

**SHANGHAI JIAODA WITHUB INFORMATION INDUSTRIAL COMPANY LTD :
IS THIS, REALLY, A BUSINESS ENTERPRISE ?**

Of course, in a government-controlled environment, a company, even one operated by complete incompetents, would be hard-pressed not to be able to turn a profit ... of sorts.

And, if one wanted a little more revenue in such an environment, all that one would have to do would be to turn the government's money tap another quarter turn or so.

Shanghai Jiaoda Withub Information Industrial Company Ltd, Stock Code Number 8205, The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, is a company, which was established a little more than 4 years ago.

Today, it can boast of having achieved a Turnover of about 102.43 million renminbi in its last Financial Year, netting a Profit Attributable to Shareholders of about 2.64 million renminbi.

Since its founding, it appears to have had one success after another: It has never had to have a second thought about anything, it appears.

If it needed a little more money, it was delivered – with bells and whistles, ringing in the cash.

It even paid out dividends in the 2 Financial Years that it enjoyed a Loss Attributable to Shareholders – right out of Capital!

And a Discretionary Bonus, amounting to about 4.80 million renminbi, was paid out, during the Company's worst Financial Year, when it suffered a Loss Attributable to Shareholders of about 7.65 million renminbi.

In most jurisdictions of the Western World, dividends may only be paid out of Net Profits, not out of Capital, because, when one pays a dividend out of Capital, it is tantamount to reducing the Capital Structure of the company.

Still, this is, after all, an entity of the Government of the People's Republic of China (PRC) and, as such, when the PRC Government proposes, its myriad minions comply with edicts – and disposes, accordingly.

Whether or not the Shanghai Jiaoda financial situation is unique, TARGET cannot say, but it is doubtful that it is unique because, as is written in the Red Book of Mao Tse Tung (aka Mao Zedong): The PRC's Revolutionary Government moves in mysterious ways.

Shanghai Jiaoda is a relatively new company that is engaged in the provision of business application solutions, according to the bumf, contained in its Placing Prospectus.

While California's Silicon Valley is littered with the bones of start-up companies, many of which attempted similar feats as Shanghai Jiaoda, this PRC, Government-controlled company can do no wrong and, it would appear, everything that it touches, turns to renminbi.

The Company could be said to be endowed with the Asian version of the mythical Midas Touch.

Shanghai Jiaoda went public on The GEM on July 25, 2002, when it Placed 120 million, New 0.10 renminbi Shares at 66 cents (Hongkong) per Share.

Shanghai Jiaoda Nanyang Company Ltd, a joint stock limited company of the People's Republic of China (PRC), which is listed on The Shanghai Stock Exchange, took the opportunity to sell 4.50 million of its shareholdings in the Company, Shanghai Technology Investment Company, another PRC, State-owned enterprise, flogged 3 million of its shares in the Company to Placees, while 2 other, PRC-Government entities, Shanghai Huixin Investment Operation Company Ltd and Shanghai Jiaoda Industrial Investment Management (Group) Ltd, Placed other tranches of 3 million shares and 1.50 million shares, respectively.

All of the PRC-Government entities that flogged their shares in this flotation, all received the same treatment, selling their shares at the same price as those that were Placed with institutions.

At the end of the day, PRC Government entities boosted their respective coffers by about \$HK7.92 million, while Shanghai Jiaoda was ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.