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 2008

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 2008,

– turnover of the Group amounted to approximately RMB87,642,000 (2007: approximately RMB100,686,000) which represented a slight decrease of approximately 13%;

– Profit attributable to equity holders of the Company was approximately RMB334,000 (2007: loss of approximately RMB801,000); and

– the Directors do not recommend the payment of a final dividend (2007: 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 2008, together with the comparative figures for the year of 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008** ***RMB'000***	2007 *RMB'000*
Turnover	*4*	**87,642**	100,686
Cost of sales		**(74,693)**	(89,469)
Gross profit		**12,949**	11,217
Other revenue	*6*	**2,552**	1,488
Distribution expenses		**(4,967)**	(2,649)
Administrative expenses		**(10,794)**	(11,394)
Share of results of associates		**594**	537
Profit (loss) before tax		**334**	(801)
Income tax expense	*7*	**–**	–
Profit (loss) for the year	*8*	**334**	(801)
Earnings (loss) per share *(in RMB)*	*9*		
– Basic		**0.0007**	(0.0017)

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Non-current assets			
Plant and equipment		**576**	1,025
Interests in associates		**26,912**	26,318
Intangible asset		**2,850**	3,150
Available-for-sale investments		**2,416**	2,416
		32,754	32,909
Current assets			
Inventories		**4,550**	6,817
Amounts due from customers for contract works		**7,484**	3,281
Trade receivables	*10*	**14,531**	14,114
Deposits, prepayments and other receivables		**9,124**	26,765
Amounts due from related parties		**1,000**	2,349
Amounts due from associates		**–**	500
Bank balances and cash		**49,664**	40,839
		86,353	94,665
Current liabilities			
Trade payables	*11*	**8,955**	6,528
Other payables and accrued expenses		**15,020**	26,630
Amounts due to a related party		**121**	–
		24,096	33,158
Net current assets		**62,257**	61,507
Total assets less current liabilities		**95,011**	94,416
Capital and reserves			
Share capital		**48,000**	48,000
Reserves		**47,011**	46,416
Total equity		**95,011**	94,416

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2007	48,000	61,068	16,000	223	(600)	(29,915)	94,776
Exchange difference arising on translation of the financial statements of an overseas subsidiary recognised directly in equity	–	–	–	–	441	–	441
Loss for the year and total recognised income and expenses for the year	–	–	–	–	–	(801)	(801)
At 31 December 2007 and 1 January 2008	48,000	61,068	16,000	223	(159)	(30,716)	94,416
Exchange difference arising on translation of the financial statements of an overseas subsidiary recognised directly in equity	–	–	–	–	261	–	261
Profit for the year and total recognised income and expenses for the year	–	–	–	–	–	334	334
At 31 December 2008	**48,000**	**61,068**	**16,000**	**223**	**102**	**(30,382)**	**95,011**

Notes:

1. GENERAL

Shanghai Jiadoa 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 Building A, Shanghai Jiaoda Withub Information Park, No. 951 Panyu 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 and sales of distribution of computer and electrical products and accessories in the PRC.

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

Basis for qualified opinion

Our report on the consolidated financial statements of the Group for the year ended 31 December 2007 was qualified in view of the limitations on the scope on certain other receivables and other payables.

Any adjustments found to be necessary to the opening balances as at 1 January 2008 may affect the results and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2008. Also the comparative figures in respect of the net assets of the Group as at 31 December 2007 and the results and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2007 may not be comparable with the figures for the current year.

Qualified opinion arising from limitation of audit scope for the corresponding figures

In our opinion, except for the effects of such adjustments on the opening balances that might have been found 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 Group's affairs as at 31 December 2008 and of the Group's profit 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HK (IFRIC) Int 9 and HKAS 39	Embedded Derivatives[7]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 July 2008.
5 Effective for annual periods beginning on or after 1 October 2008.
6 Effective for transfers of assets from customers received on or after 1 July 2009.
7 Effective for annual periods ending on or after 30 June 2009.

The directors anticipate that all of these pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Among these new standards and interpretations, HKAS 1 (Revised) Presentation of Financial Statements is expected to materially change the presentation of the Group's financial statements.

The amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of other comprehensive income). The management is in the process of making an assessment of what the impact of this amendment is expected to be in the period of initial application. So far it has concluded that the adoption of this amendment does not affect the financial position and results of the Group, but will give rise to additional disclosures.

HKFRS 8 Operating Segments may result in new or amended disclosures. The management is in the process of identifying reportable operating segments as defined in HKFRS 8.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

Turnover comprises:

	2008	2007
	RMB'000	*RMB'000*
Development and provision of:		
– Business solutions development	**21,865**	9,042
– Application software	**3,545**	6,150
– Network and data security products	**2,036**	1,544
Sales and distribution of computer and electrical products and accessories	**60,196**	83,950
	87,642	100,686

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

5. SEGMENT INFORMATION

Business segments

For management reporting purpose, the Group is currently organised into two operating divisions – business application solutions and sales of goods. These divisions are the basis on which the Group reports its primary segment.

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**	
	2008	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
SEGMENT REVENUE						
External sales	**27,446**	16,736	**60,196**	83,950	**87,642**	100,686
Interest income					**1,592**	566
Unallocated other revenue					**960**	922
					90,194	102,174
RESULTS						
Segment results	**6,382**	6,979	**6,284**	3,537	**12,666**	10,516
Unallocated operating expenses					**(12,926)**	(11,854)
Share of results of associates	**594**	537	**–**	–	**594**	537
Profit (loss) before tax					**334**	(801)
Income tax expense					**–**	–
Profit (loss) for the year					**334**	(801)

Balance sheets as at 31 December

	Business application solutions		Sales of goods		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
ASSETS						
Segment assets	**14,703**	14,672	**14,355**	14,425	**29,058**	29,097
Interests in associates	**26,912**	26,318	**–**	–	**26,912**	26,318
Unallocated corporate assets					**63,137**	72,159
Total assets					**119,107**	127,574
LIABILITIES						
Segment liabilities	**13,402**	10,522	**6,691**	6,765	**20,093**	17,287
Unallocated corporate liabilities					**4,003**	15,871
Total liabilities					**24,096**	33,158
For the year ended 31 December						
OTHER INFORMATION						
Capital expenditure	**56**	32	**–**	–	**56**	32
Depreciation of plant and equipment	**504**	694	**1**	10	**505**	704
Amortisation of intangible asset	**300**	300	**–**	–	**300**	300
Impairment loss (reversed) recognised in respect of trade receivables	**(75)**	352	**–**	57	**(75)**	409
Bad debts recovered	**(464)**	(248)	**–**	–	**(464)**	(248)
Loss on disposal of plant and equipment	**–**	55	**–**	–	**–**	55

Geographical segment

Over 95% of the Group's revenue were generated from customers in the PRC during the two years ended 31 December 2008 and 31 December 2007 and all of the Group's assets were located in the PRC. Therefore, no geographical segment information is presented.

6. OTHER REVENUE

	2008	2007
	RMB'000	*RMB'000*
Interest income	**1,592**	566
Dividends from available-for-sale investments	**180**	45
Government grants	**–**	40
Bad debts recovered	**464**	248
Impairment loss reversed in respect of trade receivables	**75**	–
Others	**241**	589
	2,552	1,488

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

7. INCOME TAX EXPENSE

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

	2008	2007
	RMB'000	*RMB'000*
Current tax – PRC	**–**	–
Deferred tax	**–**	–
	–	–

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% progressively from 1st January 2008 onwards. There had been no change in the tax rate for 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%. For the year ended 31 December 2007, the Company had been recognised as a HNTE and accordingly was 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 25%.

For the year ended 31 December 2008, as the Company could not obtain the recognition of HNTE, therefore the Company and its subsidiaries are subject to applicable EIT rate at 25%.

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

No provision for EIT has been made for both years ended 31 December 2008 and 31 December 2007 since the assessable profit of the companies within the Group is wholly absorbed by tax losses brought forward and certain companies of the Group did not generate any assessable profit in the PRC.

8. PROFIT (LOSS) FOR THR YEAR

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

	2008 *RMB'000*	2007 *RMB'000*
Staff costs (including directors' emoluments) comprises:		
Salaries and other benefits	**5,179**	5,721
Contributions to retirement benefits scheme	**453**	557
Total staff costs	**5,632**	6,278
Auditors' remuneration	**328**	330
Amortisation of intangible asset	**300**	300
Depreciation of plant and equipment	**505**	704
Cost of inventories recognised as an expense		
– included in cost of sales	**67,206**	87,852
Share of income tax expense of associates	**111**	234
Research and development expenses	**4,516**	4,062
Impairment loss recognised in respect of trade receivables	**–**	409
Loss on disposal of plant and equipment	**–**	55

9. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for the year is based on the profit for the year attributable to equity holders of the Company of approximately RMB334,000 (2007: loss of approximately RMB801,000) and the weighted average number of 480,000,000 (2007: 480,000,000) ordinary shares in issue during the year.

No diluted earnings (loss) per share has been presented for the two years ended 31 December 2008 and 31 December 2007 as there were no diluting events existed during both years.

10. TRADE RECEIVABLES

	2008 *RMB'000*	2007 *RMB'000*
Trade receivables	**15,854**	15,512
Less: Allowance for doubt debts	**(1,323)**	(1,398)
	14,531	14,114

The Group allows an average credit period from 90 to 180 days to its trade customers. The followings are an aged analysis of trade receivables net of impairment loss recognised at the balance sheet date:

	2008 *RMB'000*	2007 *RMB'000*
0 to 90 days	**9,143**	9,324
91 to 180 days	**1,848**	869
181 to 365 days	**1,044**	1,134
Exceeding 365 days	**2,496**	2,787
	14,531	14,114

11. TRADE PAYABLES

The average credit period on purchases of goods is 180 days. The following is an aged analysis of trade payable at the balance sheet date:

	2008	2007
	RMB'000	*RMB'000*
0 to 90 days	**4,888**	3,917
91 to 180 days	**962**	312
181 to 365 days	**626**	87
Exceeding 365 days	**2,479**	2,212
	8,955	6,528

DIVIDENDS

No dividend was paid or proposed during the two years ended 31 December 2008 and 31 December 2007, nor has any dividend been proposed since the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2008, the Group recorded a turnover of approximately RMB87,642,000 (2007: approximately RMB100,686,000), representing a slight decrease of RMB13,044,000 or 13% as compared to the last year. The Group recorded a profit of merely RMB334,000 which is almost breakeven for this year as compared with considerable loss of RMB801,000 for the year ended 31 December 2007. 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 AND FUTURE PROSPECTS

For the full financial year under review ended 31 December 2008, the total revenue for the Group has dropped from RMB100,686,000 to RMB87,642,000. The drop of RMB13,044,000 represent 13% fall from the 2007 group sales figure. The Group registered a profit before tax of RMB334,000 for the first time in 5 years. The Group achieved a turnaround this year from the loss of RMB801,000 in last year.

The revenue are mainly consisting of the sales and distribution of computer and electrical products and accessories which made up of 69% of the total sales or RMB60,196,000, and this are followed by 24% of total sales or RMB21,865,000 for business solutions development, 4% or RMB3,545,000 for application software, 2.3% or RMB2,036,000 for network and data security. 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 reduced in revenue from the previous year of RMB83,950,000. The reduction represents RMB23,754,000 or 28% of previous figure. The reduction is mainly caused by the slowdown in the demand in the market due to the weak economic situation and also the consumer market.

However, the business solutions development has increased their revenue from the previous of RMB9,042,000. This represents an increase of RMB of 12,823,000 or 58% of the previous sales. The increase is mainly due to more project is completed in this year based on the contract signed during the good year in 2007 or before.

The application software has reduced in the revenue from RMB6,150,000. The reduction represents a value of RMB of 2,605,000 or 42% of the previous figure. This is due to the weak sales in the market based on the weak consumption market. The network and data security sales has slightly increased from the previous year of RMB1,544,000. This represents a increase of RMB492,000 or 32% of the previous figure.

The improved of result is mainly contributed by the improvement in the gross profit, other revenue, result from the associate company and also the further cut down of the administrative expenses.

The gross profit has improved from RMB11,217,000 to RMB12,949,000. This represents an improvement of RMB1,732,000 or 15.5%. The improvement is mainly accredited to the lower down of the cost of sales. The gross profit margin has improved from the previous financial year of 11.1% to the current year of 14.7%.

The Company has also able to further cut down the administrative expenses from the previously year of RMB11,394,000 to the current year of RMB10,794,000. This represent a cost reduction of RMB600,000 or 5.2%. The cut down of cost is mainly contributed by the slash down of the salaries and staff benefits and also the reduction in the cost of depreciation.

The other revenue has improved to RMB2,552,000 for the current year from the previous year of RMB1,488,000. This shown an good improvement of RMB1,064,000 or 71%. The improvement is caused by the increase of RMB1,000,000 in the interest income and also bad debt recovered and dividend from the available resale company.

The result of the associate company has achieved slight improved to RMB594,000 for the current year as compared to the previous year of RMB537,000. This indicated a slight improvement of RMB57,000 or 10%.

However, the distribution cost has almost doubled to RMB4,967,000 from the previous year of RMB2,649,000. This stands for an increase of RMB2,318,000 or 87%. The increase in distribution cost is caused by the increase of the transportation cost especially the oil price.

In future the Company main focus is still on the cost control in order to continue to monitor the cost in achieve the targeted profit. The management will try it bests to reduce unnecessary expenses and also to improve the productivity of the management staff.

As for the business in future, the Company will try to expand into the new market area including obtaining some business from the new customer through introduction of the existing client and marketing effort from the management.

In conclusion, as this year is the cornerstone for the Company to make profit for the for the first time in recent year, the Group will try to maintain a profitable year in the coming year although the company will face a more challenging year of 2009 in view of the current financial crises.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2008, shareholders' funds of the Group amounted to approximately RMB95,011,000(2007: RMB94,416,000). Current assets amounted to approximately RMB86,353,000 (2007: RMB94,665,000), of which approximately RMB49,664,000 (2007: RMB40,839,000) were bank balances and cash. The Group had no non-current liabilities and its current liabilities amounted to approximately RMB24,096,000 (2007: RMB33,158,000), 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 2008, the Group had a net cash position and its working capital ratio (current assets to current liabilities) was 3.58 (2007: 2.85); and gearing ratio (long-term debt to shareholders' funds) was zero (2007: zero).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2008.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2008.

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 consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2008, the Group had 105 full time employees (2007: 102), comprising 18 in management, finance and administration (2007: 22), 24 in research and development (2007: 16), 42 in application development and engineering (2007: 38), and 18 in sales and marketing (2007: 23). Also, the Group had 3 school staff (2007: 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 2008 was approximately RMB5,632,000 (2007: RMB6,278,000).

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 2008, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group (2007: 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 2008, 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 2008, the Group did not have any significant contingent liabilities (2007: 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 2008.

DISCLOSEABLE AND CONNECTED TRANSACTIONS

Entrusted Loan Agreement

On 18 March 2008, the Company, Industrial and Commercial Bank of China Limited Shanghai City Xuhui Branch ("ICBC") and Shanghai Jiaoda Nanyang Properties (Group) Limited ("Nanyang Properties"), which is a connected person of the Company, entered into an entrusted loan agreement (the "Entrusted Loan Agreement"). Pursuant to the Entrusted Loan Agreement, the Company instructed ICBC to act as a lending agent to, inter alia, release a loan in the principal amount of RMB20,000,000 (equivalent to HKD22,600,000) (the "Entrusted Loan"), which was funded by the Company, to Nanyang Properties. The interest rate payable by Nanyang Properties for the Entrusted Loan was 10% per annum calculated on a daily basis and payable quarterly. Under the Entrusted Loan, no collateral was provided by Nanyang Properties to the Company.

The terms of the Entrusted Loan Agreement, including the interest rate applicable, was agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors considered that given the interest rate for the Entrusted Loan was comparatively higher than the interest rate for savings of about 2.5% offered by the financial institutions in the PRC at the relevant time, the provision of the Entrusted Loan to Nanyang Properties could generate a higher return for the idle fund of the Group. The Entrusted Loan and the interest accrued thereon was fully repaid to the Company on 4 July 2008.

The provision of the Entrusted Loan by the Company to Nanyang Properties constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements.

The provision of the Entrusted Loan by the Company to Nanyang Properties also constituted financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. As the relevant percentage ratios of the Entrusted Loan Agreement were more than 2.5% and the total value of the assistance exceeded HK$10,000,000, the Entrusted Loan is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Further, pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arose when the Company entered into the Entrusted Loan Agreement as the provision of the Entrusted Loan exceeded the 8% threshold of the assets ratio.

Details of the above has been disclosed in the Company's announcement dated 3 November 2008 and circular dated 24 November 2008.

Licence Agreement

On 11 September 2008, the Company, as licensee, has entered into a licence agreement (the "Licence Agreement") with 上海交通大學資產管處 (unofficial translation being Shanghai Jiao Tong University Asset Management Office) ("Jiaoda Management"), the asset management office of Shanghai Jiao Tong University ("SJTU"), as licensor, a connected person of the Company, for use of the Premises.

Jiaoda Management is the management office of SJTU, a renowned tertiary education institution in the PRC. SJTU is an indirect holding company of a substantial shareholder of the Company, Shanghai Jiaoda Science and Technology Park Company Limited, which holds 23.75% of the total registered capital of the Company, Shanghai Jiaoda Science and Technology Park Company Limited is owned as to 55.42% by Shanghai Jiaoda Industrial Investment Management (Group) Limited, which is in turn wholly beneficially owned by SJTU. Accordingly, Jiaoda Management is a connected person of the Company under the GEM Listing Rules by virtue of being an associate of Shanghai Jiaoda Science and Technology Park Company Limited, which is a substantial shareholder of the Company. Therefore, the Licence Agreement constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

The term of the Licence Agreement is three years, from 1 August 2008 to 31 July 2011 (both days inclusive) and the annual licence fees are RMB2,000,000 (exclusive of property management fees, water, electricity, internet network and other miscellaneous charges) for the period from 1 August 2008 to 31 July 2009 and RMB2,400,000 (exclusive of property management fees, water, electricity, internet network and other miscellaneous charges) for the period from 1 August 2009 to 31 July 2011. Details of the terms of the Licence Agreement including but not limited to maximum aggregate annual value has been disclosed in the Company's announcement dated 12 September 2008.

The Board confirmed that the Licence Agreement was entered into by both parties after arm's length negotiations having regard to the prevailing conditions of the rental market of properties of similar size and area and in similar location. The Premises provide a suitable premise to be used by the Company as office.

In view of the above, the Directors (including independent non-executive Directors) of the Company are of the opinion that the terms (including the annual licence fees) of the Licence Agreement are on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. In addition, the terms of the Licence Agreement are no less favourable to the Company than terms available from independent third parties.

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 Gu Junzhong (Chairman), Professor Shao Shihuang and Mr. Yuan Shumin.

The Company's consolidated financial statements for the year ended 31 December 2008 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 Jiaoda Withub Information Industrial Company Limited
Li Zhan
Chairman

Shanghai, the PRC, 27 March 2009

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

Executive Directors	Li Zhan, Yuan Tingliang, Cheng Min, Mo Zhenxi, Wang Yiming, Li Wei and Shang Ling
Independent Non-executive Directors	Shao Shihuang, Gu Junzhong, Yuan Shumin and Liu Fei

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