014	1,555,466.00	1,770,406.08	896,599.94	4,222,472.02
2. Increase for the period			175,198.10	175,198.10
(1) Purchase			175,198.10	175,198.10
3. Decrease for the period		508,109.78	420,414.00	928,523.78
(1) Disposal or scrapped		508,109.78	420,414.00	928,523.78
4. Balance as at 31 December 2015	1,555,466.00	1,262,296.30	651,384.04	3,469,146.34
2. Accumulated depreciation				
1. Balance as at 31 December 2014	1,555,466.00	975,387.23	700,600.50	3,231,453.73
2. Increase for the period		163,031.76	115,475.06	278,506.82
(1) Provision		163,031.76	115,475.06	278,506.82
3. Decrease for the period		488,680.15	407,801.55	896,481.70
(1) Disposal or scrapped		488,680.15	407,801.55	896,481.70
4. Balance as at 31 December 2015	1,555,466.00	649,738.84	408,274.01	2,613,478.85
3. Impairment provision				
1. Balance as at 31 December 2014				
2. Increase for the period				
3. Decrease for the period				
4. Balance as at 31 December 2015				
4. Book Value				
1. Balance as at 31 December 2014		795,018.85	195,999.44	991,018.29
2. Book value as at 31 December 2015		612,557.46	243,110.03	855,667.49

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.11 Intangible assets

(1) Breakdown of intangible assets

Item	Acquired trade name	Development costs	Total
1. Original book value			
1. Beginning Balance	6,000,000.00	3,679,082.63	9,679,082.63
2. Increase for the year			
3. Decrease for the year			
4. Ending Balance	6,000,000.00	3,679,082.63	9,679,082.63
2. Accumulated amortization			
1. Beginning Balance	4,950,000.00	3,679,082.63	8,629,082.63
2. Increase for the year	300,000.00		300,000.00
(1) Provision	300,000.00		300,000.00
3. Decrease for the year			
4. Ending Balance	5,250,000.00	3,679,082.63	8,929,082.63
3. Impairment provision			
1. Beginning Balance			
2. Increase for the year			
3. Decrease for the year			
4. Ending Balance			
4. Book value			
1. Ending book value	1,050,000.00		1,050,000.00
2. Beginning book value	750,000.00		750,000.00

Note 1: Acquired trade name represents an one-off fee paid to Shanghai Jiao Tong University (上海交通大學) in exchange for the use of the name “交大慧谷” and the right to engage the Electronic Information Institute of Shanghai Jiao Tong University to provide research and development support on a cost reimbursement basis. The total consideration paid for the above contractual rights is RMB6,000,000. The contract term is 10 years and is renewable for a further term of 10 years at the discretion of the Company.

Note 2: Development costs represent internally-generated assets relating to the development of an information sharing platform project. Meanwhile, the relevant project was early completed in 2014 and the amortisation of the remaining development costs was accelerated and the whole amount was fully amortised during the year.

Note 3: The above intangible asset has finite useful lives. Such intangible asset is amortised on a straight-line basis over the following periods:

Acquired trade name	20 years
Development costs	over the project period

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.12 Deferred tax assets and deferred tax liabilities****(1) Deferred tax assets without taking into consideration the offsetting of balances**

Item	Ending Balance	Beginning Balance
Deductible temporary differences		
Provision for impairment of assets	5,470,163.24	6,099,189.79
Provision for impairment of inventories	815,871.90	1,419,283.96
Provision for long-term equity investment	12,624,000.00	12,624,000.00
Deductible loss	16,693,338.90	18,037,000.00
Total	<u>35,603,374.04</u>	<u>38,179,473.75</u>

Note: Due to uncertainty of acquire enough taxable income, deductible temporary difference and deductible loss are not recognized as deferred income tax assets.

(2) Deductible loss of unrecognized deferred tax assets expire in next period

Item	Ending Balance	Beginning Balance
2015 period		1,343,661.10
2019 period	16,693,338.90	16,693,338.90
Total	<u>16,693,338.90</u>	<u>18,037,000.00</u>

6.13 Trade Payable**(1) Trade payable**

Item	Ending Balance	Beginning Balance
Project	17,965,560.83	15,203,305.32
Goods	8,356,828.12	9,850,801.41
Total	<u>26,322,388.95</u>	<u>25,054,106.73</u>

(2) Aged analysis of trade payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

Item	Ending Balance	Beginning Balance
Within 1 year	23,452,577.87	20,504,873.65
More than 1 year	2,869,811.08	4,660,233.08
Total	<u>26,322,388.95</u>	<u>25,054,106.73</u>

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.14 Unearned Revenue

(1) Unearned revenue

Item	Ending Balance	Beginning Balance
Total	4,763,564.54	3,552,285.04
Including : More than 1 year	3,240,655.04	3,291,134.90

(2) Significant unearned revenue with aging period more than 1 year

Company name	Ending Balance	Reasons for not received or reversal
Shanghai Minrong Consumer goods Delivery Limited Company	2,038,129.93	Not yet settled
Guangxia Construction Group Limited Company	555,611.00	Not yet settled
Shanghai Hansikai Indoor Environment Technology Limited Company	592,699.65	Not yet settled
Total	3,186,440.58	

6.15 Payroll Payable

(1) Classification of payroll payable

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Short-term payroll	854,835.00	13,224,836.98	13,120,377.47	959,294.51
Post-employment benefits – Defined contribution plan	140,827.55	2,335,485.09	2,301,217.07	175,095.57
Total	995,662.55	15,560,322.07	15,421,594.54	1,134,390.08

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.15 Payroll Payable** (Continued)**(2) Short-term payroll**

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Wages (including bonuses, allowances and subsidies)	604,121.26	10,944,841.52	10,853,602.41	695,360.37
Staff welfare	109,044.58	42,339.32	42,339.32	109,044.58
Social insurance	72,098.40	1,039,149.76	1,022,588.53	88,659.63
Including: Medical insurance	60,168.68	934,360.29	919,412.58	75,116.39
Work-related injury insurance	2,978.88	38,533.76	37,901.41	3,611.23
Maternity insurance	8,950.84	66,255.71	65,274.54	9,932.01
Housing fund	44,490.92	1,109,705.20	1,087,966.19	66,229.93
Labor union expenditure and employee education fund	25,079.84	88,801.18	113,881.02	
Total	854,835.00	13,224,836.98	13,120,377.47	959,294.51

(3) Defined contribution plan

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Basic pension insurance	130,854.61	2,192,679.64	2,160,229.03	163,305.22
Unemployment insurance	9,972.94	142,805.45	140,988.04	11,790.35
Total	140,827.55	2,335,485.09	2,301,217.07	175,095.57

6.16 Tax payable

Item	Ending Balance	Beginning Balance
Value-Added Tax	352,199.79	291,319.32
Business Tax	4,729.70	-1,971.70
Individual Income Tax	59,839.42	52,037.44
Urban Construction & Maintenance Tax	32,664.74	28,564.76
Education Surcharge	10,343.71	10,045.52
Local Education Surcharge	6,895.82	6,697.02
Others	18,452.08	18,352.67
Total	485,125.26	405,045.03

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.17 Other payables

1) Other payables by nature

Nature	Ending Balance	Beginning Balance
Estimated expenses	578,608.10	499,666.00
Others	2,100,056.79	1,873,989.09
Total	<u>2,678,664.89</u>	<u>2,373,655.09</u>

6.18 Share capital

The changes of authorized, issued and paid-up share capital are set out as follows. All shares of the Company are the ordinary shares of nominal value of RMB0.1 each.

Item	Beginning Balance	Changes during the year (+,-)				Subtotal	Ending Balance
		Issue of new shares	Stock dividends	Converted from public reserve	Others		
Total shares	48,000,000.00					48,000,000.00	
Domestic shares	34,800,000.00					34,800,000.00	
Overseas listed foreign shares	13,200,000.00					13,200,000.00	

Note: Domestic shares and H shares belong to ordinary shares in share capital of the company. However, H share can only subscribed or traded by legal person or natural person from Hong Kong, Macau, Taiwan or other countries, except for China, while domestic shares must be subscribed or traded by RMB. All of dividends of H share should be paid by HKD, while dividend of domestic shares should be paid by RMB. Besides, all of domestic shares or H shares have equal rights, and declaration of dividends, distribution shares or dividends making or distribution have the same status.

6.19 Capital reserve

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Other capital reserve	16,000,000.00			16,000,000.00
Total	<u>77,068,451.89</u>			<u>77,068,451.89</u>

Note: The Company, in the early stage of its incorporation, obtained technology know-how from a promoter of the Company, Shanghai Jiao Tong University at nil consideration. In February 2000, the Company injected this technology know-how, being the Courts Management Information System into Withub Technology, at a value of RMB16,000,000 in exchange for 44.44% equity interest in Withub Technology. The value of the contributed technology know-how by Shanghai Jiao Tong University was recorded in the capital reserve of the Company.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.20 Other Comprehensive Income**

Item	Beginning Balance	Amount for the year			Attributable to parent company after tax	Attributable to minority shareholders after tax	Ending Balance
		Amount before income tax for the year	Less: Transferred from other comprehensive income in previous year to current profit and loss	Less: Income tax expense			
1. Item that may not be reclassified subsequently to profit and loss							
2. Item that may be reclassified subsequently to profit and loss:	931,847.12	335,740.29			335,740.29		1,267,587.41
In which: Foreign currency translation difference	931,847.12	335,740.29			335,740.29		1,267,587.41
Total	931,847.12	335,740.29			335,740.29		1,267,587.41

6.21 Surplus reserve

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Statutory surplus reserves	148,641.53			148,641.53
Statutory welfare reserve	74,320.76			74,320.76
Total	222,962.29			222,962.29

6.22 Undistributed profits

Item	Current Year	Last Year
Beginning balance for Current Year	-57,818,247.73	-44,585,820.16
Add: Net profit attributable to owners of the parent company for Current Year	2,618,688.49	-13,232,427.57
Ending balance for Current Year	-55,199,559.24	-57,818,247.73

6.23 Minority shareholders' interest

Name of subsidiaries	Proportion of minority shareholders' interests (%)	Ending Balance	Remark
Shanghai Withub Zhirui Hi-Tech Co., Limited	18%	-17,443.71	No business
Total		-17,443.71	

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.24 Net Current Asset

Item	Ending Balance	Beginning Balance
Current asset	92,896,101.23	87,014,305.76
Less : Current Liabilities	35,384,133.72	32,380,754.44
Net Current asset	<u>57,511,967.51</u>	<u>54,633,551.32</u>

6.25 Total assets less current liabilities

Item	Ending Balance	Beginning Balance
Total assets	106,726,132.36	100,771,024.95
Less: current liabilities	35,384,133.72	32,380,754.44
Total assets less current liabilities	<u>71,341,998.64</u>	<u>68,390,270.51</u>

6.26 Operating income & Operating cost

Item	Current Year		Last Year	
	Revenue	Cost	Revenue	Cost
Main operation	112,647,333.65	112,647,333.65	112,647,333.65	103,494,830.51
Other operation	295,122.79	295,122.79	272,198.19	272,198.19
Total	<u>112,178,591.55</u>	<u>96,083,922.42</u>	<u>112,919,531.84</u>	<u>103,767,028.70</u>

Note: The income from other operation during the year was mainly the income from rental income.

(1) Income from main operation by category

Items	Current Year		Last Year	
	Revenue	Cost	Revenue	Cost
Computer hardware and software products	77,635,267.67	71,123,331.64	85,283,205.91	81,533,703.72
Commercial application program and software	30,337,556.71	23,095,488.26	24,171,445.97	20,205,733.76
Installation and maintenance of network and data security products	3,910,644.38	1,569,979.73	3,192,681.77	1,755,393.03
Total	<u>111,883,468.76</u>	<u>95,788,799.63</u>	<u>112,647,333.65</u>	<u>103,494,830.51</u>

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.27 Business tax and surcharge**

Item	Current Year	Last Year
Business Tax	236,694.01	311,290.84
Urban Construction & Maintenance Tax	141,084.09	146,782.75
Education Surcharge	120,929.22	104,844.82
Other	52,796.78	138,144.55
Total	<u>551,504.10</u>	<u>701,062.96</u>

6.28 Sales expense

Item	Current Year	Last Year
In which: Personnel expenses	3,331,429.29	3,210,293.64
Sales business expenses	1,022,485.77	788,116.31
Sales travel expenses	351,706.88	235,845.09
Sales office expenses	269,333.20	144,695.20
Utilities expense	149,791.20	108,412.17
Others	810,596.09	446,446.24
Total	<u>5,935,342.43</u>	<u>4,933,808.65</u>

6.29 Administration expenses

Item	Current Year	Last Year
In which: Research and development expenditure	2,834,202.61	6,479,225.71
Personnel expenses	5,946,076.01	5,257,778.50
Intermediation service expense	1,210,559.87	1,450,740.55
Business charge	1,051,988.08	679,744.27
Amortization of depreciation cost	513,224.97	3,060,401.21
Utilities expense	283,663.05	639,674.43
Others	289,851.28	1,772,526.06
Total	<u>12,129,565.87</u>	<u>19,340,090.73</u>

Note: The decrease of amortization of depreciation cost during the year due to the company amortizes all of development costs.

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For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.30 Financial expenses

(1) Breakdown of financial expense

Item	Current Year	Last Year
Bank charge	22,148.57	13,251.83
Less : Interest income	1,229,971.00	1,711,186.93
Add : exchange loss	-1,019.11	
Total	-1,208,841.54	-1,697,939.87

(2) Breakdown of interest income

Item	Current Year	Last Year
Interest income from bank deposit	214,399.84	249,706.96
Interest income provided at effective interest rates	1,015,571.16	1,461,479.97
Total	1,229,971.00	1,711,186.93

6.31 Assets impairment losses

Item	Current Year	Last Year
Bad debts loss	-629,026.55	1,945,598.53
Loss from inventory devaluation	224,662.60	773,691.26
Total	-404,363.95	2,719,289.79

6.32 Investment Income

Item	Current Year	Last Year
Investment income of available for sale financial assets	150,000.00	210,000.00
From disposal of long-term equity investment	1,703,302.00	
From long-term equity investment under equity method	1,008,662.74	1,700,108.29
Total	2,861,964.74	1,910,108.29

Note: Measurement of long-term equity investment income refers to the sales of share equity of Shanghai Chengda Withub Automatic Technology Limited Company.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.33 Non-operation Income****(1) Breakdown of non-operating Income**

Item	Current Year	Last Year
Government grants		1,620,000.00
Tax return and exemption of value added tax	536,989.26	98,291.26
Others	183,900.51	2,261.51
Total	<u>720,889.77</u>	<u>1,720,552.77</u>

(2) Breakdown of government grants

Item	Current Year	Last Year
Regional health service platform based on cloud computing architectures		1,620,000.00
Total		<u>1,620,000.00</u>

6.34 Non-operating expenses

Item	Current Year	Last Year
Loss on disposal of non-current assets	16,442.08	
Including: Loss on disposal of fixed assets	16,442.08	
Fixed assets losses		22,129.80
Others	41,886.81	
Total	<u>58,328.89</u>	<u>22,129.80</u>

6.35 Assurance expense

Assurance expense for Current Year is RMB 381,600 (HKD 480,000 last year)

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.36 Depreciation and amortization

The depreciation/amortization recognized in the income statement for the Current Year was RMB578,506.82. (Last Year: RMB 3,061,000.00).

6.37 The Group as lessee

Rental expense for the Current Year was RMB 2,233,045.64 (RMB 2,238,856.86 last year), including rental expense is RMB 2,233,045.64 (RMB 2,238,856.86 last year).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

Item	31 December 2015	31 December 2014
Within 1 year	2,233,045.64	2,238,000.00
Between 2-5 years (including the first year and last year)	3,952,585.00	3,294,000.00
Total	<u>6,185,630.64</u>	<u>5,532,000.00</u>

Operating lease payments represented rentals payable by the Group for certain of its office premises. Leases are negotiated for an average of three years and rentals are fixed for an average of three years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

6.38 The Group as lessor

Property rental income earned during the year was approximately RMB 295,122.79 (2014: RMB 272,198.19).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

Item	31 December 2015	31 December 2014
Within 1 year	<u>203,753.44</u>	<u>203,753.44</u>

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.39 Earning per share****(1) Basic earning per share**

Item	Current Year	Last Year
Net consolidated profit attributable to ordinary shareholders of Parent Company	2,618,688.49	-13,232,427.57
Net consolidated profit after deducting extraordinary items attributable to ordinary shareholders of Parent Company	-368,847.87	-16,742,667.57
Weighted average number of ordinary shares in issue of the Parent Company	480,000,000.00	480,000,000.00
Basic EPS(RMB/share)	0.006	-0.028
Basic EPS (RMB/share) (after deducting extraordinary items)	<u>0.006</u>	<u>-0.028</u>

The calculation of the weighted average number of ordinary shares is as follows:

Item	Current Year	Last Year
Numbers of ordinary shares in issue at beginning of the year issue for the current year	480,000,000.00	480,000,000.00
Numbers of ordinary shares in issue at end of the year	<u>480,000,000.00</u>	<u>480,000,000.00</u>

(2) Diluted EPS

Item	Current Year	Last Year
Adjusted net consolidated profit attributable to ordinary shareholders of Parent Company	2,618,688.49	-13,232,427.57
Adjusted net consolidated profit after deducting extraordinary items attributable to ordinary shareholders of Parent Company	-368,847.87	-16,742,667.57
Adjusted weighted average number of ordinary shares in issue of the Company	480,000,000.00	480,000,000.00
Diluted EPS(RMB/share)	0.006	-0.028
Diluted EPS (RMB/share) (after deducting extraordinary items)	<u>0.006</u>	<u>-0.028</u>

6.40 Other Comprehensive Income

For details, please refer to the "6.20 Other Comprehensive Income" in this Note.

Notes to the Financial Statements

For the year ended 31 December 2015

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)

6.41 Items to the cash flow statement

(1) Supplemental information for the consolidated cash flow statement

Item	Current Year	Last Year
1. Reconciliation of net profit to cash flows from operating activities :		
Net Profit	2,615,987.84	-13,235,277.86
Add: Provision for assets impairment	-404,363.95	2,719,289.79
Fixed assets depreciation	292,781.82	176,963.19
Intangible assets amortization	300,000.00	2,883,438.02
Loss from disposal of fixed assets and other long-term assets	16,442.08	
Loss from scrapped of fixed assets (gain marked as "-")		22,129.80
Finance costs (gain marked as "-")	-1,230,941.66	-1,711,124.80
Investment loss (gain marked as "-")	-2,861,964.74	-1,910,108.29
Decrease in Inventories (increase marked as "-")	4,361,873.91	1,879,485.39
Decrease in operating receivables (increase marked as "-")	2,179,617.47	-5,091,271.21
Increase in operating payables (decrease marked as "-")	3,022,825.59	1,324,976.88
Others		
Net cash flow from operating activities	8,277,983.36	-12,941,499.09
2. Material investing and financing activities that do not involve cash receipts and payments :		
3. Net changes in cash and cash equivalents :		
Ending balance	25,578,899.74	11,157,719.48
Less: Beginning balance	11,157,719.48	27,393,000.00
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	14,421,180.26	-16,235,280.52

(2) Cash and Cash Equivalents

Item	Current Year	Last Year
Cash	25,578,899.74	11,157,719.48
Including: Cash at hand	8,793.56	1,528.32
Bank deposit available-for-use	25,570,106.18	11,156,191.16
Other cash fund available-for-use		

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT (Continued)**6.42 Assets with restricted ownerships or right to use**

Item	Ending carrying value	Reasons for restriction
Monetary funds	37,305,291.48	Fixed deposits

6.43 Foreign Currency Item**(1) Foreign Currency item**

Item	Ending Foreign Currency Balance	Exchange rate	Ending RMB Balance
Monetary funds			
Including:			
USD	996,679.18	6.4936	4,449,591.25
HKD	202,364.50	0.8378	169,536.93
JPY	545,495.87	0.0539	29,388.59

(2) Overseas operating entities

Overseas operating entities	Principal place of business	Reporting Currency	Whether change or not
Jiaoda Withub (Hong Kong) Limited	Hong Kong	HKD	No

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7. INTERESTS IN OTHER ENTITIES

7.1 Interests in subsidiaries

(1) Group companies forming the Group

Name of subsidiaries	Business nature	Principal place of operation	Place of registration	Registered/ issued, and fully paid-up capital	Proportion of shareholding (%)		Principal business
					Direct	Indirect	
Jiaoda Withub (Hong Kong) Limited	Private Limited Company	Hong Kong	Hong Kong	HKD 12,000,000	100%		
Shanghai Withub Information and Professional Training School (The school)	Sole Trader	Shanghai	Shanghai	1,000,000	100%		No business
Shanghai Withub Zhirui Hi-Tech Co., Limited	Private Limited Company (domestic ventures)	Shanghai	Shanghai	5,000,000	82%		No business

Note: The School is a non-profit making entity with a paid-up capital of RMB1, 000,000. According to the articles of association of the School and the relevant regulations in the PRC governing educational institutions, all earnings and receipts from the School can only be used to improve its internal facilities and training standard and cannot be used for any other purposes or be distributed to its organiser.

7.2 Interests in joint ventures or associates

(1) Significant joint ventures and associates

Name	Business Nature	Place of incorporation / establishment and operation	Business Type	Proportion of shareholding (%)		The investment of joint venture or associates
				Direct	Indirect	
Shanghai Jiaoda Withub Technology Limited	Private limited liability company	Shanghai	Contributed capital	44.44		16,000,000.00
Shanghai Jiaoda Withub Tongyong Technology Company Limited	Private limited liability company	Shanghai	Development and sales business		31.11	13,866,666.67
Shanghai Jiaoda Science & Technology Park Information Technology (Shangrao) Company Limited	Private limited liability company	Jiangxi/ Shangrao	No business	40.00		10,000,000.00
Shanghai Tong Tron Information Technology Company Limited ("Shanghai Tong Tron")	Private limited liability company	Shanghai	Development and sales business & computer accessories	43.24		3,200,000.00
Shanghai Withub Duogao Information Construction Company Limited	Private limited liability company	Shanghai	Design and installation Intelligent Home System	34.00		1,909,500.00
Union Genesis Limited	Private limited liability company	British Virgin Island	Contributed capital		45.00	21,207,604.00
C-NOVA Microsystems Limited	Private limited liability company	Hong Kong	Design, production and sales of electronics hardware and software		45.00	913,180.20
C-NOVA Microsystems (Shanghai)Limited	Private limited liability company	Shanghai	Design, production and sales of electronics hardware and software		45.00	6,529,830.80

7. INTERESTS IN OTHER ENTITIES (Continued)**7.2 Interests in joint ventures or associates** (Continued)**(2) Summarised financial information of material associates****Withub Technology and its subsidiary (Tong Yong) (“Withub Technology Group”)**

Item	Ending Balance	Beginning Balance
Current assets	20,865,777.38	12,629,722.60
Non-current assets	287,582.38	481,329.55
Total assets	21,153,359.76	13,111,052.15
Current liabilities	19,629,947.17	10,839,960.82
Non-current liabilities		
Total liabilities	19,629,947.17	10,839,960.82
Minority shareholders' equity	947,435.81	1,171,739.43
Attributable to the parent company shareholders' equity	575,976.78	1,099,351.90
Net asset calculated by proportion of shareholding	255,964.08	488,551.98
Adjustment		
-Goodwill		
-Unrealized profit from internal trading		
-Others		
Book value of joint venture equity investment	255,964.08	488,551.98
Operation income	27,282,679.19	23,940,563.41
Net Profits	-523,375.12	2,859,862.62
Others comprehensive income		
Total comprehensive income	-523,375.12	2,859,862.62
Dividends from the joint venture in Current Year		

Notes to the Financial Statements

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7. INTERESTS IN OTHER ENTITIES (Continued)

7.2 Interests in joint ventures or associates (Continued)

(2) Summarised financial information of material associates (Continued)

Shangrao

Item	Ending Balance	Beginning Balance
Current assets	1,845,655.86	1,846,633.86
Non-current assets	10,978.00	
Total assets	1,856,633.86	1,846,633.86
Current liabilities	10,000.00	
Non-current liabilities		
Total liabilities	10,000.00	
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	1,845,655.86	1,846,633.86
Net asset calculated by proportion of shareholding		
Adjustment		
-Goodwill		
-Unrealized profit from internal trading		
-Others		
Book value of joint venture equity investment		
Operation income		
Net Profits		
Others comprehensive income		
Total comprehensive income		
Dividends from the joint venture in Current Year		

Note: As at 31 December 2015 and 2014, the Group's interest in Shangrao was fully impaired and recognition of further losses is discontinued.

7. INTERESTS IN OTHER ENTITIES (Continued)**7.2 Interests in joint ventures or associates** (Continued)**(2) Summarised financial information of material associates** (Continued)**Shanghai Jiaoda Withub Tongyong Technology Company Limited**

Item	Ending Balance	Beginning Balance
Current assets	18,631,636.44	15,513,524.03
Non-current assets	114,861.07	156,819.07
Total assets	18,746,497.51	15,670,343.10
Current liabilities	2,523,115.49	1,762,915.00
Non-current liabilities		
Total liabilities	2,523,115.49	1,762,915.00
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	16,223,382.02	13,907,428.10
Net asset calculated by proportion of shareholding	7,014,990.39	6,013,571.91
Adjustment		
-Goodwill		
-Unrealized profit from internal trading		
-Others		
Book value of joint venture equity investment	7,014,990.39	6,013,571.91
Operation income	40,598,285.74	39,048,989.24
Net Profits	2,315,953.92	2,276,758.50
Others comprehensive income		
Total comprehensive income	2,315,953.92	2,276,758.50
Dividends from the joint venture in Current Year		

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7. INTERESTS IN OTHER ENTITIES (Continued)

7.2 Interests in joint ventures or associates (Continued)

(2) Summarised financial information of material associates (Continued)

Shanghai Withub Duogao Information Construction Company Limited

Item	Ending Balance	Beginning Balance
Current assets	27,629,211.86	27,929,921.58
Non-current assets	863,336.52	238,520.79
Total assets	28,492,548.38	28,168,442.37
Current liabilities	19,780,033.19	20,161,315.88
Non-current liabilities		
Total liabilities	19,780,033.19	20,161,315.88
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	8,712,515.19	8,007,126.49
Net asset calculated by proportion of shareholding	2,962,255.16	2,722,423.01
Adjustment		
-Goodwill	75,000.00	75,000.00
-Unrealized profit from internal trading		
-Others		
Book value of joint venture equity investment	3,037,255.17	2,797,423.01
Operation income	52,797,428.43	63,902,009.89
Net Profits	705,388.70	667,682.58
Others comprehensive income		
Total comprehensive income	705,388.70	667,682.58
Dividends from the joint venture in Current Year		

7. INTERESTS IN OTHER ENTITIES (Continued)**7.2 Interests in joint ventures or associates** (Continued)**(2) Summarised financial information of material associates** (Continued)**Union Genesis Limited and other subsidiaries (C-NOVA Microsystems Limited、C-NOVA Microsystems (Shanghai)Limited)**

Item	Ending Balance	Beginning Balance
Current assets	36,626,829.12	26,301,493.00
Non-current assets	978,850.85	7,414,808.00
Total assets	37,605,679.97	33,716,301.00
Current liabilities	71,041,082.24	67,252,947.00
Non-current liabilities		
Total liabilities	71,041,082.24	67,252,947.00
Minority shareholders' equity		
Attributable to the parent company shareholders' equity	-33,435,402.27	-33,536,646.00
Net asset calculated by proportion of shareholding		
Adjustment		
-Goodwill	2,624,000.00	2,624,000.00
-Unrealized profit from internal trading		
-Others		
Book value of joint venture equity investment	2,624,000.00	2,624,000.00
Operation income	1,127,658.45	1,735,251.27
Net Profits	-197,688.05	-2,685,849.02
Others comprehensive income	316,496.02	15,000.00
Total comprehensive income	118,807.97	-2,670,849.02
Dividends from the joint venture in Current Year		

NOTES : On 31 December 2015 and 31 December 2014, because the company's share of the UGL group's cumulative losses exceed the company's interests in the UGL group, the company's interest in Shangrao was fully impaired and recognition of further losses is discontinued.

(3) An excess of loss in joint ventures or associates

Name of joint ventures or associates	Unconfirmed-cumulative losses of previous year	Unconfirmed-losses of current year	Unconfirmed-cumulative losses at 31 Dec. 2015
Total	40,791,246.68	88,959.62	40,880,206.30

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include trade receivables, available-for-sale investment, trade payables, etc. Details of the financial instruments are disclosed in notes 6. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

8.1 Financial risk management objectives and policies

The objectives of the company's risk management is to balance the risk and income, reduce the negative risk impact of operating performance to the lowest level, maximize the interests of shareholders and other equity investors. Based on these objectives, the basic strategy of risk management is to ensure and analyse various risks faced by company, establish appropriate risk tolerance level and manage risks, as well as monitor all risks in a timely and reliable manner, and control risks in a limited range.

(1) Market risks

1) Exchange risks

The Group's foreign exchange exposure is mainly related to HKD. Except for the operation conducted by the Company's subsidiaries settled in HKD and USD, other main business operations are settled in RMB. As of 31st December, 2015, except for assets and liabilities with balances in HKD and USD balances depicted as below, all other assets and liabilities of the Group are denominated in RMB. The exchange rate risk arisen from those foreign currency assets and liabilities may affect the results of operation of the Group.

Item	31 December 2015	31 December 2014
Monetary funds — USD	4,449,591.25	5,105,594.99
Monetary funds — HKD	169,536.93	62,989.73
Monetary funds — JPY	29,388.59	27,879.80

The Group has paid close attention to the influence generated from exchange rate changes.

2) Interest rate risks

The Group is exposed to cash flow interest rate risk in relation to its variable-rate deposits with bank and is also exposed to fair value interest rate risk in relation to fixed-rate bank deposits. To mitigate the impact of interest rate fluctuations, the Group continually assesses and monitors the exposure to interest rate risk.

The Group's cash flow interest rate is mainly concentrated on the fluctuation of prevailing market rates arising from the Group's bank balances denominated in RMB base deposit rate stipulated by the People's Bank of China arising from the Group's bank balances denominated in RMB. At 31 December 2015, the balance of non-term deposit is RMB 25,570,106.18 (RMB 11,456,191.16 at 31 December 2014), and the balance of term deposit is RMB 37,305,291.48 (RMB 38,423,583.15 at 31 December 2014).

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**8.1 Financial risk management objectives and policies** (Continued)**(1) Market risks****3) Price risks**

The Group conducted the sales of computer, IT related products and accessories, provision of business application, development, installation and maintenance network, data security products business, and other services. Therefore, it may be impacted by the fluctuations in such prices.

(2) Credit risk

As at December 31, 2015, the Group's potential maximum exposure to credit risk is mainly because of the counter-parties' failure to perform their obligations leading to losses on financial assets of the Group and the financial burden assumed by the Group, including:

Book values of financial assets which have been recognized in the consolidated balance sheet; as for the financial instruments measured at fair value, the book value reflects their exposures to risks, but not the maximum exposure to risks which shall vary following the changes in fair value occurs.

To reduce credit risk, a team, responsible for confirming credit limitations, reviewing paper work related to credit, and executing supervisory procedures, has been built up within the Group in order to ensure that necessary measures have been taken to retrieve expired claims. In addition, the Group reviews the recoverability of each single receivable at each balance sheet date, ensuring sufficient bad-debt provisions have been made for unrecoverable amounts. Therefore, the Management reckons that credit risks exposure of the Group have been reduced significantly.

The liquidities of the Group are deposited in banks with high credit rating, thus the credit risk of liquidities is relatively low.

The Group has adopted necessary policies to ensure that all clients have good credit history. The Group has no significant concentration risk of credit except for that arising from the top 5 of accounts receivable.

The total amount for the top 5 of accounts receivable is RMB 6,620,780.27.

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For the year ended 31 December 2015

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

8.1 Financial risk management objectives and policies (Continued)

(3) Liquidity risk

Liquidity risk refers to the risk that the Group could not engage the financial obligations at the maturity date. The method of the Group to manage liquidity risk is to ensure adequate cash flows to perform obligations at maturity, so that not to cause any unacceptable losses or damages of the Group reputation. The analysis of liabilities structure and durations would be made periodically to ensure the cash is adequate.

The analysis of financial assets and financial liabilities held by the Group is analyzed as below, in terms of the maturity of undiscounted remaining contractual obligations:

31 December 2015 :

Item	Within 1 year	1-2 years	2-3 years	3 years or above	Total
Financial assets					
Monetary funds	25,578,899.74	26,201,267.00	11,104,024.48		62,884,191.22
Account receivable	11,051,434.82	1,922,377.06	1,806,058.61	3,321,122.22	18,100,992.71
Other receivables	6,149,229.37	735,225.00		1,283.23	6,885,737.60
Prepayments	853,810.18	141,422.00	20,790.30		1,016,022.48
Financial liabilities					
Account payable	23,452,577.87	1,234,035.00	17,571.90	1,618,204.18	26,322,388.95
Unearned revenue	1,522,909.50	3,240,655.04			4,763,564.54
Other payable	724,985.90	1,627,074.50	99,530.36	227,074.13	2,678,664.89
Tax payables	485,125.26				485,125.26
Payroll payable	1,134,390.08				1,134,390.08

8.1.1 Sensitivity analysis

The Group adopted sensitivity analysis of reasonableness and the probable change effect of risk variables on equity or profit or loss. Since risk variables rarely change in isolation, the correlation between the variables can bring significant influence to the financial statement. The following sensitivity analysis is assumed the risk variable is independently carried out.

(1) Sensitivity analysis of exchange rate risks

The reasonable movements of exchange rate with all other variables unchanged may have the following impact on the profit or loss and equities for the current period (after tax):

Item	Exchange rate change	2015		2014	
		Effect on net profit	Effect on owner's equity	Effect on net profit	Effect on owner's equity
All the Foreign currency	5% appreciation of RMB	-125.92	-362,808.70	-132.07	-359,488.21
	5% depreciation of RMB	125.92	362,808.70	132.07	359,488.21

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**8.1.1 Sensitivity analysis** (Continued)**(2) Sensitivity analysis of interest rate risks**

The reasonable movements of interest rate with all other variables unchanged may have the following impact on the profit or loss and equities for the current period (after tax):

Item	Interest rate change	2015		2014	
		Effect on net profit	Effect on owner's equity	Effect on net profit	Effect on owner's equity
Deposit	Increase 1%	-46,485.17	-46,485.17	-51,964.65	-51,964.65
	Decrease 1%	46,485.17	46,485.17	51,964.65	51,964.65

9. RELATED PARTY TRANSACTIONS**9.1 Related party relationships****(1) Subsidiaries**

For details of subsidiaries, please refer to relevant contents set out in 7.1. (1) Group companies forming the Group to this note.

(2) Joint ventures and associates

For related information in respect of significant joint ventures and associates of the Company, please refer to relevant contents set out in 8.2. (1) to this note. Joint ventures and associates which have related party transactions with the Company during the year or have related party balance with the Company resulted from related party transaction in prior years are listed as follows:

Name of joint ventures or associates	Relationship with the Company
Shanghai Withub Duogao Information Construction Company Limited*(“Duogao”)	34% of its equity rights was indirectly held by the Company
Shanghai Tong Tron Information Technology Company Limited (“Shanghai Tong Tron*”) (“Shanghai Tong Tron*”)	43.24% of its equity rights was indirectly held by the Company
Shanghai Jiaoda Science &Technology Park Information Technology (Shangrao) Company Limited* (“Shangrao”)	40% of its equity rights was indirectly held by the Company
Shanghai Jiaoda Withub Technology Company Limited (“Withub Technology*”)	44.44% of its equity rights was indirectly held by the Company
Shanghai Jiaoda Withub Tong Yong Technology Company Limited (“Tong Yong”) (“Tong Yong”)	31.11% of its equity rights was indirectly held by the Company
Shanghai Huikang Information Technology Company Limited	40% of its equity rights was indirectly held by the Company

Notes to the Financial Statements

For the year ended 31 December 2015

9. RELATED PARTY TRANSACTIONS (Continued)

9.1 Related party relationships (Continued)

(3) Other related parties

Relationship with the company	Name of related parties	Description
Controlled by the company's director	Shanghai Huikang Information Technology Company Limited	Sales of products
Controlling shareholders	Shanghai Jiao Tong University	The lease of house

Notes: The shareholder of Shanghai Huikang Information Technology Company Limited is Wang Yiming (the original president of Shanghai Jiaoda Withub Information industrial company limited. Since 2015, Shanghai Huikang Information Technology Company Limited is not controlled by the company.

9.2 Related party transaction

(1) Related transactions of provision of service

Name	Current Year		Last Year	
	Amounts	Proportion of transaction	Amounts	Proportion of transaction
Shanghai Withub Duogao Information Construction Company Limited* ("Duogao")	546,900.00	0.49%	1,482,000.00	1.31%
Shanghai Jiaoda Withub Tong Yong Technology Company Limited ("Tong Yong") ("Tong Yong")	295,122.79	0.26%	272,198.19	0.24%
Shanghai Huikang Information Technology Company Limited			329,000.00	0.29%
Total	842,022.79	0.75%	2,083,198.19	1.84%

Notes: These transactions above were conducted in accordance with the terms of contracts entered into between the Group and the related parties in the ordinary course of business of the Group.

9. RELATED PARTY TRANSACTIONS (Continued)**9.2 Related party transaction** (Continued)**(2) Related party lease description**1) *Lease description*

Lessor	Lessee	Type of leasing property	Current Year confirmed lease income	Last Year confirmed lease income
The company	Shanghai Jiaoda Withub Tong Yong Technology Company Limited ("Tong Yong")	House	295,122.79	272,198.19

At the end of the reporting period, the Group had contracted with Tong Yong for the following future minimum lease payments as a lessor:

Period	31 December 2015	31 December 2015
Within 1 year	203,753.44	203,753.44

2) *Rental description*

Lessor	Lessee	Type of leasing property	Current Year confirmed lease income	Last Year confirmed lease income
Shanghai Jiao Tong University	The company	House	1,976,292.50	1,788,000.00

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases to Shanghai Jiao Tong University which fall due as follows:

Item	31 December 2015	31 December 2014
Within 1 year	1,976,292.50	1,976,292.50
2-5 years (including the first year and last year)	3,952,585.00	3,294,000.00
Total	5,928,877.50	5,270,292.50

Notes to the Financial Statements

For the year ended 31 December 2015

9. RELATED PARTY TRANSACTIONS (Continued)

9.2 Related party transaction (Continued)

(3) Remuneration of key management staff

(1) Directors and supervisors' remuneration

There is no key management staffs give up or agreed to give up their remuneration in current year or last year.

There's no motivated monetary funds provided for board members joining or upon-joining the Group, and there's no compensation provided for board members resigning for giving up the positions.

Remuneration paid to the directors and other members of key management during the year was as follows:

Name	Fees	Salaries and allowance	Contributions to retirement benefit plan	Total
<i>Independent non-executive directors</i>				
Dr. Cao Guoqi (Resign at 7th July)	40,000.00			40,000.00
Ms. Ni Jing (Appointed at 7th July)				
Dr. Zeng Yuancang	40,000.00			40,000.00
Mr. Yuan Shumin	40,000.00			40,000.00
Subtotal	120,000.00			120,000.00
<i>Executive directors</i>				
Mr. Mo Zhenxi (Resign at 7th July)				
Mr. Wu Hanguo (Resign at 7th July)				
Mr. Chen Xin (Appointed at 7th July)				
Mr. Shuai Ge (Appointed at 7th July)				
Mr. Liu Wenyu				
Mr. Shang Ling		354,800.00	80,596.20	435,396.20
Mr. Shen Zhimin				
Mr. Zhu Kaiyong				
Subtotal		354,800.00	80,596.20	435,396.20
Directors Total	120,000.00	354,800.00	80,596.20	555,396.20
<i>Supervisors</i>				
Ms. Qin Yan		124,800.00	40,459.50	165,259.50
Mr. Yao Benqiang				
Mr. Yu Jiming				
Ms. Dong Beihua				
Mr. Gu Wei		184,800.00	55,810.50	240,610.50
Supervisors Total		309,600.00	96,270.00	405,870.00

Notes: Mr. Shang Ling is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

9. RELATED PARTY TRANSACTIONS (Continued)**9.2 Related party transaction** (Continued)**(3) Remuneration of key management staff** (Continued)**(1) Directors and supervisors' remuneration** (Continued)

Remuneration paid to the directors and other members of key management in last year was as follows: :

Name	Fees	Salaries and allowance	Contributions to retirement benefit plan	Total
<i>Independent non-executive directors</i>				
Dr. Cao Guoqi	20,000.00			20,000.00
Dr. Zeng Yuancang	20,000.00			20,000.00
Mr. Yuan Shumin	60,000.00			60,000.00
Subtotal	100,000.00			100,000.00
<i>Executive directors</i>				
Mr. Mo Zhenxi				
Mr. Wu Hanguo				
Mr. Liu Wenyu (Appointed at 7th July)				
Mr. Shang Ling (Appointed at 7th July)		144,000.00	38,000.00	182,000.00
Mr. Shen Zhimin (Appointed at 7th July)				
Mr. Zhu Kaiyong (Appointed at 7th July)				
Mr. Li Zhan (Resign at 7th July)				
Mr. Du Songning (Resign at 7th July)				
Mr. Qiaojin (Resign at 7th July)				
Mr. Wang Yiming (Resign at 7th July)		210,000.00		210,000.00
Subtotal		354,000.00	38,000.00	392,000.00
Directors Total	100,000.00	354,000.00	38,000.00	492,000.00
<i>Supervisors</i>				
Ms. Qin Yan		140,000.00	35,000.00	175,000.00
Mr. Yao Benqiang				
Mr. Yu Jiming				
Ms. Dong Beihua (Appointed at 7th July)				
Mr. Gu Wei (Appointed at 7th July)		206,000.00	35,000.00	241,000.00
Ms. Huang Hua (Resign at 7th July)				
Mr. Chen Minglong (Resign at 7th July)				
Supervisors Total		346,000.00	70,000.00	416,000.00

Notes 1: Mr. Shang Ling is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes 2: The retirement benefit contribution of Mr. Wang Yiming was paid by the Company's indirect shareholder, Shanghai Jiao Tong University. The Group was not required to reimburse the retirement benefit paid by Shanghai Jiao Tong University.

Mr. Shang Ling is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes to the Financial Statements

For the year ended 31 December 2015

9. RELATED PARTY TRANSACTIONS (Continued)

9.2 Related party transaction (Continued)

i. Remuneration of key management staff (Continued)

(2) Five highest paid employees

Current year, the five highest paid employees during the year included one (2014: one) directors, the remaining four (2014: four) highest paid employees are as follows:

Item	Current Year	Last Year
Salaries and allowances	974,050.00	998,000.00
Retirement compensation	122,136.60	148,000.00
Total	1,096,186.60	1,146,000.00

Highest emoluments within the following groups (per capita)

Item	Current Year	Last Year
Nil to RMB 1,000,000	4	4

There's no motivated monetary funds provided for any 5 staves with highest emoluments joining or upon-joining the Group, and there's no compensation provided for them resigning for giving up the positions.

9.3 Account Balance between related parties

(1) Receivable items of related parties

Item	Related parties	Ending Balance		Beginning Balance	
		Book Balance	Provision for bad debts	Book Balance	Provision for bad debts
Account	Shanghai Withub Duogao Information				
Receivables	Construction Company Limited*) ("Duogao")	546,900.00		228,000.00	
	Subtotal	546,900.00		228,000.00	
Others	Shanghai Withub Duogao Information				
Receivables	Construction Company Limited*) ("Duogao")	139,929.30		139,929.30	
	Subtotal	139,929.30		139,929.30	

9. RELATED PARTY TRANSACTIONS (Continued)**9.3 Account Balance between related parties** (Continued)**(2) Other payables of related parties**

Item	Related parties	Ending Balance	Beginning Balance
Others payables	Shanghai Jiaoda Withub Tong Yong Technology Company Limited ("Tong Yong") ("Tong Yong")	42,800.00	51,197.52
	Shanghai Huikang Information Technology Company Limited	542,215.00	664,000.00
	Shanghai Jiao Tong University	176,436.70	176,000.00
	Total	<u>761,451.70</u>	<u>891,197.52</u>

10. CONTINGENT EVENTS

There is no significant contingent events until 31 December 2015.

11. COMMITMENTS**11.1 Significant commitments**

- (1) Signed or executed lease contracts currently being executed or to be executed and financial impact. For details, please refer to relevant contents set out in 6.38, 6.39.
- (2) Except for the commitment above, there is no other significant commitments within the Group at 31 December 2015

12. POST BALANCE SHEET EVENTS**12.1 Information about profit distribution**

Item	Content
Profits or dividends proposed to distribute	According to the resolution of the board of directors of the Company on 15 March 2016: did not recommend any final dividends for the year ended 31 December 2015
Profits or dividends approved to declare to pay after consideration	Non

12.2 Sales Return

There were no material sales return occurred subsequent to the balance sheet date.

12.3 Save as the post balance sheet events disclosed above, the Group had no other material post balance sheet event

Notes to the Financial Statements

For the year ended 31 December 2015

13. OTHER SIGNIFICANT EVENTS

13.1 Segment information

According to the internal organizational structure of the Group, requirement for managements and internal reporting system, the operating business is classified into 2 reporting segments, business application project (development and provision of business application project service, including business solution, application software, installation and maintenance and data security products) and sales products (sales and distribution computers and electronic products and accessories). These reporting segments have been laid down in the internal organization structure, requirements for management and international. The management of the Group will evaluate the operating results of these report segments to determine the distribution of resources and evaluation on its results.

By segment information is exposed in accordance with the accounting policy and standards for measurement. Such basis of measurement remains the same as the accounting policy and standards for measurement when preparing the financial statements

Reporting segments for 2015

Item	Business application project and application software	Sales Products	Undistributed portion	Offset	Total
Operating Income	34,248,201.09	77,635,267.67			111,883,468.76
Including: Income from external transactions	34,248,201.09	77,635,267.67			111,883,468.76
Income from inter-segment transactions					
Operating costs	24,665,468.03	71,123,331.64			95,788,799.63
Dividend of associations			1,008,662.74		1,008,662.74
Interest income			1,229,971.00		1,229,971.00
Undistributed income			2,574,191.77		2,574,191.77
Period costs			18,064,908.30		18,064,908.30
Undistributed other expenses			226,598.46		226,598.46
Subsidiaries' total profits (total loss)	9,582,733.06	6,511,936.03	-13,478,681.25		2,615,987.84
Total assets	21,336,799.54	12,726,423.86			34,063,223.40
Equity of associates			10,308,209.64		10,308,209.64
Available-for-sale investment			1,916,154.00		1,916,154.00
Unallocated corporate assets			60,438,545.32		60,438,545.32
Total liabilities	21,899,667.81	9,881,646.05			31,781,313.86
Undistributed liabilities supplementary information			3,602,819.86		3,602,819.86
Capital expenditure	188,073.10				188,073.10
Impairment loss recognized for the period					
Including:					
Impairment loss of account receivable		95,973.45			95,973.45
Reversal of impairment loss recognised on account receivables		725,000.00			725,000.00
Inventory impairment		224,662.60			224,662.60
Reversal of impairment loss recognised on inventory		-828,074.66			-828,074.66
Depreciation and amortisation expenses	578,506.82				578,506.82

13. OTHER SIGNIFICANT EVENTS (Continued)**13.1 Segment information** (Continued)**2014 (last year) Report:**

Item	Business application project and application software	Sales Products	Undistributed portion	Offset	Total
Operating Income	27,364,127.74	85,283,205.91			112,647,333.65
Including: Income from external transactions	27,364,127.74	85,283,205.91			112,647,333.65
Income from inter-segment transactions					
Operating costs	21,961,126.79	81,533,703.72			103,494,830.51
Dividend of associations			1,700,108.29		1,700,108.29
Interest income			1,711,186.93		1,711,186.93
Undistributed income			641,000.00		641,000.00
Period costs			24,273,899.38		24,273,899.38
Undistributed other expenses			2,166,176.84		2,166,176.84
Subsidiaries' total profits (total loss)	5,403,000.95	3,749,502.19	-22,387,781.00		-13,235,277.86
Total assets	22,135,000.00	13,146,000.00			35,281,000.00
Equity of associates			9,299,546.90		9,299,546.90
Available-for-sale investment			2,416,154.00		2,416,154.00
Unallocated corporate assets			53,774,324.05		53,774,324.05
Total liabilities	20,682,754.44	8,785,000.00			29,467,754.44
Undistributed liabilities			2,913,000.00		2,913,000.00
supplementary information					
Capital expenditure	750,000.00				750,000.00
Impairment loss recognized for the period					
Including:					
Impairment loss of account receivable	1,905,000.00	223,000.00			2,128,000.00
Reversal of impairment loss					
recognised on account receivables		-124,000.00			-124,000.00
Inventory impairment		773,000.00			773,000.00
Reversal of impairment					
loss recognised on inventory		-1,769,000.00			-1,769,000.00
Depreciation and amortisation expenses	3,061,000.00				3,061,000.00

Geographical information

All of the Group's turnover was generated from customers in the PRC during the years ended 31 December 2015 and 2014 and all of the Group's assets were located in the PRC. Therefore, no geographical segment information is presented

Information about major customers

There is no customer with whom transactions have exceeded 10% of the Group's total turnover during the years ended 31 December 2015 and 2014.

Notes to the Financial Statements

For the year ended 31 December 2015

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

14.1 Cash and Cash equivalents

Item	Ending Balance	Beginning Balance
Cash	8,793.56	1,528.32
Bank deposits	58,226,664.29	44,383,083.97
Others		300,000.00
Total	<u>58,235,457.85</u>	<u>44,684,612.29</u>

Note: Among the bank deposits of the Group, RMB 37,305,291.48 was fixed term deposit. Among other monetary funds, RMB 17,000,000.00 was seven-day call deposit (2014: RMB 38,423,583.15).

14.2 Other receivables

(1) Classification of other receivables

Item	Ending Balance					Beginning Balance				
	Book Balance		Provision for bad debts		Book value	Book Balance		Provision for bad debts		Book value
	Amounts	Ratio%	Amounts	Ratio%		Amounts	Ratio%	Amounts	Ratio%	
Accounts receivable that are individually significant and are provided for bad debts on individual basis										
Accounts receivable that are provided for bad debts by portfolio of credit risk characteristics	21,990,038.63	100.00	15,700,879.96	71.40	6,289,158.67	21,404,512.45	100.00	16,536,422.77	77.26	4,868,089.68
Accounts receivable that are individually insignificant but are provided for bad debts on individual basis										
Total	<u>21,990,038.63</u>	<u>100.00</u>	<u>15,700,879.96</u>	<u>71.40</u>	<u>6,289,158.67</u>	<u>21,404,512.45</u>	<u>100.00</u>	<u>16,536,422.77</u>	<u>77.26</u>	<u>4,868,089.68</u>

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)**14.2 Other receivables** (Continued)**(1) Classification of other receivables** (Continued)

1) *Accounts receivable in portfolio of which provision was made using ageing analysis method:*

Aging	Ending Balance		Ratio (%)
	Other receivables	Provision for bad debts	
Within 1 year	351,046.00		
More than 1 years	15,700,879.96	15,700,879.96	100
Total	16,051,925.96	15,700,879.96	

Aging	Beginning Balance		Ratio(%)
	Other receivables	Provision for bad debts	
Within 1 year	147,081.95		
More than 1 years	16,536,422.77	16,536,422.77	100%
Total	16,683,504.72	16,536,422.77	

2) *Accounts receivable in portfolio of which provision was made using other method:*

Nature	Ending Balance	Beginning Balance
Cash pledge	2,506,448.69	2,384,430.89
Petty Cash	3,149,269.68	2,023,173.54
Security deposit, imprest	142,465.00	173,474.00
Guaranteed payment	139,929.30	139,929.30
Total	5,938,112.67	4,721,007.73

Notes to the Financial Statements

For the year ended 31 December 2015

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

14.2 Other receivables (Continued)

(2) Current year provision for bad debts received description

Aging	Ending Balance	Beginning Balance
At 1 January	16,536,422.77	17,393,883.96
Provision for debts		
Provision for bad debts received	835,542.81	857,461.19
At 31 December	<u>15,700,879.96</u>	<u>16,536,422.77</u>

(3) Other receivables by nature

Nature	Ending Balance	Beginning Balance
Related parties	15,445,513.56	16,081,056.37
Guaranteed payment, Security deposit, imprest	2,648,913.69	2,557,904.89
Related parties transaction	3,895,611.38	2,765,551.19
Total	<u>21,990,038.63</u>	<u>21,404,512.45</u>

(4) The five largest accounts receivable assembled by debtors:

Company names	Nature	Ending Balance	Aging	Proportion of ending balance of accounts receivables in total (%)	Ending Balance of provision of bad debts
No. 1	Current accounts	11,145,571.11	More than 1 years	50.68%	11,145,571.11
No. 2	Current accounts	3,960,013.15	More than 1 years	18.01%	3,960,013.15
No. 3	Current accounts	1,934,533.68	Within 1 year	8.80%	
No. 4	Current accounts	1,215,434.90	Within 1 year	5.53%	
No. 5	Current accounts	633,346.00	Within 1 year	2.88%	
Total		<u>18,888,898.84</u>		<u>85.90%</u>	<u>15,105,584.26</u>

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

14.3 Available-for-sale financial assets

(1) Description of available-for-sale financial assets

Item	Ending Balance		Beginning Balance			
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book value
Available-for-sale equity instrument						
Measured at cost	1,916,154.00		1,916,154.00	2,416,154.00		1,916,154.00
Total	1,916,154.00		1,916,154.00	2,416,154.00		1,916,154.00

(2) Analysis of available-for-sale financial assets as follow:

Item	Ending Balance	Beginning Balance
Listing		
Unlisted	1,916,154.00	2,416,154.00
Total	1,916,154.00	2,416,154.00

(3) Available-for-sale financial assets measured at cost at the end of the year

Investee	Book Balance			Ending	Provision for Impairment			Shareholding ratio investee (%)	Cash dividend for this year
	Beginning	Increase during the year	Decrease during the year		Beginning	Increase during the year	Decrease during the year		
Shanghai Jiaoda Withub Technological Street Limited	1,500,000.00			1,500,000.00				3.00%	150,000.00
Shanghai Huikang Information Limited	266,154.00			266,154.00				7.02%	
Shanghai Chengda Withub Automatic Technology Limited (Note 1)	500,000.00		500,000.00					10.00%	
Shanghai Technology Property Exchange (Note 2)	150,000.00			150,000.00					
Total	2,416,154.00		500,000.00	1,916,154.00					150,000.00

Note 1: In January 14, 2015, the board of directors of the company agreed to choose the higher value between the net assets by the evaluation record and 400,00.00 investment amount to determine the transfer listing price. On 8 April 2015 on 7 May 8 to 2015, the company found a transferee Wang Quanxi (one of minority shareholder of Shanghai Chengda Withub Automatic Technology Limited Company) via Shanghai Property Exchange and the transfer price is RMB 2,209,931.20. The transaction was completed, and Shanghai Chengda Withub Automatic Technology Limited Company finished the business registration at July 6, 2015.,

Note 2: The Company has acquire the transferrable membership of Shanghai Technology and Property Exchange and is allowed to purchase and sell technology. This kind of membership has no open price in the market. Therefore, there is no reliable measurement for assets fair value.

Notes to the Financial Statements

For the year ended 31 December 2015

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

14.4 Long-term equity investment

(1) Classification of long-term equity investment

Item	Ending Balance			Beginning Balance		
	Book Balance	Provision for impairment	Book value	Book Balance	Provision for impairment	Book value
Investment in subsidiaries	17,869,200.00	17,869,200.00	0.00	17,869,200.00	17,869,200.00	0.00
Investment in joint ventures and associates	20,308,209.64	10,000,000.00	10,308,209.63	19,299,546.90	10,000,000.00	9,299,840.89
Total	38,177,409.64	27,869,200.00	10,308,209.63	37,168,746.90	27,869,200.00	9,299,840.89

(2) Investment in subsidiaries

Investee	Beginning Balance	Increase	Decrease	Ending Balance	Provision for impairment	Ending balance of provision
						for impairment
Jiaoda Withub (Hong Kong) Limited	12,769,200.00			12,769,200.00		12,769,200.00
Shanghai Withub Information and Professional Training School (the "School")	1,000,000.00			1,000,000.00		1,000,000.00
Shanghai Withub Zhirui Hi-Tech Co., Limited	4,100,000.00			4,100,000.00		4,100,000.00
Subtotal	17,869,200.00			17,869,200.00		17,869,200.00

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)**14.4 Long-term equity investment** (Continued)**(3) Investment in associates**

Investee	Beginning Balance	Additional investment	Reduction of investment	Increase/Decrease for the year					Ending Balance	Ending balance of provision for impairment
				Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Announced cash dividend or profit	Provision for impairment		
Under equity method										
Shanghai Jiaoda Withub Technology Company Limited ("Withub Technology")	488,551.98			-232,587.90					255,964.08	
Shanghai Jiaoda Science & Technology Park Information Technology (Shangrao) Company Limited ("Shangrao")	10,000,000.00								10,000,000.00	
Shanghai Tong Tron Information Technology Company Limited ("Shanghai Tong Tron") ("Shanghai Tong Tron")	6,013,571.91			1,001,418.48					7,014,990.39	
Shanghai Withub Duogao Information Construction Company Limited ("Duogao")	2,797,423.01			239,832.16					3,037,255.17	
Subtotal	19,299,546.90			1,008,662.74					20,308,209.64	

Notes to the Financial Statements

For the year ended 31 December 2015

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

14.6 Share capital

The changes of authorized, issued and paid-up share capital are set out as follows. All shares of the Company are the ordinary shares of nominal value of RMB0.1 each.

Item	Beginning Balance	Changes during the year (+,-)				Subtotal	Ending Balance
		Issue of new shares	Stock dividends	Converted from public reserve	Others		
Domestic shares	34,800,000.00					34,800,000.00	
Overseas listed foreign shares	13,200,000.00					13,200,000.00	
Total shares	48,000,000.00					48,000,000.00	

Note: Domestic shares and H shares belong to ordinary shares in share capital of the company. However, H share can only subscribed or traded by legal person or natural person from Hong Kong, Macau, Taiwan or other countries, except for China, while domestic shares must be subscribed or traded by RMB. All of dividends of H share should be paid by HKD, while dividend of domestic shares should be paid by RMB. Besides, all of domestic shares or H shares have equal rights, and declaration of dividends, distribution shares or dividends making or distribution have the same status.

14.7 Reserve

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Share capital premium	61,068,451.89			61,068,451.89
Other capital reserve	16,000,000.00			16,000,000.00
Total	77,068,451.89			77,068,451.89

Note: The Company, in the early stage of its incorporation, obtained technology know-how from a promoter of the Company, Shanghai Jiao Tong University at nil consideration. In February 2000, the Company injected this technology know-how, being the Courts Management Information System into Withub Technology, at a value of RMB16,000,000 in exchange for 44.44% equity interest in Withub Technology. The value of the contributed technology know-how by Shanghai Jiao Tong University was recorded in the capital reserve of the Company.

14. NOTES TO THE MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)**14.9 Surplus reserve**

Item	Beginning Balance	Increasing during this year	Decreasing during this year	Ending Balance
Statutory surplus reserve	148,641.53			148,641.53
Statutory welfare reserve	74,320.76			74,320.76
Total	222,962.29			222,962.29

14.10 Undistributed profits

Item	Current Year	Last Year
Beginning Balance	-61,686,419.01	-49,370,202.76
Add: net profits attribute to parent company owners in current year	3,500,185.42	-12,316,216.25
Less : Withdraw statutory surplus reserve		
Ordinary shares dividend payable		
Ending Balance	-58,186,233.59	-61,686,419.01

15. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The Company's financial statements were issued with the approval of the Board of the directors of the Company on 15 March 2016

Notes to the Financial Statements

For the year ended 31 December 2015

16. FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION

16.1 Statement of non-operating profit and loss

According to the No. 1 Notice on publicly listed company financial information disclosure – Non-operating gains and losses (2008), issued by China Securities Regulatory Commission, the non-operating gains and losses are disclosed as below:

Item	Current Year	Explanation
Gains and losses from disposal of non-current assets	1,686,859.92	
Gains and losses from disposal of non-current assets		
Government grants expensed		
Funds usage fees from non-financial institutions expense		
Gains from the investment lower than the fair value of net identifiable assets of investees during the process of acquiring subsidiaries, joint ventures and associate		
Gains and losses from non-monetary assets exchange		
Gains and losses from commissioned investment or assets management		
Force majeure, provision for impairment of assets due to natural disaster		
Force majeure, provision for impairment of assets due to natural disaster		
Corporate restructuring expenditures		
Gains and losses from the non-arm's length transactions		
Net gains and losses from subsidiaries, consolidated under common control, for the period from beginning of the year to consolidation date		
Gains and losses from non-operating business contingencies		
Gains and losses on changes in fair value from Financial assets/liabilities held-for-trading; and Realized gain on disposal of Financial assets/liabilities held-for-trading, Financial assets available-for-use, except for the operation related hedging transactions	150,000.00	
Reversals of provision for impairment reserves from receivables with individual impairment test		
Profit and loss by entrusted loan		
Gains and losses on changes in fair value, arisen from subsequent measurement of Investment property using fair value model		
The impact of one-time adjustment of current profit and loss, according to the laws and regulations of taxation or accounting		
Trustee fee income from entrusted operation		
Other non-operating income and expense except for the above items	142,013.70	
Other non-operating profit and loss define	1,008,662.74	
Subtotal		
Income tax impact		
Impact on minority shareholder's equity (after-tax)		
Total	2,987,536.36	

16. FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION (Continued)**16.2 Return on equity and earnings per share**

Profits during the reporting period	Weighted average net		Earning per shares			
	assets returns ratio(%)		Basic earnings		Diluted Earnings	
	2015	2014	per share	2014	Per Share	2014
Net profit attributable to the parent company shareholders	3.76%	-17.64%	0.006	-0.028	0.006	-0.028
Net profit of shareholders by deducting non-recurring gains and losses attributable to the parent company	-0.54%	-22.85%	-0.001	-0.035	-0.001	-0.035

Five-Year Financial Summary

RESULTS

	Year ended 31 December				
	2015 RMB	2014 RMB	2013 RMB	2012 RMB	2011 RMB
Turnover	111,331,964.66	111,946,270.69	125,477,000.00	100,336,000.00	98,089,000.00
Profit (loss) before tax	2,615,987.84	-13,235,277.86	859,000.00	-2,936,000.00	1,280,000.00
Income tax expense	-	-	-	-	-
Profit (loss) for the year	2,615,987.84	-13,235,277.86	859,000.00	-2,936,000.00	1,280,000.00
Profit (loss) for the year attributable to:					
- Owners of the Company	2,618,688.49	-13,232,427.57	862,000.00	-2,933,000.00	1,283,000.00
- Non-controlling interest	-2,700.65	-2,850.29	-3,000.00	-3,000.00	-3,000.00
Dividend	-	-	-	-	-
Earnings (loss) per share (in RMB)					
- Basic and diluted	0.0055	-0.0276	0.0018	-0.0061	0.0027

ASSETS AND LIABILITIES

	Year ended 31 December				
	2015 RMB	2014 RMB	2013 RMB	2012 RMB	2011 RMB
Non-current assets	13,830,031.13	13,756,719.19	14,710,000.00	15,731,000.00	16,998,000.00
Current assets	92,896,101.23	87,014,305.76	101,021,000.00	94,219,000.00	102,360,000.00
Total assets	106,726,132.36	100,771,024.95	115,731,000.00	109,950,000.00	119,358,000.00
Current liabilities	35,384,133.72	32,380,754.44	32,482,000.00	27,141,000.00	34,096,000.00
Non-current liability	-	-	1,620,000.00	2,160,000.00	1,800,000.00
Total liabilities	35,384,133.72	32,380,754.44	34,102,000.00	29,301,000.00	35,896,000.00
Total net assets	71,341,998.64	68,390,270.51	81,629,000.00	80,649,000.00	83,462,000.00
Share capital	48,000,000.00	48,000,000.00	48,000,000.00	48,000,000.00	48,000,000.00
Reserves	23,359,442.35	20,405,013.57	33,641,000.00	32,658,000.00	35,468,000.00
Equity attributable to owners of the Company	71,359,442.35	68,405,013.57	81,641,000.00	80,658,000.00	83,468,000.00
Non-controlling interests	-17,443.71	-14,743.06	-12,000.00	-9,000.00	-6,000.00
Total equity	71,341,998.64	68,390,270.51	81,629,000.00	80,649,000.00	83,462,000.00