



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 2007**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all options expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

** For identification purpose only*

HIGHLIGHTS

For the year ended 31 December 2007,

- turnover of the Group amounted to approximately RMB100,686,000 (2006: approximately RMB122,450,000) which represented a slight decrease of approximately 17.8%;
- loss attributable to equity holders of the Company was approximately RMB801,000 (2006: approximately RMB16,288,000); and
- the Directors do not recommend the payment of a final dividend (2006: 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 2007, together with the comparative figures for the year of 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	<i>Notes</i>	2007 RMB'000	2006 <i>RMB'000</i>
Turnover	4	100,686	122,450
Cost of sales		(89,469)	(108,053)
Gross profit		11,217	14,397
Other revenue	6	1,488	1,603
Distribution expenses		(2,649)	(2,118)
Administrative expenses		(11,394)	(18,940)
Share of results of associates		537	(11,520)
Loss before tax		(801)	(16,578)
Income tax credit	7	–	290
Loss for the year	8	(801)	(16,288)
Loss per share (in RMB)	9		
– Basic		(0.0017)	(0.0339)

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	<i>Notes</i>	2007 RMB'000	2006 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,025	1,752
Interests in associates		26,318	25,781
Intangible asset		3,150	3,450
Available-for-sale investments		2,416	2,416
		<hr/> 32,909	<hr/> 33,399
Current assets			
Inventories		10,098	8,663
Trade receivables	<i>10</i>	14,114	14,270
Deposits, prepayments and other receivables		26,765	32,969
Amounts due from related parties		2,349	1,579
Amounts due from associates		500	1,007
Bank balances and cash		40,839	43,811
		<hr/> 94,665	<hr/> 102,299
Current liabilities			
Trade payables	<i>11</i>	6,528	10,796
Other payables and accrued expenses		26,630	29,720
Amount due to an associate		–	406
		<hr/> 33,158	<hr/> 40,922
Net current assets		<hr/> 61,507	<hr/> 61,377
Total net asset		<hr/> 94,416	<hr/> 94,776
Capital and reserves			
Share capital		48,000	48,000
Reserves		46,416	46,776
Total equity		<hr/> 94,416	<hr/> 94,776

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2006	48,000	61,068	16,000	223	(295)	(13,627)	111,369
Loss for the year	-	-	-	-	-	(16,288)	(16,288)
Exchange difference arising on translation of an overseas subsidiary	-	-	-	-	199	-	199
Exchange difference arising on translation of overseas associates	-	-	-	-	(504)	-	(504)
At 31 December 2006 and 1 January 2007	48,000	61,068	16,000	223	(600)	(29,915)	94,776
Loss for the year	-	-	-	-	-	(801)	(801)
Exchange difference arising on translation of an overseas subsidiary	-	-	-	-	441	-	441
At 31 December 2007	48,000	61,068	16,000	223	(159)	(30,716)	94,416

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 RMB0.10 each at HK\$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 at 2/F., Block 7, 471 Gui Ping Road, Shanghai, PRC and its principal place of business is at 7/F., Withub Technology Building, 336 Caoxi Bei Road, Shanghai, PRC.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

The Company and its subsidiaries (together with the Company referred to as the “Group”) are principally engaged in the development and sales of business solutions in the PRC.

2. INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for qualified opinion

- (a) Included in the consolidated balance sheet as at 31 December 2007, the deposits, prepayments and other receivables of approximately RMB13,150,000 which were due from two independent third parties. However, we were unable to obtain direct audit confirmations from these two payees. Also, due to the lack of adequate financial information, we were unable to satisfy ourselves the existence, accuracy, recoverability of the balances and whether there are any commitments at the balance sheet date should be disclosed. Any adjustment to the balances may have a consequential significant effect on the loss for the year and net assets as at 31 December 2007.
- (b) Included in the other payables and accrued expenses in the consolidated balance sheet as at 31 December 2007 was a receipt of RMB12,000,000. In the absence of sufficient information, we were unable to obtain direct audit confirmation and there were no alternative audit procedures that we could carry out to satisfy ourselves the existence and accuracy of the receipt and we cannot ascertain whether there are any unrecorded liabilities as at the balance sheet date.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the effect on such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group’s affairs as at 31 December 2007 and of the Group’s loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are either effective for the Group’s financial year beginning 1 January 2007.

Hong Kong Accounting Standard (“HKAS”) 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation (“Int”) 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁵
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combinations ⁵
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 July 2009

The directors of the Company anticipate that the application of these new and revised standards or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

Turnover comprises:

	2007	2006
	<i>RMB’000</i>	<i>RMB’000</i>
Development and provision of:		
Business solutions development	9,042	29,844
Application software	6,150	3,342
Network and data security products	1,544	–
Sales and distribution of computer and electrical products and accessories	83,950	89,264
	<u>100,686</u>	<u>122,450</u>

Turnover as disclosed above is net of applicable PRC business tax.

5. SEGMENT INFORMATION

Business segments

For management reporting purpose, business segment information is chosen as the primary reporting format. The principal business segments of the Group comprise the followings:

Business application solutions: Develop and provide business application solutions services which include business solutions development, application software and network and data security products.

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

Segment information about these businesses is presented below.

For the year ended 31 December

	Business application solutions		Sales of goods		Consolidated	
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
SEGMENT REVENUE						
Turnover from external customers	16,736	33,186	83,950	89,264	100,686	122,450
Interest income					566	439
Unallocated other revenue					922	1,164
					102,174	124,053
RESULTS						
Segment results	6,979	5,424	3,537	2,585	10,516	8,009
Unallocated operating expenses					(11,854)	(13,067)
Share of results of associates	537	(11,520)	–	–	537	(11,520)
Loss before tax					(801)	(16,578)
Income tax credit					–	290
Loss for the year					(801)	(16,288)

Balance sheet as at 31 December

	Business		Sales of goods		Consolidated	
	application solutions					
	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS						
Segment assets	14,672	21,215	14,425	17,609	29,097	38,824
Interests in associates	26,318	25,781	–	–	26,318	25,781
Unallocated assets					72,159	71,093
Total assets					127,574	135,698
LIABILITIES						
Segment liabilities	10,522	25,049	6,765	10,883	17,287	35,932
Unallocated liabilities					15,871	4,990
Total liabilities					33,158	40,922

For the year ended 31 December

OTHER SEGMENT INFORMATION

Capital expenditure of property, plant and equipment	32	361	–	–	32	361
Depreciation of property, plant and equipment	694	829	10	19	704	848
Amortisation of intangible assets	300	300	–	–	300	300
Impairment loss recognised in respect of trade receivables	352	153	57	129	409	282
Allowance for inventories	–	570	–	–	–	570
Impairment loss recognised in respect of goodwill of an associate	–	2,624	–	–	–	2,624
Loss (gain) on disposal of property, plant and equipment	54	(39)	–	–	55	(39)

Geographical segment

Over 95% of the Group's revenue were generated from customers in the PRC during the years ended 31 December 2007 and 2006 and all of the Group's assets were located in the PRC. Therefore, no geographical segment information is presented.

6. OTHER REVENUE

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Interest income	566	439
Dividends from available-for-sale investments	45	150
Government grants (<i>note</i>)	40	–
Tuition fees	–	197
Gain on disposal of property, plant and equipment	–	39
Write back of impairment loss recognised in respect of trade receivables	248	–
Sundry	589	778
	<u>1,488</u>	<u>1,603</u>

Note: The Group's government grants are subsidies received for the development of the Group's products.

7. INCOME TAX CREDIT

The amount of income tax credit in the consolidated income statement represents:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Current tax – PRC		
– tax for the year	–	–
– overprovision in prior years	–	(774)
Deferred tax	–	484
	<u>–</u>	<u>(290)</u>

In March 2007, the PRC government announced for a united tax rate arrangements among different types of PRC entities which results in a reduction of income tax rate from 33% to 25% with effect from 1 January 2008. No change of tax rate for the High and New Technology Enterprises (“HNTE”).

According to the relevant PRC tax regulations, HNTE operating within a High and New Technology Development Zone are entitled to a reduced Enterprise Income Tax (“EIT”) rate of 15%. The Company is recognised as a HNTE and accordingly is subject to EIT at 15%. The recognition as a HNTE is subject to an annual review by the relevant government bodies. The subsidiaries of the Company are subject to applicable EIT rates ranging from 15% to 33%.

No provision for EIT has been made as the companies within the Group did not generate any assessable profits in the PRC for both years.

No provision for Hong Kong Profits Tax has been made as companies within the Group did not generate any assessable profits in Hong Kong for both years.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Staff costs (including directors' emoluments) comprises:		
Salaries, wages and other benefits	5,721	6,920
Contributions to retirement benefits scheme	557	739
Total staff costs	<u>6,278</u>	<u>7,659</u>
Auditors' remuneration	330	330
Amortisation of other intangible asset	300	300
Depreciation of property, plant and equipment	704	848
Cost of inventories recognised as an expense	87,852	102,317
Research and development expenses	4,062	5,950
Impairment loss recognised in respect of trade receivables	657	282
Impairment loss recognised in respect of goodwill of an associate	–	2,624
Loss on disposal of property, plant and equipment	55	–
Allowance of inventories	–	570
	<u><u>100,225</u></u>	<u><u>119,570</u></u>

9. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the loss for the year attributable to equity holders of the Company of approximately RMB801,000 (2006: RMB16,288,000) and the weighted average of 480,000,000 (2006: 480,000,000) ordinary shares in issue during the year.

No diluted loss per share has been presented for the two years ended 31 December 2007 and 2006 as there were no diluting events existed during those years.

10. TRADE RECEIVABLES

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Trade receivables	15,512	15,259
Less: impairment loss recognised	(1,398)	(989)
	<u>14,114</u>	<u>14,270</u>

The normal credit terms the Group granted to its customers are 30 to 90 days. The aged analysis of trade receivables net of impairment loss is as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
0 to 90 days	9,324	10,957
91 to 180 days	869	1,367
181 to 365 days	1,134	1,681
Over 365 days	2,787	265
	<u>14,114</u>	<u>14,270</u>

11. TRADE PAYABLES

The Group is normally granted by its vendors credit periods ranging from 0 day to 180 days. Aging analysis of trade payables is as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
0 to 90 days	3,917	9,318
91 to 180 days	312	22
181 to 365 days	87	151
Over 365 days	2,212	1,305
	<u>6,528</u>	<u>10,796</u>

DIVIDENDS

For reserving financial resources for future development of the Group, the Directors do not recommend the payment of a final dividend for the year ended 31 December 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 31 December 2007, the Group recorded a turnover of approximately RMB100,686,000 (2006: approximately RMB122,450,000), representing a slight decrease of RMB21,764,000 or 17.8% as compared to the last year. The Group recorded a loss of merely RMB801,000 which is almost breakeven for this year as compared with considerable loss of RMB16,288,000 for the year ended 31 December 2006. This year the Group did not suffer more losses as a result of the Company's effort to trim down the operations with associated company, the heavy cut down of the administrative expenses as well as the ability to maintain the gross profit margin at the competitive market.

BUSINESS REVIEW

The Company maintained its regular core businesses in the four main areas, namely, sales and distribution of computer and electrical products and accessories, marketing of the application software, development and provision of business solutions development and also network and data security products.

The distribution of computer and electrical products and accessories accounted for nearly 83% of the total sales volume as compared to previous year figure of 73%. The sales value maintained at RMB83 million as compared to RMB89 million achieved in 2006. The gross profit margin has increased to RMB3.5 million and the gross profit margin is recorded as 4.2% as compared to 2.9% for 2006. The increase was due to the better price in the market as a result of the dynamic consumer market.

The Company continued to emphasize on the sales and distribution of computer and electrical products due to the strong demand for products like projector, large screen electronics display, security gate system, LCD, information display station and also notebook computers. The Company worked with established companies like Sharp, Panasonic, Sipass and Bewator for these types of products. The Company expects this sector to continue its strong performance due to the expansion of market demand from the orders given by the large corporation, government as well as medium and small companies.

The second core business was on the application software. The Company has doubled the sales to RMB6,150,000 from previous year. This market segment consists of three main scopes, namely, website service, online system support and problem solving as well as building intelligent service which includes security, telecommunication, fire alarm and facility coordination and teleconferencing. The major customers came from school, the state department, the railway company, the ship company, building management and also manufacturing companies. The Company has organized a proper marketing plan in this area in order to penetrate into this market as we foresee the competition from this market will be growing very fast. The Company will further increase manpower in this area.

As for the development and the provision of the business solutions development, the Company has reduced the concentration in this area. The sales have dwindled to RMB9 million as compared to RMB30 million in 2006. This was however in line with the Company's strategy and direction in paying less attention to this sector as the gross margin in this area is getting very slim and the market is very competitive. The gross profit margin was recorded at RMB6.9 million as compared to RMB5.4 million. The increase of the margin was due to the recognition of the profit of a project which was close to completion.

The last market segment that the Company just developed was the network and data security products. The market has great potential and the Company attained a sales value of RMB1.5 million. The Company will further promote this business as information technology is fast expanding in this area, especially the wireless connectivity, fast speed transmission of data and also more usage of information network among organizations which support the mobility of employees.

On the expenses, the management was able to cut down the administrative expenses to RMB11.4 million which equals to a reduction of 40% from the previous year figure. The Company was able to reduce the manpower, increase the productivity and also restructure the human organization to a right size and optimize on the human resources that the Company had. Besides, the Company also cut down the expense on marketing, travelling and also related office expenses in order to stay more competitive in terms of operation cost.

In addition, the loss from associate company had been able to put a stop this year as a result of cutting down the unprofitable operations and stopping the suffering of further losses which may slow down the performance of the Group.

BUSINESS OUTLOOK

The Company is also looking for business opportunities in information technology by acquiring product agencies from reputable foreign electronic firms and also increasing the product range from each product. The Company is also constantly looking for new and trendy products from the USA or Europe which can meet the market needs in China.

In terms of market expansion in the PRC, the Company will try to expand their businesses beyond Shanghai area to other parts of the country. The territory expansion is planned and will be carried out by having business partners in the local cities and also recruiting local business agents. This strategy will allow the Company to expand reasonably without having to incur higher costs.

The market demand for information technology in the coming year will stay even more robust and competitive as the market in Shanghai becomes more mature and more open to foreign companies. As China has changed their investment promotion policy in the major cities in inviting more high technology companies with high growth potential and research and development emphasis, this will attract a new wave of foreign companies that compete in the high end products and services in information technology. The Company should try to team up with some players in this area in order to capture the opportunities available ahead.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2007, shareholders' funds of the Group amounted to approximately RMB94,416,000 (2006: RMB94,776,000). Current assets amounted to approximately RMB94,665,000 (2006: RMB102,299,000), of which approximately RMB40,839,000 (2006: RMB43,811,000) were bank balances and cash. The Group had no non-current liabilities and its current liabilities amounted to approximately RMB33,158,000 (2006: RMB40,922,000), which mainly comprised of other creditors and accrued expenses. The Group did not have any long-term debts.

WORKING CAPITAL RATIO, GEARING RATIO

As at 31 December 2007, the Group had a net cash position and its working capital ratio (current assets to current liabilities) was 2.85 (2006: 2.50); and gearing ratio (long-term debt to shareholders' funds) was zero (2006: zero).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2007.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2007.

SEGMENTAL 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 provided in note 5 to the financial statements.

EMPLOYEE INFORMATION

As at 31 December 2007, the Group had 102 full time employees (2006: 92), comprising 22 in management, finance and administration (2006: 20), 16 in research and development (2006: 20), 38 in application development and engineering (2006: 27), and 23 in sales and marketing (2006: 25). Also, the Group had 3 school staff (2006: 6).

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 2007 was RMB6,278,000 (2006: RMB7,659,000).

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 2007, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group (2006: Nil).

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 2007, the Group's monetary assets and transactions are 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 did notice the recent appreciation in the exchange rate of RMB to HKD and USD and are 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 2007, the Group did not have any significant contingent liabilities (2006: Nil).

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 2007.

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, Professor Shao Shihuang, Professor Gu Junzhong and Mr. Yuan Shumin.

The Company's financial statements for the year ended 31 December 2007 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. I am also grateful 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 Jiada Withub Information Industrial Company Limited
Yuan Tingliang
Chairman

Shanghai, the PRC, 28 March 2008

As at the date of this announcement, the directors of the Company are as follow:

Executive Directors	Yuan Tingliang, Cheng Min, Mo Zhenxi, Wang Yiming, Li Wei, Lu Yaohui and Qian Zhenying
Independent Non-executive Directors	Shao Shihuang, Gu Junzhong, Hu Shao-ming, Herman and Yuan Shumin

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