SHANGHAI JIAODA WITHUB INFORMATION INDUSTRIAL COMPANY LIMITED*

上海交大慧谷信息產業股份有限公司

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

(Stock Code: 8205)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement 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 Rule Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules") 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 announcement 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 announcement misleading.

** For identification purposes only*

HIGHLIGHTS
For the year ended 31 December 2011,

- turnover of the Group amounted to approximately RMB98,089,000 (2010: approximately RMB85,622,000) which represented a slight increase of approximately 14.56%;
- profit attributable to owners of the Company was approximately RMB1,283,000 (2010: loss of approximately RMB16,123,000); and
- the Directors do not recommend the payment of a final dividend (2010: Nil).

The board of directors (the "Board" or the "Directors") of 上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) (the "Company", together with its subsidiaries, collectively, the "Group") announces the audited results of the Group for the year ended 31 December 2011, together with the comparative figures for the year of 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	**2011**	2010
		RMB'000	*RMB'000*
Turnover	4	**98,089**	85,622
Cost of sales		**(82,420)**	(69,116)
Gross profit		**15,669**	16,506
Other revenue	6	**3,154**	3,260
Distribution expenses		**(6,581)**	(5,060)
Administrative expenses		**(11,129)**	(15,574)
Impairment loss recognised in respect of interest in an associate		**-**	(10,000)
Share of results of associates		**167**	(5,258)
Profit (loss) before tax		**1,280**	(16,126)
Income tax expense	7	**-**	-
Profit (loss) for the year	8	**1,280**	(16,126)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**253**	252
Total comprehensive income (expense) for the year		**1,533**	(15,874)
Profit (loss) for the year attributable to:			
Owners of the Company		**1,283**	(16,123)
Non-controlling interest		**(3)**	(3)
		1,280	(16,126)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**1,536**	(15,871)
Non-controlling interest		**(3)**	(3)
		1,533	(15,874)
Earnings (loss) per share (in RMB)			
Basic and diluted	10	**0.0027**	(0.0336)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2011

	NOTES	2011 RMB'000	2010 RMB'000
Non-current assets			
Plant and equipment		**359**	1,284
Interests in associates		**10,025**	10,038
Intangible assets		**3,748**	2,250
Other receivable		**-**	3,580
Available-for-sale investments		**2,416**	2,416
Pledged bank deposits		**450**	-
		16,998	19,568
Current assets			
Inventories		**4,572**	3,181
Amounts due from customers for contract works		**6,202**	5,599
Trade receivables	11	**17,219**	16,343
Deposits, prepayments and other receivables		**13,311**	6,014
Amounts due from associates		**191**	1,155
Amount due from a shareholder		**700**	-
Pledged bank deposits		**64**	-
Bank balances and cash		**60,101**	59,724
		102,360	92,016
Current liabilities			
Trade payables	12	**7,814**	8,444
Other payables and accrued expenses		**25,375**	18,336
Amount due to a shareholder		**365**	365
Amount due to a related party		**542**	10
		34,096	27,155
Net current assets		**68,264**	64,861
		85,262	84,429
Capital and reserves			
Share capital		**48,000**	48,000
Reserves		**35,468**	33,932
Equity attributable to owners of the Company		**83,468**	81,932
Non-controlling interest		**(6)**	(3)
Total equity		**83,462**	81,929
Non-current liability			
Deferred income		**1,800**	2,500
		85,262	84,429

NOTES:

1. GENERAL

Shanghai Jiaoda Withub Information Industrial Company Limited (the "Company") was incorporated on 4 May 1998 as a joint stock limited liability company in Shanghai, the People's Republic of China (the "PRC"). The Company was listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 July 2002 by the placing of 132,000,000 overseas listed foreign shares ("H shares") of Renminbi ("RMB") 0.10 each at Hong Kong Dollar ("HKD")0.66 per H share. The placing of 132,000,000 H shares included 120,000,000 new H shares and 12,000,000 H shares converted from domestic shares of the Company.

The address of the registered office of the Company is 2/F, Block 7, 471 Gui Ping Road, Shanghai, PRC and its principal place of business is Building A, Shanghai Jiaoda Withub Information Park, No. 951 Panyu Road, Shanghai, PRC.

The consolidated financial statements are presented in RMB, which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of business solutions, development and sale of application system and network and data security products and sales and distribution of computer and electrical products and accessories in the PRC.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Amendments to Hong Kong Accounting Standards ("HKAS") 24 (Revised)	Related Party Disclosures
Amendment to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) - Interpretation ("Int") 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs has had no material impact on the Group's performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

New and revised standards, amendments and interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration give in exchange for assets.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

4. TURNOVER

Turnover represents revenue arising from the development and provision of business solutions, application software, and installation and maintenance of network and data security products, and sales and distribution of computer and electrical products and accessories for the year. An analysis of the Group's revenue for the year is as follows:

	2011	2010
	RMB'000	*RMB'000*
Development and provision of:		
- Business solutions	**21,027**	17,032
- Application software	**8,928**	6,109
- Installation and maintenance of network and data security products	**3,484**	2,840
Sales and distribution of computer and electrical products and accessories	**64,650**	59,641
	98,089	85,622

Turnover as disclosed above is net of applicable business tax and discounts.

5. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the directors of the Company for the purpose of resource allocation and performance assessment are as follows:

- Business application solutions: Develop and provide business application solutions services which include business solutions, application software, and installation and maintenance of network and data security products.

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

Information regarding the above segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the years ended 31 December 2011 and 2010:

	Business application solutions		**Sales of goods**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
SEGMENT REVENUE						
External sales	**33,439**	25,981	**64,650**	59,641	**98,089**	85,622
Segment profit	**9,300**	7,115	**6,987**	6,867	**16,287**	13,982
Share of results of associates					**167**	(5,258)
Impairment loss recognised in respect of interest in an associate					**-**	(10,000)
Interest income					**1,033**	803
Unallocated corporate income					**1,914**	2,279
Unallocated operating expenses					**(18,121)**	(17,932)
Profit (loss) for the year					**1,280**	(16,126)

Segment profit represents the profit earned by each segment without allocation of corporate income and expenses, interest income, central administration costs, directors' salaries, share of results of associates and impairment loss recongised in respect of interest in an associate and amount due from a related party. This is the measure reported to the directors of the Company for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment as at the end of the reporting period:

	Business application solutions		Sales of goods		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**20,722**	18,811	**15,597**	9,495	**36,319**	28,306
Interests in associates					**10,025**	10,038
Unallocated corporate assets					**73,014**	73,240
Total assets					**119,358**	111,584
Segment liabilities	**26,852**	21,183	**4,887**	5,429	**31,739**	26,612
Unallocated corporate liabilities					**4,157**	3,043
Total liabilities					**35,896**	29,655

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than intangible assets, available-for-sale investments, interests in associates, amount due from a shareholder and amounts due from associates, pledged bank deposits, bank balances and cash and other assets for corporate use including other receivables.

- all liabilities are allocated to reportable segments other than amount due to a shareholder and other payables for which the corporate is liable.

Other segment information

	Business application solutions		Sales of goods		Unallocated		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit or segment assets:								
Addition to non-current assets	**22**	331	**-**	-	**-**	-	**22**	331
Depreciation of plant and equipment	**935**	935	**-**	-	**-**	-	**935**	935
Amortisation of intangible asset	**300**	300	**-**	-	**-**	-	**300**	300
Impairment loss recognised in respect of trade receivables	**78**	418	**21**	988	**-**	-	**99**	1,406
Impairment loss recognised in respect of other receivables	**-**	25	**-**	-	**-**	-	**-**	25
Loss on disposal of plant and equipment	**8**	36	**-**	-	**-**	-	**8**	36
Bad debts recovered	**-**	(178)	**-**	-	**-**	-	**-**	(178)
Allowance for inventories	**-**	-	**207**	-	**-**	-	**207**	-
Reversal of impairment losses recognised in respect of trade receivables	**(604)**	-	**(259)**	-	**-**	-	**(863)**	-
Reversal of impairment loss recognised in respect of other receivables	**(245)**	-	**-**	-	**-**	-	**(245)**	-
Amounts regularly provided to the directors of the Company for consideration but not included in the measure of segment result or segment assets:								
Interests in associates	**-**	-	**-**	-	**10,025**	10,038	**10,025**	10,038
Impairment loss recognised in respect of interest in an associate	**-**	-	**-**	-	**-**	10,000	**-**	10,000
Impairment loss recognised in respect of amount due from a related party	**-**	-	**-**	-	**-**	1,000	**-**	1,000
Share of results of associates	**-**	-	**-**	-	**(167)**	5,258	**(167)**	5,258
Interest income	**-**	-	**-**	-	**(1,033)**	(803)	**(1,033)**	(803)

Geographical information

Over 95% of the Group's revenue was generated from customers in the PRC during the two years ended 31 December 2011 and 2010 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 revenue during the two years ended 31 December 2011 and 2010.

6. OTHER REVENUE

	2011	2010
	RMB'000	*RMB'000*
Interest income	**1,033**	803
Bad debts recovered	**-**	178
Government grants	**850**	191
Waiver of operating lease payments (Note)	**-**	926
Rental income	**472**	753
Others	**799**	409
	3,154	3,260

Note : During the year ended 31 December 2010, the landlord, Shanghai Jiao Tong University, agreed to waive partial operating lease payments payable by the Company of approximately RMB926,000 for the period from September 2008 to December 2009.

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there were no assessable profits derived from Hong Kong for both years.

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

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

The tax charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2011	2010
	RMB'000	*RMB'000*
Profit (loss) before tax	**1,280**	(16,126)
Tax at the PRC domestic income tax rate of 25% (2010: 25%)	**320**	(4,032)
Tax effect of difference tax rate of a subsidiary	**(27)**	51
Tax effect of expenses not deductible for tax purpose	**145**	3,109
Tax effect of income not taxable for tax purpose	**(574)**	(51)
Utilisation of tax losses previously not recognised	**(52)**	(497)
Tax effect on tax losses not recognised	**230**	106
Tax effect of share of results of associates	**(42)**	1,314
Income tax expense for the year	**-**	-

8. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	2011	2010
	RMB'000	*RMB'000*
Staff costs (including directors' and supervisors' emoluments) comprises:		
Salaries and other benefits	**9,342**	9,015
Contributions to retirement benefits scheme	**1,194**	934
Total staff costs	**10,536**	9,949
Amortisation of intangible asset (included in administrative expenses)	**300**	300
Auditors' remuneration	**348**	332
Allowance for inventories (included in cost of sales)	**207**	-
Cost of inventories recognised as an expense (included in cost of sales)	**57,902**	51,712
Depreciation of plant and equipment	**935**	935
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**99**	1,406
Impairment loss recognised in respect of other receivables (included in administrative expenses)	**-**	25
Impairment loss recognised in respect of amount due from a related party (included in administrative expenses)	**-**	1,000
Reversal of impairment losses recognised in respect of trade receivables (included in administrative expenses)	**(863)**	-
Reversal of impairment losses recognised in respect of other receivables (included in administrative expenses)	**(245)**	-
Loss on disposal of plant and equipment	**8**	36
Exchange (gain) loss, net	**(642)**	745
Research and development expenditures (Note)	**2,400**	4,554
Share of income tax expenses of associates (included in the share of results of associates)	**188**	178
Gross rental income from office premises	**(472)**	(753)
Less: operating lease charges in respect of office premises	**472**	753
	-	-

Note: During the year ended 31 December 2011, research and development costs included staff costs of approximately RMB1,695,000 (2010: RMB3,496,000) for the Group's employees engaged in research and development activities, which are also included in staff costs as above.

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2011 and 2010, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the year is based on the profit for the year attributable to owners of the Company of approximately RMB1,283,000 (2010: loss of approximately RMB16,123,000) and the weighted average number of 480,000,000 (2010: 480,000,000) ordinary shares in issue during the year.

Diluted earnings (loss) per share is the same as the basic earnings (loss) per share since the Company has no potential dilutive shares as at 31 December 2011 and 2010.

11. TRADE RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**19,293**	19,181
Less: Allowance for doubtful debts	**(2,074)**	(2,838)
	17,219	16,343

The Group allows credit period ranging from 90 to 180 days to its trade customers. The Group does not hold any collateral over its trade receivables. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
0 to 90 days	**10,833**	10,629
91 to 180 days	**473**	418
181 to 365 days	**2,104**	1,012
Exceeding 365 days	**3,809**	4,284
	17,219	16,343

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of approximately RMB4,279,000 (2010: RMB5,386,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired

	Total	Neither past due nor impaired	Past due but not impaired 91 to 180 days	181 to 365 days	Exceeding 365 days
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2011	17,219	12,940	12	458	3,809
31 December 2010	16,343	10,957	90	1,012	4,284

Receivables that were past due but not impaired related to a number of customers which have a good track record with the Group. Based on past experiences, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The movements of the allowance for doubtful debts are stated as below:

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**2,838**	1,432
Impairment loss recognised in respect of trade receivables	**99**	1,406
Reversal of impairment loss recognised in respect of trade receivables	**(863)**	-
At 31 December	**2,074**	2,838

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB2,060,000 (2010: RMB1,997,000) which has been long outstanding for more than three years.

12. TRADE PAYABLES

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

	2011	2010
	RMB'000	*RMB'000*
0 to 90 days	**5,066**	1,480
91 to 180 days	**69**	-
181 to 365 days	**112**	1,976
Exceeding 365 days	**2,567**	4,988
	7,814	8,444

The average credit period on purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2011.

RESULTS

For the year ended 31 December 2011, the Group recorded a turnover of approximately RMB98,089,000 (2010: approximately RMB85,622,000), representing an increase of RMB12,467,000 or 14.56% as compared to the last year. The Group recorded a profit of RMB1,280,000, representing an increase compared with the loss of RMB16,126,000 for the year ended 31 December 2010.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the entire financial year under review ended 31 December 2011, the total revenue of the Group has increased from RMB85,622,000 to RMB98,089,000. The growth of RMB12,467,000 in revenue represents 14.56% increase of the Group's sales in 2011. The Group recorded a loss of RMB16,126,000 for the previous year and a profit before tax of RMB1,280,000 during the year.

Revenue are mainly generated from the sales and distribution of computer and electrical products and accessories which made up of 65.91% of the total sales (or RMB64,650,000), and this are followed by 21.44% of total sales (or RMB21,027,000) for business solutions development and provision, 9.10% (or RMB8,928,000) for application software, 3.55% (or RMB3,484,000) for installation and maintenance of network and data security product. 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 electrical products and accessories has increased by RMB5,009,000 in revenue as compared with RMB59,641,000 last year, representing an increase of 8.40%. It is mainly due to economic situation recovery and consumer market, resulting in the growth in the demand in the market.

Revenue in business solutions development has increased by RMB3,995,000 or 23.46% from RMB17,032,000 in the previous year.

Revenue of application software business has increased by RMB2,819,000 from RMB6,109,000 last year, representing an increase of 46.15%. Sales from installation and maintenance of network and data security has slightly increased by RMB644,000 from the previous year of RMB2,840,000, representing an increase of 22.68%.

The gross profit has decreased from RMB16,506,000 to RMB15,669,000. This represents a decrease of RMB837,000 or 5.07%. The decrease is mainly caused by the increase of the cost of sales. The gross profit margin has decreased from the previous financial year of 19.28% to the current year of 15.97%.

Other revenue has decreased by RMB106,000 or 3.25% to RMB3,154,000 for the current year from the previous year of RMB3,260,000.

The profit attributable to the associate company amounted to RMB167,000 for the current year as compared to the loss of RMB5,258,000 for the previous year, representing an increase of RMB5,425,000.

Distribution cost has increased by RMB1,521,000 or 30.06% from RMB5,060,000 for the previous year to RMB6,581,000 during the year.

The Management will be committed to cutting unnecessary expenses and improve the productivity of our managers. The Company will mainly focus on the cost control in the future. For the purpose of current business, the Company will try to expand into new markets, including part of business acquired from new customers through the introduction by the existing customers and the efforts taken by the Management in market promotion.

In conclusion, although the principal business has achieved a slight growth in the first half of the year, the Company will still face more severe challenges in 2012 and our Group will maintain the principal business so as to reap more profits.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2011, shareholders' funds of the Group amounted to approximately RMB83,468,000 (2010: RMB81,932,000). Current assets amounted to approximately RMB102,360,000 (2010: RMB92,016,000), of which approximately RMB60,101,000 (2010: RMB59,724,000) were bank balances and cash. The Group had non-current liabilities amounted to approximately RMB1,800,000 (2010: RMB2,500,000) and its current liabilities amounted to approximately RMB34,096,000 (2010: RMB27,155,000), which mainly comprised of other creditors and accrued expenses. The Group did not have any long-term debts.

WORKING CAPITAL RATIO AND GEARING RATIO

As at 31 December 2011, the Group had a net cash position and its working capital ratio (current assets to current liabilities) was 3.00 (2010: 3.39); and gearing ratio (liabilities to total assets) was approximately 30% (2010: 27%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2011.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2011.

SEGMENT INFORMATION

All of the Group's activities are conducted in the PRC and are divided into two business segments namely business application solutions and sales of goods. Accordingly, analysis by business segments is presented in note 5 to the consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2011, the Group had 141 full time employees (2010: 125), comprising 17 in management, finance and administration (2010: 17), 45 in research and development (2010: 39), 56 in application development and engineering (2010: 47), and 20 in sales and marketing (2010: 19). Also, the Group had 3 school staff (2010: 3).

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 2011 was approximately RMB 10,536,000 (2010: RMB 9,949,000).

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 2011, bank deposits of approximately RMB514,000 (2010: nil) were pledged to the bank to secure certain subcontracting projects.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors presently 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 2011, the Group's monetary assets and transactions are mainly denominated in RMB, HKD and USD. Though the exchange rates between 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 arise.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any significant contingent liabilities (2010: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 May 2012 to 18 June 2012 (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 at 4:00 p.m. on 18 May 2012 will be entitled to attend and vote at the AGM. 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 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 18 May 2012.

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 is Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the Stock Exchange's required standard of dealings and its code of conduct securities transactions by the Directors during the year.

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 2011.

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.

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, Mr. Yuan Shumin, Dr. Cao Guo Qi and Dr. Chan Yan Chong.

The Company's consolidated financial statements for the year ended 31 December 2011 have been reviewed by the audit committee, who recommended 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.

CORPORATE GOVERNANCE

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

RESIGNATION OF SUPERVISOR

The Board hereby announces that Ms. Zhang Yan ("Ms. Zhang"), our Supervisor and the Staff representative, has resigned as Supervisor due to her job change with effect from 20 March 2012. Ms. Zhang confirmed that she has no disagreement with the Board, and that there are no matters that needed to be brought to the attention of the shareholders of the Company in relation to her resignation.

The Board would like to take this opportunity to express thanks to Ms. Zhang for her valuable contribution to the Company during her term of service.

APPOINTMENT OF SUPERVISOR

The Board is pleased to announce that Ms. Huang Hua ("Ms. Huang") was appointed by the Staff Committee of the Company as Supervisor of the Company for a term of three years with effect from 20 March 2012.

Ms. Huang Hua (黃華), aged 51, graduated from a part-time university in machinery manufacturing technology and equipment located in Changning District, Shanghai and later graduated from Shanghai Lixin Accounting College (上海立信會計高等專科學校) in finance and accounting and obtained qualified certificates as accountant and registered tax agent. From May 2004 to June 2006, she acted as a financial manager in Shanghai Jiaoda Withub Software Company Limited. From July 2006 to February 2012, she was an accountant in Shanghai Jiaoda Withub Information Industrial Company Limited. Since March 2012, she serves as a human resource manager in Shanghai Jiaoda Withub Information Industrial Company Limited.

Save as disclosed above, Ms. Huang does not have any relationship with any other directors, supervisors, chief executive officer, the senior management, substantial shareholders, controlling shareholders or management shareholders or any of their respective associates of the Company or any of its subsidiaries. Ms. Huang does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Ms. Huang did not hold any position in other companies listed on GEM or on the Stock Exchange in the past three years, nor does she hold any other position in our Group.

Ms. Huang was appointed as Supervisor for a term of three years with effect from 20 March 2012. The Company will not enter into a service contract with Ms. Huang, and she will not receive any salary or other fees and/or benefits as Supervisor. The Board is not aware of any other matters needed to be brought to the attention of the shareholders in relation to the appointment of Ms. Huang. Save as disclosed above, there is no other information needed to be disclosed under GEM Listing Rules 17.50(2) (h) to (v) in relation to the appointment of Ms. Huang as Supervisor.

APPRECIATION

I would like to take this opportunity to express my sincere thanks to our valuable shareholders and customers, and to our committed staff for their contributions to the continual business growth of the Group. My vote of thanks also goes to the management of the Group for their efforts and contributions throughout the year. Looking forward, we will try our best to reward the shareholders with the most fruitful return.

By Order of the Board
Shanghai Jiaoda Withub Information Industrial Company Limited
Li Zhan
Chairman

Shanghai, the PRC, 20 March 2012

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

Executive directors	Li Zhan, Mo Zhenxi, Wu Hanyuan, Du Songning, Wang Yiming and Qiao Jin
Independent non-executive directors	Yuan Shumin, Cao Guo Qi and Chan Yan Chong

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days of its posting and on the website of the Company at http://www.withub.com.cn.