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 2012

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.

* *For identification purposes only*

HIGHLIGHTS
For the year ended 31 December 2012,

- turnover of the Group amounted to approximately RMB100,336,000 (2011: approximately RMB98,089,000) which represented an increase of approximately 2.29%;

- loss attributable to owners of the Company was approximately RMB2,933,000 (2011: profit of approximately RMB1,283,000); and

- the Directors do not recommend the payment of a final dividend (2011: 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 2012, together with the comparative figures for the year of 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	**2012** **RMB'000**	2011 RMB'000
Turnover	4	**100,336**	98,089
Cost of sales		**(85,509)**	(82,420)
Gross profit		**14,827**	15,669
Other revenue	6	**2,984**	3,154
Distribution expenses		**(5,736)**	(6,581)
Administrative expenses		**(12,933)**	(11,129)
Share of (loss) profit of associates		**(2,078)**	167
(Loss) profit before tax		**(2,936)**	1,280
Income tax expense	7	**-**	-
(Loss) profit for the year	8	**(2,936)**	1,280
Other comprehensive income			
Exchange difference arising on translation		**123**	253
Total comprehensive (expense) income for the year		**(2,813)**	1,533
(Loss) profit for the year attributable to:			
Owners of the Company		**(2,933)**	1,283
Non-controlling interests		**(3)**	(3)
		(2,936)	1,280
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(2,810)**	1,536
Non-controlling interests		**(3)**	(3)
		(2,813)	1,533
(Loss) earnings per share (in RMB)			
Basic and diluted	10	**(0.0061)**	0.0027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Non-current assets			
Plant and equipment		**269**	359
Interests in associates		**7,627**	10,025
Intangible assets		**4,969**	3,748
Available-for-sale investments		**2,416**	2,416
Pledged bank deposit		**450**	450
		15,731	16,998
Current assets			
Inventories		**7,152**	4,572
Amounts due from customers for contract works		**8,034**	6,202
Trade receivables	11	**11,776**	17,219
Deposits, prepayments and other receivables		**7,634**	13,311
Amounts due from associates		**973**	191
Amount due from a shareholder		**200**	700
Pledged bank deposits		**-**	64
Bank balances and cash		**58,450**	60,101
		94,219	102,360
Current liabilities			
Trade payables	12	**6,714**	7,814
Other payables and accrued expenses		**18,551**	25,375
Amount due to a shareholder		**1,212**	365
Amount due to a related party		**664**	542
		27,141	34,096
Net current assets		**67,078**	68,264
Total assets less current liabilities		**82,809**	85,262
Non-current liability			
Deferred income		**2,160**	1,800
Net assets		**80,649**	83,462
Capital and reserves			
Share capital		**48,000**	48,000
Reserves		**32,658**	35,468
Equity attributable to owners of the Company		**80,658**	83,468
Non-controlling interests		**(9)**	(6)
Total equity		**80,649**	83,462

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 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 in the PRC.

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

Application of amendments to HKFRSs

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 HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

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

New and revised HKFRSs issued 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 HKFRSs	Annual Improvements 2009-2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK (International Financial Reporting Interpretation Committee) – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

Annual improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are 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 reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may affect the classification and measurement of the Group's available-for-sale investments and may have an impact on amounts reported in respect of the Group's other 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, joint arrangements, associates and disclosures

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).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK(SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, this is, control. In addition, 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 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company anticipate that the application of these five standards may not have significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

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 accordingly when the amendments are applied in 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 goods.

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:

	2012	2011
	RMB'000	RMB'000
Development and provision of:		
- Business solutions	**15,943**	21,027
- Application software	**3,609**	8,928
- Installation and maintenance of network and data security products	**3,294**	3,484
Sales and distribution of computer and electrical products and accessories	**77,490**	64,650
	100,336	98,089

5. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 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 and operating segments for the years ended 31 December 2012 and 2011:

	Business application solutions		Sales of goods		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000 (Restated)
SEGMENT REVENUE						
External sales	**22,846**	33,439	**77,490**	64,650	**100,336**	98,089
Segment profit	**6,676**	9,300	**6,235**	6,987	**12,911**	16,287
Share of (loss) profit of associates					**(2,078)**	167
Interest income					**1,520**	1,033
Unallocated corporate income					**924**	1,271
Unallocated operating expenses					**(16,213)**	(17,478)
(Loss) profit for the year					**(2,936)**	1,280

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. 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 (loss) profit of associates. This is the measure reported to the CODM 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 and operating segment as at the end of the reporting period:

	Business application solutions		Sales of goods		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000	**RMB'000**	RMB'000 (Restated)
Segment assets	**22,025**	25,170	**12,318**	15,597	**34,343**	40,767
Available- for- sale investments					**2,416**	2,416
Interests in associates					**7,627**	10,025
Unallocated corporate assets					**65,564**	66,150
Total assets					**109,950**	119,358
Segment liabilities	**19,911**	26,852	**4,823**	4,887	**24,734**	31,739
Unallocated corporate liabilities					**4,567**	4,157
Total liabilities					**29,301**	35,896

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

- all assets are allocated to reportable and operating segments other than available-for-sale investments, interests in associates, 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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 intangible assets	**1,880**	1,798	**-**	-	**-**	-	**1,880**	1,798
Addition to non-current assets	**22**	22	**-**	-	**-**	-	**22**	22
Depreciation of plant and equipment	**111**	935	**-**	-	**-**	-	**111**	935
Amortisation of intangible assets	**659**	300	**-**	-	**-**	-	**659**	300
Impairment losses recognised in respect of trade receivables	**326**	78	**1,781**	21	**-**	-	**2,107**	99
Loss on disposal of plant and equipment	**-**	8	**-**	-	**-**	-	**-**	8
Allowance for inventories	**-**	-	**890**	207	**-**	-	**890**	207
Reversal of allowance for inventories	**-**	-	**(1,076)**	-	**-**	-	**(1,076)**	-
Reversal of impairment losses recognised in respect of trade receivables	**(413)**	(604)	**(10)**	(259)	**-**	-	**(423)**	(863)
Reversal of impairment loss recognised in respect of other receivables	**-**	(245)	**-**	-	**-**	-	**-**	(245)
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:								
Interests in associates	**-**	-	**-**	-	**7,627**	10,025	**7,627**	10,025
Share of (loss) profit of associates	**-**	-	**-**	-	**(2,078)**	167	**(2,078)**	167
Interest income	**-**	-	**-**	-	**(1,520)**	(1,033)	**(1,520)**	(1,033)

Geographical information

All of the Group's revenue was generated from customers in the PRC during the two years ended 31 December 2012 and 2011 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 2012 and 2011.

6. OTHER REVENUE

	2012 RMB'000	2011 RMB'000
Interest income	**1,520**	1,033
Government grants	**540**	850
Dividend income from an available-for-sale investment	**390**	-
Rental income	**258**	472
Others	**276**	799
	2,984	3,154

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there were no assessable profits of the entities in the Group which were derived from Hong Kong during the years ended 31 December 2012 and 2011.

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 during the years ended 31 December 2012 and 2011 because there was no assessable profit arising during the years 31 December 2012 and 2011.

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

	2012 RMB'000	2011 RMB'000
(Loss) profit before tax	**(2,936)**	1,280
Tax at the PRC domestic income tax rate of 25% (2011: 25%)	**(734)**	320
Tax effect of different tax rate of a subsidiary	**47**	(27)
Tax effect of expenses not deductible for tax purpose	**583**	145
Tax effect of income not taxable for tax purpose	**(183)**	(574)
Utilisation of tax losses previously not recognised	**(339)**	(52)
Tax effect on tax losses not recognised	**107**	230
Tax effect of share of loss (profit) of associates	**519**	(42)
Income tax expense for the year	**-**	-

8. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2012 **RMB'000**	2011 RMB'000
Staff costs (including directors', chief executive's and supervisors' emoluments) comprises:		
Salaries and other benefits	**8,460**	9,342
Contributions to retirement benefits scheme	**1,193**	1,194
Total staff costs	**9,653**	10,536
Gross rental income from office premises	**(258)**	(472)
Less: operating lease charges in respect of office premises	**258**	472
	-	-
Allowance for inventories (included in cost of sales)	**890**	207
Reversal of allowance for inventories (included in cost of sales)	**(1,076)**	-
Cost of inventories recognised as an expense (included in cost of sales)	**69,670**	57,695
Amortisation of intangible assets (included in administrative expenses)	**659**	300
Auditors' remuneration	**341**	348
Depreciation of plant and equipment	**111**	935
Impairment losses recognised in respect of trade receivables (included in administrative expenses)	**2,107**	99
Reversal of impairment losses recognised in respect of trade receivables (included in administrative expenses)	**(423)**	(863)
Reversal of impairment loss recognised in respect of other receivables (included in administrative expenses)	**-**	(245)
Loss on disposals of plant and equipment	**-**	8
Exchange loss (gain), net	**17**	(642)
Research and development expenditures (note)	**2,099**	2,400
Share of income tax expenses of associates (included in the share of (loss) profit of associates)	**197**	188
Minimum lease payment under operating leases	**2,090**	2,000

Note: During the year ended 31 December 2012, research and development costs included staff costs of approximately RMB1,025,000 (2011: RMB1,695,000) 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 two the years ended 31 December 2012 and 2011, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the year is based on the loss for the year attributable to owners of the Company of approximately RMB2,933,000 (2011: profit of approximately RMB1,283,000) and the weighted average number of 480,000,000 (2011: 480,000,000) ordinary shares in issue during the year.

Diluted (loss) earnings per share is the same as the basic (loss) earnings per share since the Company has no potential dilutive shares as at 31 December 2012 and 2011.

11. TRADE RECEIVABLES

	2012	2011
	RMB'000	RMB'000
Trade receivables	**15,534**	19,293
Less: allowance for doubtful debts	**(3,758)**	(2,074)
	11,776	17,219

The Group allows credit period ranging from 90 to 180 days to its trade customers. 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, which approximated the respective recognition date:

	2012	2011
	RMB'000	RMB'000
0 to 90 days	**6,346**	10,833
91 to 180 days	**913**	473
181 to 365 days	**197**	2,104
Exceeding 365 days	**4,320**	3,809
	11,776	17,219

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of approximately RMB4,568,000 (2011: RMB4,279,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 180 days (2011: 130 days).

Ageing of trade receivables which are past due but not impaired:

		Neither past	Past due but not impaired		
		due nor	91 to 180	181 to 365	Exceeding
	Total	impaired	days	days	365 days
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2012	11,776	7,208	19	229	4,320
31 December 2011	17,219	12,940	12	458	3,809

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.

Movements in the allowance for doubtful debts:

	2012	2011
	RMB'000	RMB'000
At 1 January	**2,074**	2,838
Impairment losses recognised in respect of trade receivables	**2,107**	99
Reversal of impairment losses recognised in respect of trade receivables	**(423)**	(863)
At 31 December	**3,758**	2,074

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB3,758,000 (2011: RMB2,074,000) which are due to long outstanding.

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:

	2012	2011
	RMB'000	RMB'000
0 to 90 days	**4,087**	5,066
91 to 180 days	**21**	69
181 to 365 days	**19**	112
Exceeding 365 days	**2,587**	2,567
	6,714	7,814

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 2012.

RESULTS

For the year ended 31 December 2012, the Group recorded a turnover of approximately RMB100,336,000 (2011: approximately RMB98,089,000), representing an increase of RMB2,247,000 or 2.29% as compared to the last year. The Group recorded a loss of RMB2,936,000, while the profit for the year ended 31 December 2011 was RMB1,280,000.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the entire financial year under review ended 31 December 2012, the total revenue of the Group has increased from RMB98,089,000 to RMB100,336,000. The growth of RMB2,247,000 in revenue represents 2.29% increase of the Group's sales in 2011. The Group recorded a profit before tax of RMB1,280,000 for the previous year and a loss before tax of RMB2,936,000 during the year.

Revenue are mainly generated from the sales and distribution of computer and electrical products and accessories which made up of 77.23% of the total sales (or RMB77,490,000), and this is followed by 15.89% of total sales (or RMB15,943,000) for business solutions development and provision, 3.60% (or RMB3,609,000) for application software, 3.28% (or RMB3,294,000) 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 RMB12,840,000 in revenue as compared with RMB64,650,000 last year, representing an increase of 19.86%.

Revenue in business solutions development has decreased by RMB5,084,000 or 24.18% from RMB21,027,000 in the previous year.

Revenue of application software business has decreased by RMB5,319,000 from RMB8,928,000 last year, representing a decrease of 59.58%. Sales from installation and maintenance of network and data security has decreased by RMB190,000 from the previous year of RMB3,484,000, representing a decrease of 5.45%.

The gross profit has decreased from RMB15,669,000 to RMB14,827,000. This represents a decrease of RMB842,000 or 5.37%. 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 15.97% to the current year of 14.78%.

Other revenue has decreased by RMB170,000 or 5.39% to RMB2,984,000 for the current year from the previous year of RMB3,154,000.

The loss attributable to the associate company amounted to RMB2,078,000 for the current year as compared to the profit of RMB167,000 for the previous year, representing a surge of RMB2,245,000.

Distribution cost has decreased by RMB845,000 or 12.84% from RMB6,581,000 for the previous year to RMB5,736,000 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.

During the past 2012, the Company recorded a light surplus from its own business operations, while the Group recorded loss in 2012 due to the its investment loss resulting from the termination of business of certain subsidiaries in which the Company made an investment in the past.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2012, shareholders' funds of the Group amounted to approximately RMB80,658,000 (2011: RMB83,468,000). Current assets amounted to approximately RMB94,219,000 (2011: RMB102,360,000), of which approximately RMB58,450,000 (2011: RMB60,101,000) were bank balances and cash. The Group had non-current liabilities amounted to approximately RMB2,160,000 (2011: RMB1,800,000) and its current liabilities amounted to approximately RMB27,141,000 (2011: RMB34,096,000), 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 2012, the Group had a net cash position and its working capital ratio (current assets to current liabilities) was 3.47 (2011: 3.00); and gearing ratio (liabilities to total assets) was approximately 26.65% (2011: 30.07%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2012.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2012.

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 2012, the Group had 110 full time employees (2011: 141), comprising 12 in management, finance and administration (2011: 17), 31 in research and development (2011: 45), 49 in application development and engineering (2011: 56), and 15 in sales and marketing (2011: 20). Also, the Group had 3 school staff (2011: 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 2012 was approximately RMB9,653,000 (2011: RMB10,536,000).

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 2012, bank deposits of approximately RMB450,000 (2011: 514,000) 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 2012, 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 2012, the Group did not have any significant contingent liabilities (2011: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 May 2013 to 18 June 2013 (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 16 May 2013 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 16 May 2013.

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 2012.

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 2012 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.

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, 21 March 2013

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.