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)

THIRD QUARTERLY REPORT 2007

* *For identification purpose only*

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sector or countries in which the companies operate. 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 the 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.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-todate information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

– The Group recorded a turnover of approximately RMB65,834,000 for the nine months ended 30th September, 2007, representing a decrease of approximately 12% as compared to the corresponding period in 2006.

– For the nine months ended 30th September, 2007, the Group recorded a loss attributable to equity holders of the Company of approximately RMB4,658,000 (2006: RMB10,158,000), representing a decrease of approximately 54% as compared to the corresponding period in 2006.

– The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2007.

THIRD QUARTERLY RESULTS

The board of Directors (the "Board") of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30th September, 2007, together with the unaudited comparative figures for the corresponding periods in 2006 are as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 30th September,		**For the nine months ended 30th September,**	
		2007	2006	**2007**	2006
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	*2*	**23,662**	25,510	**65,834**	75,211
Cost of sales		**(19,971)**	(24,158)	**(59,175)**	(72,573)
Gross profit		**3,691**	1,352	**6,659**	2,638
Other revenue		**(208)**	48	**156**	1,212
Distribution expenses		**(623)**	(615)	**(1,854)**	(1,596)
Research and development expenses		**(675)**	(1,440)	**(2,930)**	(4,841)
Administrative expenses		**(1,723)**	(1,488)	**(4,904)**	(3,328)
Profit/(loss) from operations		**462**	(2,143)	**(2,873)**	(5,915)
Share of profits less losses of associates		**(581)**	(2,329)	**(1,785)**	(4,243)
Loss before taxation		**(119)**	(4,472)	**(4,658)**	(10,158)
Tax expenses	*3*	**–**	–	**–**	–
Loss for the period		**(119)**	(4,472)	**(4,658)**	(10,158)
Attributable to:					
– Equity holders of the Company		**(119)**	(4,472)	**(4,658)**	(10,158)
– Minority interests		**–**	–	**–**	–
		(119)	(4,472)	**(4,658)**	(10,158)
Dividends	*4*	**–**	–	**–**	–
Loss per share *(in RMB)*					
– Basic	*5*	**(0.0002)**	(0.0093)	**(0.0097)**	(0.0212)
– Diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
At 1st January, 2006	48,000	61,068	16,000	223	(295)	(13,627)	111,369	–	111,369
Net loss for the period	–	–	–	–	–	(10,158)	(10,158)	–	(10,158)
Exchange difference arising on translation of an overseas subsidiary	–	–	–	–	(118)	–	(118)	–	(118)
At 30th September, 2006	48,000	61,068	16,000	223	(413)	(23,785)	101,093	–	101,093
At 1st January, 2007	48,000	61,068	16,000	223	(600)	(29,915)	94,776	–	94,776
Net loss for the period	–	–	–	–	–	(4,658)	(4,658)	–	(4,658)
Exchange difference arising on translation of an overseas subsidiary	–	–	–	–	(476)	–	(476)	–	(476)
At 30th September, 2007	48,000	61,068	16,000	223	(1,076)	(34,573)	89,642	–	89,642

Notes:

1. BASIS OF PRESENTATION

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated results have been prepared on the historical cost basis. The accounting policies adopted in preparing the unaudited condensed consolidated results for the nine months ended 30th September, 2007 and 2006 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006. The condensed consolidated results are unaudited but have been reviewed by the Company's audit committee.

2. TURNOVER

Turnover represents revenue from business solutions development, application software and the sales and distribution of computers and electrical products and accessories. Turnover is stated net of sales tax and returns. Revenue from provision of business solutions development and application software are recognised when delivery or acceptance has occurred, the fee is fixed and determinable, evidence of an arrangement exists, collection of the receivable is probable and no significant post-delivery obligations remain. Sales and distribution of computers and electrical products and accessories are recognised when goods are delivered and title has passed.

	For the three months ended 30th September,		**For the nine months ended 30th September,**	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Business solutions development	**2,687**	4,906	**9,407**	18,978
Application software	**2,333**	2,381	**3,150**	5,726
Sales and distribution of computers and electrical products and accessories	**18,642**	18,223	**53,278**	50,507
	23,662	25,510	**65,835**	75,211

All of the Group's activities are conducted in the People's Republic of China (the "PRC"). Turnover as disclosed above is net of applicable PRC business tax.

3. TAX EXPENSES

According to relevant PRC tax regulations, High and New Technology Enterprises ("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% with the exception for Shanghai Withub Information and Professional Training School which is exempted from EIT.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in nor is derived from Hong Kong.

There has been no significant unprovided deferred taxation for the nine months ended 30th September, 2007 (2006: Nil).

4. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2007 (2006: Nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the nine months ended 30th September, 2007 is based on the unaudited loss attributable to equity holders of the Company of approximately RMB4,658,000 (2006: loss attributable to equity holders of the Company of approximately RMB10,158,000) and the weighted average number of shares during the period (nine months ended 30th September, 2007: 480,000,000 shares; nine months ended 30th September, 2006: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30th September, 2007 is based on the unaudited loss attributable to equity holders of the Company of approximately RMB119,000 (2006: loss attributable to equity holders of the Company of approximately RMB4,472,000) and the weighted average number of shares during the period (three months ended 30th September, 2007: 480,000,000 shares; three months ended 30th September, 2006: 480,000,000 shares).

Diluted loss per share is not presented for the three months and nine months ended 30th September, 2007 and 2006 as there were no potential dilutive shares in issue during the relevant periods.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 30th September, 2007, the Group has recorded a turnover of RMB23,662,000 (2006: RMB25,510,000), representing a decrease of 7% amounting to RMB1,848,000. The Group recorded a loss of approximately RMB119,000 (2006: loss of RMB4,472,000). The Company was able to achieve the huge reduction of loss and almost reached breakeven is due to the better profit margin and also the control of the operating expenses within the budget.

The overall sales have reduced slightly mainly because of the shrinkage of sales from the business solution development section. The sales have reduced to RMB2,687,000 representing a decrease of 45% from the corresponding period in last year of RMB4,906,000. The decrease is caused by temporary slowdown in sales due to keen market competition.

The Group achieved a gross profit of RMB3,691,000 as compared to the corresponding period in last year of RMB1,352,000. The profit margin has increased 3 times from 5% in the corresponding period in last year to 16% this year. The great improvement in profit margin is contributed by the application software section which had recorded better result for the period.

Administrative expenses remained as the major expense for the Group amounting to RMB1,723,000 (2006: RMB1,488,000), which has increased nearly 16% as compared to the corresponding period in 2006. The increase is caused by allocation of resources in the application software section to strengthen the business support as more activities had been carried out in this area. On the other hand, the expenses on research and development has decreased 53% to RMB675,000 (2006: RMB1,440,000), due to the cut down of activities for cost-saving and also the reduction of business solution development section. As for the distribution expenses, it is maintained at RMB623,000 without much changes.

Overall, the Company has maintained the sales, achieved better profit margin and been able to control the operating cost despite the pressure from inflation. The Company expects to attain breakeven in the next quarter and achieve profit by then.

BUSINESS REVIEW AND FUTURE PROSPECTS

The China economy continued its robust growth in the third quarter with the back-up of the strong performance on the stock market and also the properties market although the central government continued to impose tighter monetary and fiscal policy which included raising the interest of borrowing, deposit and other tougher measure in order to reduce the overheated stock market and properties market. As a result, the major cities in China, like Shanghai, Beijing and Guangzhou were enjoying tremendous prosperity and this augured well for all business sectors including information technology.

The domestic consumption and demand for the capital items including information technology hardware also achieve strong growth due to the strong economy and the people getting richer and increase purchasing power. The strong demand has caused serious inflation this year in certain sectors like food and energy due to the shortage of supply, which will give pressure to corporate including our company on the increase of cost. The Company has monitored the cost of operation carefully and keeps in the cost of operation according to the budget.

The Company maintains its focus in the information technology business. The Company has dedicated its attention to the distribution of the IT hardware such as big screen monitors, public monitors, and projectors and also related computer peripherals. The Company intends to grow further in this sector in view of the market demand on these products. The Company also intends to tie up with foreign branded products supplier to distribute their products especially those have better product margin. The distribution network and channel for the Company is getting more and more mature as compared to the initial stage and the Company is able to add more production lines and tap into the economy of scale for its existing sales forces. It is expected the sales will further increase and the profit margin to be further improved.

As for the IT software on the internet services and products, the Company is seeking more customers from various sectors including retail, trading and service sectors besides the public government entity, as internet is increasingly common in China especially in Shanghai, the sector also has good growth and potential.

As for the application software section, the Company is able to maintain its existing customer size and continues to develop more business through introduction and referral from existing customers and also through more marketing activities. The application software business is still very competitive and the profit margin is getting less due to the price-cutting to maintain customers and attract new customers.

During the period under review, the Company manages to maintain its existing staff size without much change. The senior management continues to strive to achieve the goal for this year and continues to provide incentive and course for the staff to improve their performance.

Overall, the Company is constantly looking for strategic tie up and joint venture in the information technology area in order to expand the business further.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2007, the interests and short positions of the Directors, the supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance ("SFO") had applied to the supervisors) and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Directors	The Company/ name of subsidiary	Capacity	Number and class of securities *(Note 1)*	Approximate percentage in the issued share capital of the Company/ subsidiary
Cheng Min	Company	Beneficial owner	4,700,000 domestic shares (L)	0.98%
Wang Yiming	Company	Beneficial owner	9,840,000 domestic shares (L)	2.05%
	Shanghai Huikang Information Technology Company Limited *(Note 2)*	Beneficial owner	100,000 shares (L)	10.00%

Notes:

1. The letter "L" represents the interests in the share and underlying shares of the Company or its associated corporations.

2. Shanghai Huikang Information Technology Company Limited is one of the subsidiaries of the Company.

Save as disclosed above, as at 30th September, 2007, none of the Directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issurers as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES

As at 30th September, 2007, none of the Directors, supervisors and chief executives of the Company was granted options to subscribe for H shares of the Company. As at 30th September, 2007, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme. A summary of the principle terms and conditions of the share option scheme is set out in the section headed "Share option scheme" in Appendix IV of the prospectus of the Company dated 25th July, 2002. No share option has been granted pursuant to such share option scheme on or before 30th September, 2007.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

A. Substantial shareholders

As at 30th September, 2007, the following shareholders (other than the Directors, the supervisors (as if the requirements applicable to the Directors under the SFO had applied to the supervisors) or chief executives of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	**Nature of interest**	**Number and class of shares** *(Note 1)*	**Approximate percentage of interest**
Shanghai Jiao Tong University	Interest of a controlled corporation *(Note 2)*	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Industrial Investment Management (Group) Limited	Interest of a controlled corporation *(Note 2)*	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Science and Technology Park Limited	Beneficial owner	114,000,000 domestic shares (L)	23.75%
Shanghai Xin Xuhui (Group) Limited	Beneficial owner	60,000,000 domestic shares (L)	12.50%
Xuhui District Industrial Association	Interest of a controlled corporation *(Note 3)*	60,000,000 domestic shares (L)	12.50%
Shanghai Huixin Investment Operation Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%
Shanghai Technology Investment Company	Beneficial owner	57,000,000 domestic shares (L)	11.88%

Notes:

1. The letter "L" represents the entity's interest in the shares of the Company.

2. These 114,000,000 domestic shares are registered and owned by Shanghai Jiaoda Science and Technology Park Limited ("Jiaoda S&T Park"). The major shareholder of Jiaoda S&T Park is Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial") which owns 55.42% of registered capital in Jiaoda S&T Park. Shareholders of Jiaoda Industrial are Shanghai Jiao Tong University (96.735%) and Shanghai Jiaoda Enterprise Management Centre (3.265%), an entity wholly-owned by Shanghai Jiao Tong University. Both Jiaoda Industrial and Shanghai Jiao Tong University are deemed to be interested in the aggregate of 114,000,000 domestic shares held by Jiaoda S&T Park under the SFO.

3. These 60,000,000 domestic shares are registered and owned by Shanghai Xin Xuhui (Group) Limited, the registered capital of which will be owned approximately 74.58% by Xuhui District Industrial Association after the completion of certain capital reorganisation as referred to in the Prospectus. Xuhui District Industrial Association is deemed to be interested in the 60,000,000 domestic shares held by Shanghai Xin Xuhui (Group) Limited under the SFO.

B. Other persons who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the SFO

As at 30th September, 2007, save as the persons/entities disclosed in sub-section A above, the following person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest	Number and class of shares *(Note)*	Approximate percentage of interest
Chen Jianbo	Beneficial owner	24,300,000 domestic shares (L)	5.06%

Note: The letter "L" represents the entity's interest in the shares of the Company.

Save as disclosed above, as at 30th September, 2007, the Directors are not aware of any other person (other than the Directors, supervisors and chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the management shareholders (as defined under the GEM Listing Rules) of the Company had any interest in a business which competes or may compete with the business of the Group.

PRACTICE AND PROCEDURES OF THE BOARD

Throughout the nine months ended 30th September, 2007, the Company had complied with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

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 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 regarding securities transactions by the Directors throughout the nine months ended 30th September, 2007.

AUDIT COMMITTEE

The Company established an audit committee on 7th July, 2002 with written terms of reference for the purpose of reviewing and supervising the Group's financial reporting and internal control procedures. The audit committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Professor Shao Shihuang and Professor Gu Junzhong. The audit committee has reviewed the unaudited results of the Company for the nine months ended 30th September, 2007.

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 nine months ended to 30th September, 2007.

As at the date of this report, the directors of the Company are as follows:

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

By Order of the Board
Yuan Tingliang
Chairman

Shanghai, the PRC, 9th November, 2007