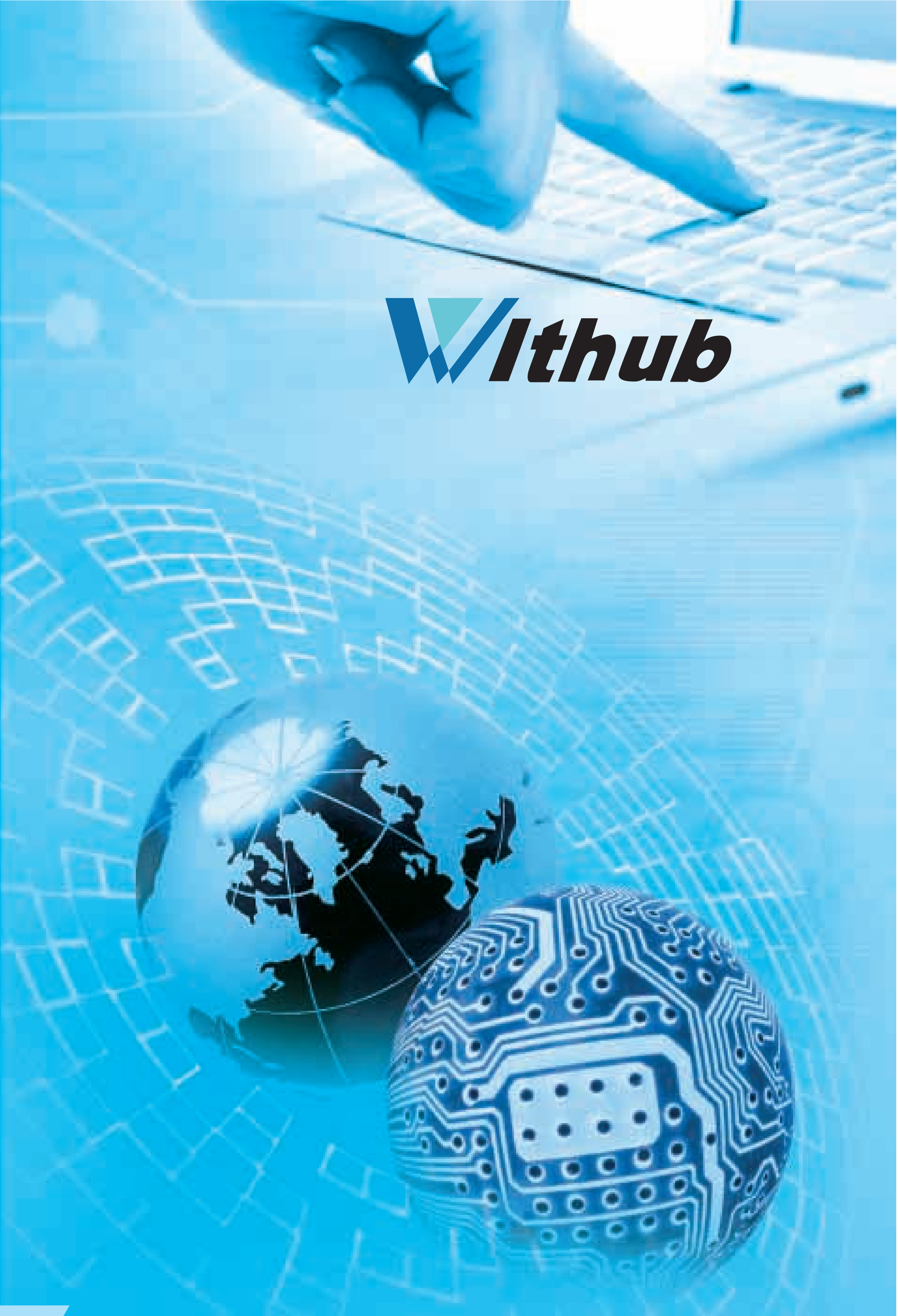
SHANGHAI JIAODA WITHUB INFORMATION INDUSTRIAL COMPANY LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 8205



Withub

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Annual Report

*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 sectors 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 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-to-date 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 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 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.

Contents

Corporate Profile

上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) is principally engaged in the development of business application solutions in the PRC. One of its founders is Shanghai Jiao Tong University, a renowned tertiary education institution in the PRC. The Group utilises the expertise and research capability of Shanghai Jiao Tong University in the information technology sector to develop its core technologies in business application solutions.

The Group's operations encompass the development and provision of business solutions on project basis, the development and sale of application system as off-the-shelf products and sale of distributed products, such as notebook computers and computer related products.

Leveraging on its well-qualified and experienced team of research and development staff as well as its relationship with and on-going technological support from Shanghai Jiao Tong University, the Group is well positioned to become a leading business application solutions developer in the PRC.

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).

Corporate Information

Executive Directors

Mr. Yuan Tingliang *(Chairman)*
Mr. Cheng Min *(Vice Chairman)*
Mr. Mo Zhenxi *(Vice Chairman)*
Mr. Wang Yiming *(Chief Executive Officer)*
Mr. Li Wei
Mr. Lu Yaohui
Mr. Qian Zhenying

Independent Non-executive Directors

Prof. Shao Shihuang
Prof. Gu Junzhong
Mr. Hu Shao-ming, Herman *JP*
Mr. Yuan Shumin

Supervisors

Mr. Zhang Gongda
Mr. Yao Benqiang
Mr. Yu Jiming
Mr. Wang Yonghua
Ms. Qin Yan

Company Secretary and Qualified Accountant

Mr. Chong Cha Hwa *ACCA(UK)*

Audit Committee and Remuneration Committee

Prof. Gu Junzhong
Prof. Shao Shihuang
Mr. Yuan Shumin

Compliance Officer

Mr. Lu Yaohui

Legal Address

2nd Floor, Block 7
471 Gui Ping Road
Shanghai
The PRC

Principal Place of Business in Hong Kong

Suites 3306-12, 33rd Floor
Shui On Centre
Nos. 6-8 Harbour Road
Wanchai
Hong Kong

Principal Place of Business in the PRC

7th Floor, Withub Technology Building
336 Caoxi Bei Road, Shanghai
The PRC

Authorised Representatives

Mr. Cheng Min
Mr. Wang Yiming

Principal Bankers

China Construction Bank
– Shanghai Sub-branch No. 2
Shanghai Bank
– Xu Hui Sub-branch

Auditors

SHINEWING (HK) CPA Limited
16/F, United Centre
95 Queensway, Hong Kong

Legal Advisers

As to Hong Kong law
Chiu & Partners
41st Floor, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law
AllBright Law Offices
25th Floor, Jin Mao Tower
88 Century Boulevard
Shanghai
The PRC

Hong Kong Share Registrar and Transfer Office

Union Registrar Limited
Rooms 1901-02, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

Stock Code

8205

Company Website

www.withub.com.cn

Chairman's Statement

To All Shareholder,

I am pleased to have the opportunity to deliver the performance report for the year ended 31 December 2007 of Shanghai Jiaoda Withub Information Industrial Company Limited (the "Company", together with its subsidiaries, collectively the "Group") to the shareholders of the Company (the "Shareholders"). Time has passed very fast and it is time to review our progress and I believe the Shareholders will expect more achievement from the Company and I shall represent the board of directors (the "Board" or the "Directors") of the Company to present the Company's development of this year.

The year of 2007 has been a year of tremendous achievement for China in almost every key sector. The stock market which epitome the bullishness of the economy with record trading volume unseen in the past. The property market in major cities like Shanghai has escalated to the all time high. It is a year of great achievement for the economy in China. The GDP has continued its growth momentum relentlessly in this year and achieved yet another sparkling performance of 11.5%.

Based on this drastic change in the strength of the economy over the last few years, I personally believe that the economy and social landscape of our country has transformed from a conservative, small and thriving domestic market to a more vibrant and dynamic domestic consumer market. As a result, this will create huge domestic demand for various types of goods and this should be a good news for many business operators and investors like us.

In 2007, the Company has continued its focus in its traditional four main core businesses 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.

Our company was able to maintain a balanced profile of products and services in the information technology so as to act as a one stop information technology provider to customers and also to deliver the excellent services to the market.

In this challenging year, we managed to maintain our sales volume and were able to cut down loss on the associate companies as well as cutting down the administrative expenses. This was the reason why we were able to turn around the Company by almost reaching breakeven this year. This is an important turning point for the Company as we had recorded losses consecutively in the previous financial years.

I would like to attribute this success to the management team which has practiced financial prudence in their operation spending and sticking to the tight budgetary control. I would like to point out that the management of the Company were also able to fence off tough competition in the market in order to maintain its market share and also the customer loyalty.

We very much emphasize on the customer services to the client. Our company would like to provide value for money services to the customers in order to have the repeated orders and also referral businesses from our existing clients. We believe this is the foundation of creating lasting businesses for our company. As a result, we give priority to our sales and marketing team so as to provide them with good marketing training and also up-to-date product knowledge and skills.

We believe the management of the Company will be able to steer the company in making its first profit in 2008 after careful planning and have shown dedication and commitment to achieve the targeted goals. The Company will also look for more business opportunities in both the upstream and downstream of the information technology businesses.

We also expect the year of 2008 to be another bullish year as our country is hosting the prestige Olympic Games in Beijing. It is a year for many tourists to visit our nation and we also believe this is driving up the tourism sector like hotel and food business and the retails market. We will try to look for information technology opportunities in this area.

Finally, I would like to stress that we optimistically predict that we shall be able to make a reasonable profit in 2008 based on our devoted management team and also the right direction engineered by the senior management, together with the valuable inputs and advices from the members of the Board. At last, I would like to express my gratitude to the members of the Board for trusting me to lead the Company for another exciting and challenging year.

By Order of the Board

Yuan Tingliang
Chairman

Shanghai, 28 March 2008

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.

Management Discussion and Analysis

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).

Biographical Details of Directors, Supervisors and Senior Management

DIRECTORS

The Company has seven executive Directors, and four independent non-executive Directors. Their details are set out below:

Executive Directors

Mr. Yuan Tingliang (袁廷亮), aged 61, holds a Bachelor degree and is a Senior Engineer. Mr. Yuan joined the Company in May 1998 when it was incorporated and is the Chairman of the Company and responsible for the direction and positioning of the overall business operations. Since 1982, Mr. Yuan has acted in various positions at Shanghai Jiao Tong University, including the 精密儀器系副系主任 (Assistant Supervisor of the Department of Precision Instrument) and the 電子信息學院副院長 (Assistant Dean of the College of Electronic Information). Mr. Yuan has also been actively involved in the research and development in the technology field. Mr. Yuan is a board representative of Shanghai Jiaoda Industrial Investment Management (Group) Limited which is a substantial shareholder of the Company.

Mr. Cheng Min (程敏), aged 57, holds a Bachelor degree and is a Senior Economist. Mr. Cheng joined the Company since its incorporation in May 1998 and is the Vice Chairman and responsible for the overall business planning of the Group. Since 1984, Mr. Cheng has acted as the 上海徐匯集體事業管理局副局長 (Deputy Director of Shanghai Xuhui Collective Business Management Office), 黨委書記 (General Manager and Party Secretary) of 上海徐匯區工業總公司 (Shanghai Xuhui District Industrial Company) and Chairman and Party Secretary of Shanghai Xin Xuhui (Group) Limited. Mr. Cheng is also the Chairman of 上海香海化妝品銷售有限公司 (Shanghai Xiang Hai Cosmetics Limited) and 上海匯星電腦網絡工程有限公司 (Shanghai Hui Xing Computer Network Engineering Limited), Vice Chairman of 上海復旦綠源泉生物醫藥科技有限公司 (Shanghai Futan Green Spring Bio-Pharmaceutical Technology Limited) and a director of 上海草津電機有限公司 (Shanghai Cao Jin Electrics Limited) and 上海交大科技園有限公司 (Shanghai Jiaoda Science and Technology Park Limited) which is a substantial shareholder of the Company. Mr. Cheng is a board representative for Shanghai Xin Xuhui (Group) Limited which is a substantial shareholder of the Company.

Mr. Mo Zhenxi (莫振喜), aged 53, joined the Company since April 1998 and is the Vice Chairman and responsible for the supervision of the Company's operation and financial activities. Since 1979, he had held several positions including deputy-secretary in上海汽車配件廠配覺支部 (Shanghai Motor Parts Distribution Department), 紀檢員 (a prosecutor) in上海市紀委正科 (Shanghai Disciplinary Correction Section) and a department head in Shanghai Technology Investment Company and General Manager and Chief Officer of Shanghai Technology Investment Company.

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. Wang Yiming (王亦鳴), aged 40, holds a bachelor degree in electronic and a master degree in business administration from Shanghai Jiao Tong University. He has taught in Shanghai Jiao Tong University since 1989. Prior to the appointment as executive director of the Company in September 2004, Mr. Wang was the chief executive officer and an initial management shareholder of the Company and involved in the establishment of the Company in 1998 and has worked for the Company since then. He possesses knowledge and experience in the development and management of network security, electronic communications and modernisation of information infrastructure of government agencies. Mr. Wang is the vice chairman of Shanghai Jiaoda Withub Software Company Limited and Shanghai Withub Duogao Information Construction Company Limited, and executive director of Shanghai Jiaoda Withub Technology Street Company Limited. Mr. Wang is responsible for the planning and implementation of overall business operations as well as determining the positioning and direction for technological research and development.

Mr. Li Wei (李瑋), aged 31, graduated from Department of Management Science and Engineering of the School of Management of Shanghai Jiao Tong University in 2003 with a Doctoral degree in Management. During his study, Mr. Li conducted research mainly in the field of finance, insurance and social security, and involved in various research projects on National Natural Science Foundation of China and corporate trust. He has also published over ten thesis in industry publications. He worked at the State-owned Assets Administration Office of Shanghai Xuhui District and was responsible for strategic development and planning, and formulating researches and proposals for regional state-owned assets and enterprises reform. He has acted as the deputy manager of the investment division of 上海徐匯國有資產投資經營有限公司 since July 2004, in which he was responsible for corporate investment, hi-tech projects investment and capital management.

Mr. Lu Yaohui (陸耀輝), aged 37, graduated from 制造工藝與設備專業 of Department of Mechanical Engineering of Shanghai Jiao Tong University and obtained a Bachelor degree in Industrial Engineering in 1992. Mr. Lu also graduated from Department of Engineering Management (majored in enterprise management) of School of Management of Shanghai Jiao Tong University in 2003 with a Master degree in Management. He was a tutor and lecturer of 機制造基礎教研室 of Department of Mechanical Engineering and Deputy Chief Secretary and 團委書記 (Secretary) for 學生工作指導委員會 (Steering Committee of Student Affairs) of Shanghai Jiao Tong University. He is the Executive Vice President and Deputy Secretary of 上海交大產業集團 (Shanghai Jiaoda Industrial Group), Managing Director of 上海交大海科(集團)有限公司 and a director of National Technology Transfer Centre and Shanghai Jiaoda Science and Technology Park Limited which is a substantial shareholder of the Company.

Mr. Qian Zhenying (錢振英), aged 64, graduated from 上海工業院 in 1968. He obtained a Master degree and a Doctoral degree in Automatic Control from Shanghai Jiao Tong University in 1981 and 1985 respectively. He also acted as tutor during his study for the doctoral degree. Mr. Qian worked at the oxygen generating plant of Wusong Chemical Factory and 貴州五嶺化工廠 and has over 10 years of experience in related technological research. He is the officer of Shanghai Withub High Technology Industrial Centre and the general manager of Shanghai Jiaoda Science and Technology Park Limited which is a substantial shareholder of the Company.

Biographical Details of Directors, Supervisors and Senior Management

DIRECTORS (Continued)

Independent Non-executive Directors

Professor Shao Shihuang (邵世煌), aged 69, is a professor as well as mentor for doctorate students (博士生導師) in Donghua University (東華大學). Professor Shao graduated from Nanjing Polytechnic Institute (presently known as Southeast University) (南京工學院現稱東南大學) in 1960 specialised in industrial electrical automation (工業企電氣自動化專業) and was a visiting scholar in the University of Maryland in the United States. Professor Shao is the 副理事長 (vice chairman) of 中國紡織工程學會 (Textile Engineer Society of the PRC) and 上海市微電腦應用學會 (Society of Micro-Computer Application of Shanghai). He has been awarded the 國家科技進步二等獎 (National Technology Advancement Second Tier Award), two 上海市教學改革二等獎 (Shanghai Municipal Education Reform Second Tier Award), 上海市科技進步三等獎 (Shanghai Municipal Technology Advancement Third Tier Award) and was accredited as 全國高等學校科技先進工作者 (National Tertiary Schools' Pioneer). Professor Shao was appointed as an independent non-executive Director by the Company in September 2001.

Professor Gu Junzhong (顧君忠), aged 58, holds a Master degree and is a supervisor of 多媒體技術研究室 (the Multimedia Information Technology Research Centre) of 華東師範大學 (East China Normal University) 計算機科學技術系 (Department of Computer Science and Technology) and 第三屆上海市信息化專家委員 (Member of the third IT Advisor Committee of Shanghai Municipal Government). Professor Gu started teaching at 華東師範大學 (East China Normal University) since 1982 and became a professor since 1991 and a mentor for doctorate students since 1994. Professor Gu also acted several times as the guest researcher at the National Information Technology Research Centre (GMD) in Germany during the period from 1987 to 1997. He has published numerous thesis in publications and conferences both in the PRC and overseas, and has obtained various awards and recognitions in the PRC. Professor Gu was appointed as an independent non-executive Director by the Company in December 2001.

Mr. Hu Shao-ming, Herman (胡曉明), *JP, BSc, FCIBSE, FHKIE, MBIM, MIEEE, CEng.*, aged 54, is the Chairman of Ryoden Development Limited. In addition to Mr. Hu's extensive business experience in Hong Kong and Mainland China, he also serves a number of prominent duties, including standing committee member of Chinese People's Political Consultative Conference, Shanghai; member of Hong Kong Sports Commission, Chairman of Major Sports Events Committee and Director of Hong Kong Sports Institute. Mr. Hu is also a concurrent professor of Xian Jiaotong University and East China University of Science & Technology. Mr. Hu was appointed as an independent non-executive Director by the Company in December 2001.

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr. Yuan Shumin (袁樹民), aged 57, graduated from School of Accounting of Shanghai University of Finance and Economics in January 1983 with a bachelor degree in Economics, and taught there after graduation. In January 1985, he attended the part-time Postgraduate program in School of Accounting of Shanghai University of Finance and Economics, and graduated in June 1988 with a master degree in Economics. Mr. Yuan became associate professor in 1992, and promoted as professor in 1977. Since 1993, he has been supervisor of teaching department, assistant supervisor and assistant dean of School of Accounting, standing assistant dean and dean of School of Adult Education (成教學院) of Shanghai University of Finance and Economics. He Studied in a part-time doctorate program of Management at School of Management of Fudan University from January 1995, and graduated in January 1998 with a doctorate degree in Science. In July 2001, he was appointed as tutor of accounting doctorate program in Shanghai University of Finance and Economics. He has served in School of Accounting in Shanghai Finance University since September 2005, and is currently worked as supervisor of School of Accounting. Mr. Yuan has written various thesis, studies, teaching material, and served as Chairman of Computerized Accountancy Association for Youth (青年會計電算化分會) of PRC Accounting Association (中國會計學會). Mr. Yuan was appointed as an independent non-executive Director by the Company in June 2007.

SUPERVISORS

Mr. Zhang Gongda (張功達), aged 49, is the chairman of the Company's supervisory committee and responsible for the supervision of the overall business and financial activities of the Company. Mr. Zhang holds a Bachelor degree and is a senior economist and an accountant. Mr. Zhang has over 30 years of experience in financial budgeting and investment management. He was the 科長 (Section Chief) of 崇明縣財政局綜合預算科 (Consolidated Budgetary Section of Xuemin County Finance Office), the manager of 崇明營業部 (Operation Division (Chong Ming)) of Shanghai Finance Securities Co., 科長 (Section Chief) of 徐匯區財政局綜合計劃預算科 (Consolidated Planning and Budgetary of Xuhui District Finance Office) and 徐匯區財政局局長助理 (Assistant to Secretary of Xuhui District Finance Office). Mr. Zhang is 常務副總經理 (Executive Deputy General Manager) of 徐匯區國有資產投資經營有限公司 and deputy officer of State-owned Assets Administration Office of Xuhui District. Mr. Zhang was appointed by the Company in July 2005.

Mr. Yao Benqiang (姚本強), aged 55, is a supervisor of the Company and responsible for the supervision of the Company's financial activities. Mr. Yao has over 23 years of experience in financial accounting and auditing. Mr. Yao joined Shanghai Xin Xuhui in 1995 and became the financial controller in 1998. He was awarded 上海市財務總監業務培訓班證書 (the Certificate of Continuing Education of Shanghai Chief Financial Officer) and is the 徐匯區內部審計協會副理事長 (Vice chief counsel of Xuhui District Internal Audit Committee), 區會計學會理事 (council member of District Accountancy Committee) and 市成本研究會會員 (member of the City Costing Research Committee). Mr. Yao was appointed by the Company in December 2001.

Biographical Details of Directors, Supervisors and Senior Management

SUPERVISORS (Continued)

Mr. Yu Jiming (俞紀明), aged 49, is a supervisor of the Company and responsible for the supervision of the Company's operation and financial activities. Mr. Yu graduated with Bachelor degree in University of Science and Technology Beijing and is a Senior Accountant and a registered accountant. Mr. Yu held various positions in 上海浦東鋼鐵公司 including 財務處成本科管理員、組長及科長 (Administrator, Supervisor and Section Chief of Cost Section of Finance Department), 財務處副處長 (Deputy Head of Finance Department) and 對外經濟貿易處處長 (Head of Foreign Economic and Trade Department) and 副總會計師 (Deputy Chief Accountant). He was also the General Manager of 三綱國際貿易公司. Since 1999, Mr. Yu has acted as the Manager of Finance Division of Shanghai Science & Technology Investment Corporation, a director and Chief Finance Officer of 上海眾恒信息產業有限公司，監事長 (Head of Supervisors) of 上海燃料動力汽車有限公司 and a supervisor of 上海格爾軟件股份有限公司, Shanghai ShenTeng Information Technology Co., Ltd. and 上海科技同濟信息技術有限公司 (Shanghai Technology Tong Ji Information Company). Mr. Yu was appointed by the Company in July 2005.

Mr. Wang Yonghua (王永華), aged 63, is a supervisor of the Company and responsible for the supervision of the company's operation and financial activities. Mr. Wang graduated from the Department of Science and Social Engineering of Shanghai Jiao Tong University with a Bachelor degree and is a research associate. Mr. Wang has acted as both the 紀委書記 (Secretary of the Discipline Inspection Committee) of Shanghai Jiao Tong University and the 黨委書記 (Party Secretary) of Shanghai Jiaoda Industrial Group. At present, Mr. Wang is the chairman of Shanghai Jiaoda Industrial Group Supervisory Committee, 監事長 (Head of Supervisors) of 上海交大南洋股份有限公司 (Shanghai Jiao Da Nan Yang Co., Ltd), 監事長 (Head of Supervisors) of 上海交大昂立科技有限公司, a supervisor of 上海交大創業投資有限公司, and a supervisor of 上海住宅科技投資發展有限公司. Mr. Wang was appointed by the Company in June 2007.

Ms. Qin Yan (秦燕), aged 33, is the representative of the employees and is a supervisor of the Company. Ms. Qin is the manager of the integration department of the Company responsible for network integration design and wiring design. She graduated with Bachelor degree in 上海華東理工大學 (East China University of Science & Technology) specialized in complex machinery and subsequently obtained a master degree specialised in measurement techniques and instruments. Ms. Qin was appointed by the Company in September 2000.

SENIOR MANAGEMENT

Ms. Cao Zhen (曹蓁), aged 38, graduated from Shanghai Jiao Tong University. Ms. Cao is the vice president of the Company and the general manager of the integration business, in charge of the system integration business. Ms. Cao had worked in various positions including 上海交大科外系語言所 (Shanghai Jiaoda Ke Wai System Language Centre) as an engineer, 上海天明科技有限公司 as a manager, 上海瀚英實業發展有限公司 (Shanghai Han Ying Industrial Development Company Limited) as a manager, the general manager of Network Integration Centre（網絡集成中心）of the Company and being a chief project officer of the Company. Ms. Cao was appointed by the Company in May 2005.

Mr. Zhang Yuanyuan (張元元), aged 35, graduated from Shanghai Jiao Tong University with an MBA. Mr. Zhang is the vice president of the Company, in charge of the business management, human resources management, investment management of subsidiaries, qualification certification management, etc. Mr. Zhang had worked in various positions including Royton Technologies Co. Ltd. as a chief investment officer, 上海三九藥店有限責任公司 (Shanghai San Jiu Yao Dian Company Limited) as a managing director, 江蘇三九醫藥零售有限公司 (Jiangsu San Jiu Yi Yao Retail Company Limited) as a president, 杭州三九醫藥零售有限公司 (Hangzhou San Jiu Yi Yao Retail Company Limited) as a director, 上海三九醫藥有限公司 as a director, 上海價美醫藥零售連鎖有限公司 (Shanghai Jia Mei Yi Yao Retail Chain Company Limited) as a director. Mr. Zhang Yuanyuan was appointed by the Company in May 2005.

Mr. Chong Cha Hwa (張家華), aged 42, is the company secretary and the qualified accountant of the Company. Mr. Chong is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Certified Public Accountants, Malaysia. He has obtained a bachelor degree major in finance and minor in computer from the University of Science, Malaysia. Prior to joining the Company, Mr. Chong has gained more than 16 years of experience in the accounting and finance area servicing private and public listed companies in Hong Kong and the South Asia region. He was appointed by the Group in March 2005.

Report of the Directors

The Board of Directors is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2007.

Principal Activities

The Group is principally engaged in the development and provision of business application solutions which include business solutions, application software, network and data security products and is also engaged in the sales and distribution of computers and electrical products.

Major Customers and Suppliers

During the year under review, the Group's sales to the five largest customers accounted for 19.9% of the Group's turnover for the year, of which the largest customer accounted for 4.4% of the Group's turnover for the year.

Purchases from major suppliers accounted for the following percentages:

The largest supplier:	31.7%
Total percentage of the five largest suppliers:	68.9%

Save as disclosed above, as far as the Directors are aware, neither the Directors or their associates nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued capital) and management shareholders had any material interest in the five largest customers and five largest suppliers.

Results

The Group's results and financial position for the year ended 31 December 2007 are set out in the annual report on pages 33 to 77.

Dividends

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2007.

Financial Summary

A summary of the results and assets and liabilities of the Group for each of the five years ended 31 December 2007 is set out on page 78 of the annual report.

Plant and Equipment

Details of the movements in the plant and equipment of the Group and of the Company during the year are set out in note 12 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 23 to the financial statements.

Share Option Scheme

The Company conditionally adopted a Share Option Scheme by a resolution of all shareholders of the Company on 7 July 2002. The Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

The maximum number of H shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30 per cent. of the H shares in issue from time to time. The total number of H shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 13,200,000 H shares, being 10 per cent. of issued H shares. The total number of H shares issued and which may fall to be issued upon exercise of the options granted or to be granted under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-month period up to the date of grant shall not exceed one per cent. of the H shares in issue for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders and the shareholders' approval in general meeting of the Company with such grantee and his associates abstaining from voting.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. No eligible participants who are PRC nationals and have taken up any options to subscribe for H shares shall be entitled to exercise any such options until the current restrictions imposed by the relevant PRC laws and regulations restricting PRC nationals from subscribing for and dealing in H shares or any laws or regulations with similar effects (the "H Shares Restrictions") have been abolished or removed. Options may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of offer for the grant of the option subject to the provisions for early termination thereof. The subscription price for H shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (aa) the closing price of the H shares on GEM as stated in the Stock Exchange's daily quotations on the date of the offer of grant, which must be a business day; (bb) the average closing price of the H shares on GEM as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (cc) the nominal value of the H shares.

During the period from 1 January 2007 to 31 December 2007, none of the Directors or supervisors was granted options to subscribe for H shares of the Company. As at 31 December 2007, none of the Directors or the supervisors had any rights to acquire H shares in the Company.

Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out in note 31 to the financial statements.

Retirement Benefits

Details of the retirement benefit scheme of the Group are set out in note 25 to the financial statements.

Report of the Directors

Directors and Supervisors

The directors and supervisors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Yuan Tingliang（袁廷亮）
Mr. Cheng Min（程敏）
Mr. Mo Zhenxi（莫振喜）
Mr. Wang Yiming（王亦鳴）
Mr. Li Wei（李瑋）
Mr. Lu Yaohui（陸耀輝）
Mr. Qian Zhenying（錢振英）

Independent Non-executive Directors

Professor Shao Shihuang（邵世煌）
Professor Gu Junzhong（顧君忠）
Mr. Hu Shao-ming, Herman（胡曉明）
Mr. Yuan Shumin（袁樹民）

Supervisors (the "Supervisor", members of the supervisory committee of the Company)

Mr. Zhang Gongda（張功達）
Mr. Yao Benqiang（姚本強）
Mr. Yu Jiming（俞紀明）
Mr. Wang Yonghua（王永華）
Ms. Qin Yan（秦燕）

According to the provisions of the Articles of Association of the Company, the terms of service of all the Directors and the Supervisors are three years. All Directors and the Supervisors (except the representative of the employees) are subject to re-election at a general meeting upon the expiration of their terms of service.

Directors' and Supervisors' Service Contracts

The Company did not enter into any service contract with its executive Directors and independent non-executive Directors and each of the executive Directors, independent non-executive Directors and Supervisors, except Mr. Wang Yiming ("Mr. Wang") disclosed below.

Pursuant to the articles of association of the Company, Mr. Wang is appointed as an executive Director for a term of three years commencing from 30 September 2007. Mr. Wang will not receive any remuneration as an executive Director. However, Mr. Wang has entered into a service contract with the Company for the position of chief executive officer of the Company and he is entitled to an annual salary and a discretionary bonus determined by reference to the overall performance of the Group.

Directors', Supervisors' and Senior Executives' Emoluments

Details of the Directors', Supervisors' and senior executives' emoluments and the highest paid individuals are set out in note 7 to the financial statements.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 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) or 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 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 shares 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 31 December 2007, none of the Directors, Supervisors or 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 issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Substantial Shareholders' and Other Persons' Interests and Short Position in Shares and Underlying Shares in the Company

A. Substantial shareholders

As at 31 December 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 executive of the Company) had an interest or a short position in the Shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO and were directly or indirectly interested in 10 per cent or more of the Shares:

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 as to 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 Division 2 and 3 of Part XV of the SFO

As at 31 December 2007, save for 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 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 31 December 2007, the Directors are not aware of any other person (other than the Directors 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.

Directors' Interests in Contracts

No contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Related Party Transactions

Details of related party transactions are set out in note 29 to the financial statements.

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, Prof. Gu Junzhong, Prof. Shao Shihuang 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.

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.

Board Practices and Procedures

Throughout the year ended 31 December 2007, the Company was in compliance with the Board Practices Procedures as set out in Rule 5.34 of the GEM Listing Rules.

Auditors

SHINEWING (HK) CPA Limited were appointed as auditors of the Group in succession to Messrs. BDO MaCabe Lo Limited who resigned from the office on 20 December 2006. Prior to that, Messrs. BDO MaCabe Lo Limited had been the auditors of the Group for three years.

SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment as auditors of the Group at the forthcoming annual general meeting of the Company.

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Yuan Tingliang
Chairman

Shanghai, the PRC, 28 March 2008

Report of the Supervisory Committee

To: All Shareholders

Shanghai Jiaoda Withub Information Industrial Company Limited has complied with the Company Law of the PRC during the year ended 31 December 2007, requirements of the relevant laws and regulations of Hong Kong and the Articles of Association of the Company, exercised conscientiously its authority, safeguarded the interests of the shareholders and the Company, followed the principles of honesty and trustworthiness and worked cautiously and diligently.

During the year we carefully reviewed the use of the proceeds raised in strict compliance with the plan of use of proceeds disclosed in the prospectus of the Company dated 25 July 2002 for the listing of the Company's H shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. We provided reasonable suggestions and advice on the operations and development plans to the Board and strictly and effectively monitored whether the policies and decisions made had conformed with the state laws and regulations and the Articles of Association of the Company or safeguarded the interests of shareholders.

After investigation, we consider that the financial statements of the Group and of the Company, audited by ShineWing (HK) CPA Limited, truly and sufficiently reflect the operating results of the Group and asset positions of the Group and of the Company. We also reviewed the Report of the Directors and profit distribution proposal. We consider that the aforesaid report and proposal meet the requirements of the relevant regulations and articles of the Company. We have attended the meeting of the Board. We consider that the members of the Board, the general manager and other officers have strictly complied with the principles of honesty and trustworthiness, worked diligently and sincerely acted in the best interests of the Group. None of the Directors, general manager and the officers have abused their authorities, caused damage to the interests of the Group and infringed upon the interests of the Group and its staff, nor have they violated any laws, regulations or the Company's Articles of Association.

We are satisfied with the various tasks achieved as well as the cost-effectiveness gained in 2007 and are confident about the prospects and future development of the Group.

On behalf of the Supervisory Committee

Zhang Gongda
Chairman of the Supervisory Committee

Shanghai, the PRC, 28 March 2008

The Group has complied with most of the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules ("CG Code") other than the deviations as disclosed in this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the Stock Exchange's required standard of dealings. The Company had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the Stock Exchange's required standard of dealings and its code of conduct securities transactions by the Directors.

BOARD OF DIRECTORS

The Board comprises eleven Directors, of whom seven are executive Directors and four are independent non-executive Directors. Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the pages 10 to 15 of the Annual Report. The participation of independent non-executive Directors in the Board brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Company did not enter into any service contract with its executive Directors and independent non-executive Directors except for Mr. Wang Yiming's chief executive officer service contract, which has been discussed in the aforesaid Directors' and Supervisors' Service Contracts' section. However, according to article 96 of the articles of association of the Company, the terms of the Directors shall be three years. Upon the expiry of the term, the Directors shall be eligible for re-election at the shareholders' general meeting of the Company. Therefore, the terms of Mr. Yuan Tingliang, Mr. Cheng Min, Mr. Mo Zhenxi, Mr. Li Wei, Mr. Lu Yaohui, Mr. Qian Zhenying, all are executive Directors and Professor Shao Shihuang, Professor Gu Junzhong and Mr. Herman Shao-ming Hu, all are independent non-executive Directors, are commencing from 7 July 2005 to 7 July 2008. Mr. Wang Yiming, executive Director and Mr. Yuan Shumin, independent non-executive Director, are commencing from 30 September 2007 to 30 September 2010 and 22 June 2007 to 22 June 2010 respectively.

The Board considers that all of the independent non-executive Directors are independent as to the Company has received from each of them the annual confirmation of independence required by the GEM Listing Rules.

The board of directors of the Company comprises:

Executive Directors

Mr. Yuan Tingliang
Mr. Cheng Min
Mr. Mo Zhenxi
Mr. Wang Yiming
Mr. Li Wei
Mr. Lu Yaohui
Mr. Qian Zhenying

Independent Non-executive Directors

Professor Shao Shihuang
Professor Gu Junzhong
Mr. Hu Shao-ming, Herman
Mr. Yuan Shumin

The Board is responsible for the leadership and control of the Company and also approve business plans, evaluate the performance of the Group and oversight of management. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to Management, it has given clear directions as to the powers of Management, in particular, with respect to the circumstances where Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board held a board meeting for each quarter during the year ended 31 December 2007. Details of the attendance of the Board are as follows:

	Attendance
Executive Directors	
Mr. Yuan Tingliang	4/4
Mr. Cheng Min	4/4
Mr. Mo Zhenxi	4/4
Mr. Wang Yiming	4/4
Mr. Li Wei	4/4
Mr. Lu Yaohui	4/4
Mr. Qian Zhenying	4/4
Independent Non-executive Directors	
Professor Shao Shihuang	4/4
Professor Gu Junzhong	4/4
Mr. Hu Shao-ming, Herman	0/4
Mr. Yuan Shumin	2/4

Apart from the above regular board meetings of the year, the board of Directors will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision and minutes of committee meetings in advance of each board meeting.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

In order to maintain the transparency and independence of the corporate governance, the Chairman of the Company is Mr. Yuan Tingliang, the Vice-chairmen of the Company are Mr. Cheng Min and Mr. Mo Zhenxi and the Chief Executive Officer of the Company is Mr. Wang Yiming. The roles of the Chairman, Vice-Chairman and the Chief Executive Officer are segregated and assumed by those separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board, the Vice-chairmen are responsible for the overall business planning of the Group, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman, Vice-chairmen and the Chief Executive Officer have been clearly established and set out in writing.

REMUNERATION COMMITTEE

The remuneration committee was established on 7 July 2005 and comprising three independent non-executive Directors, namely Professor Gu Junzhong (the Chairman of the Committee), Professor Shao Shihuang and Mr. Yuan Shumin.

The role and function of the remuneration committee included the determination of the remuneration package of all directors and senior management of the Company. The principal elements of the remuneration package may include basic salary, discretionary bonus and share option. The determined guidelines are based on their skill, knowledge and involvement in the Company's affairs and which are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The remuneration committee consults the Chairman and Chief Executive Officer about its proposals related to the remuneration of the directors and senior management of the Company. The remuneration committee met twice during the year. The following was an attendance record of the remuneration committee meeting for the year ended 31 December 2007:

Name of Members	**Attendance**
Professor Gu Junzhong *(Chairman)*	1/1
Professor Shao Shihuang	1/1
Mr. Yuan Shumin	1/1

However, the Company has not disclosed the terms of reference of remuneration committee by including such information on the Company website. The Company will take appropriate actions to comply with the CG Code.

AUDITORS' REMUNERATION

An amount of approximately HK$330,000 was charged to the Group's consolidated income statement for the year ended 31 December 2007 for the auditing services provided by SHINEWING (Hong Kong) CPA Limited ("SHINEWING"), the existing auditors of the Company. There is no significant non-audit service assignment provided by SHINEWING during the year.

AUDIT COMMITTEE

The audit committee was established on 7 July 2002 with written terms of reference. 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.

The audit committee comprises three independent non-executive Directors, Professor Gu Junzhong (the Chairman of the Committee), Professor Shao Shihuang and Mr. Yuan Shumin.

The audit committee held four formal meetings during the year ended 31 December 2007. Details of the attendance of the audit committee meetings are as follows:

Name of Members	**Attendance**
Professor Gu Junzhong *(Chairman)*	4/4
Professor Shao Shihuang	4/4
Mr. Yuan Shumin	2/4

The Group's unaudited quarterly and interim results and audited annual results during the year ended 31 December 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

However, the Company has not disclosed the terms of reference of audit committee by including such information on the Company website. The Company will take appropriate actions to comply with the CG Code.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

Annual Report and Financial Statements

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the quarterly and annual financial statements, and announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group position and prospects.

Accounting Period

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance and the applicable accounting standards.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, is appropriate to adopt the going concern basis in preparing the financial statements.

Internal Controls

Internal control system, being an integral part of the Group's operations, is a process effected by the Board and management team to provide reasonable assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Group assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible to ensure that the Company maintains a sound and effective internal controls and risk management procedures in the Group and for reviewing its effectiveness through the Audit Committee on an on-going basis. The Board is responsible to ensure management's implementation of the Group's internal controls covering financial, operational and compliance aspects, as well as risk management procedures. Through the Audit Committee, the Board has regularly reviewed the effectiveness of risk management and internal control activities within the Group's business operations.

Independent Auditor's Report

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF
SHANGHAI JIAODA WITHUB INFORMATION INDUSTRIAL COMPANY LIMITED
上海交大慧谷信息產業股份有限公司
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Shanghai Jiaoda Withub Information Industrial Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 77, which comprise the consolidated balance sheet as at 31st December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the basis for qualified opinion paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

(a) Included in the consolidated balance sheet as at 31st 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 balance 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 31st December 2007.

(b) Included in the other payables and accrued expenses in the consolidated balance sheet as at 31st 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 31st 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lo Wa Kei
Practicing Certificate Number: P03427

Hong Kong
28th March 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
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	*8*	**–**	290
Loss for the year	*9*	**(801)**	(16,288)
Loss per share (in RMB)	*11*		
– Basic		**(0.0017)**	(0.0339)

Consolidated Balance Sheet

As at 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment	*12*	**1,025**	1,752
Interests in associates	*13*	**26,318**	25,781
intangible asset	*14*	**3,150**	3,450
Available-for-sale investments	*15*	**2,416**	2,416
		32,909	33,399
Current assets			
Inventories	*16*	**10,098**	8,663
Trade receivables	*17*	**14,114**	14,270
Deposits, prepayments and other receivables	*18*	**26,765**	32,969
Amounts due from related parties	*28*	**2,349**	1,579
Amounts due from associates	*28*	**500**	1,007
Bank balances and cash	*19*	**40,839**	43,811
		94,665	102,299
Current liabilities			
Trade payables	*20*	**6,528**	10,796
Other payables and accrued expenses	*21*	**26,630**	29,720
Amount due to an associate	*28*	**–**	406
		33,158	40,922
Net current assets		**61,507**	61,377
Total net assets		**94,416**	94,776
Capital and reserves			
Share capital	*23*	**48,000**	48,000
Reserves	*30*	**46,416**	46,776
Total equity		**94,416**	94,776

The consolidated financial statements on pages 33 to 77 were approved and authorised for issue by the Board of Directors on 28 March 2008 and are signed on its behalf by:

Yuan Tingliang
Director

Wang Yiming
Director

Consolidated Statement Of Changes in Equity

For the year ended 31 December 2007

	Share capital RMB'000	Share premium RMB'000	Capital reserve (Note 31(a)) RMB'000	Statutory reserves (Note 31(b)) RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
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**

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	2007 RMB'000	2006 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(801)**	(16,578)
Adjustments for:		
Depreciation of property, plant and equipment	**704**	848
Interest income	**(566)**	(439)
Loss (gain) on disposal of property, plant and equipment	**55**	(39)
Impairment loss recognised in respect of goodwill of an associate	**–**	2,624
Amortisation of other intangible asset	**300**	300
Dividends from available-for-sale investments	**(45)**	(150)
Impairment loss recognised in respect of trade receivables	**409**	282
Allowance for inventories	**–**	570
Share of results of associates	**(537)**	11,520
Operating cash flows before movements in working capital	**(481)**	(1,062)
(Increase) decrease in inventories	**(1,435)**	229
(Increase) decrease in trade receivables	**(253)**	6,678
Decrease in deposits, prepayments and other receivables	**6,204**	1,172
Increase in amounts due from related parties	**(770)**	(100)
Decrease in amounts due from associates	**507**	18
Decrease in trade payables	**(4,268)**	(1,115)
Decrease in other payables and accrued expenses	**(3,090)**	(5,025)
Decrease in amount due to an associate	**(406)**	(426)
Cash (used in) generated from operations	**(3,992)**	369
Income taxes paid	**–**	(450)
NET CASH USED IN OPERATING ACTIVITIES	**(3,992)**	(81)
INVESTING ACTIVITIES		
Interest received	**566**	439
Dividends received from available-for-sale investments	**45**	150
Purchases of property, plant and equipment	**(32)**	(361)
Dividends received from associates	**–**	596
Payment for acquisition of available-for-sale investments	**–**	(500)
Proceeds on disposal of property, plant and equipment	**–**	58
NET CASH FROM INVESTING ACTIVITIES	**579**	382

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	2007 **RMB'000**	2006 RMB'000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,413)**	301
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**43,811**	43,311
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	**441**	199
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**40,839**	43,811

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. Particulars of the Company's subsidiaries are set out in Note 30.

2. 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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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 1st 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate over the costs of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

(c) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Impairment losses on tangible and intangible assets other than goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

When the outcome of provision of business solutions development and application software can be estimated reliably, revenue and costs are recognised according to the stage of completion of contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs except where this would not be representative of the stage of completion. The stage of completion is determined by reference to the value of works performed. Provisions are made for any foreseeable losses when they are identified and recognised immediately as an expense in the consolidated income statement. When the outcome of provision of business solutions development and application software cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that would probably be recoverable or to the extent of the value of works certified by the customers. Contract costs are recognised as expenses in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition (Continued)

When it is probable that total contract costs will exceed total contract revenue. The expected loss is recognised as an expense immediately.

Sales of goods are recognised when goods are delivered and title has passed.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Tuition fee income is recognised when the related services are rendered.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Retirement benefit costs

Payments to the state-managed retirement benefit scheme are charged as an expense when employees have rendered service entitling them to the contributions.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

(j) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sales assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, deposits, prepayments and other receivables, amounts due from related parties/ associates and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are designated or not classified as loans and receivables. At each balance sheet date and subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments. They are measured at cost less any identified impairment losses at each balance sheet date.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Impairment loss on financial assets (Continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments thorough the expected life of the financial liability, or, where appropriate, the shorter period.

Interest expense is recognized on an effective interest basis.

Other financial liabilities

Other financial liabilities including (trade payables, other payables and accrued expenses and amount due to an associate) are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

Derecognition (Continued)

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

4. TURNOVER

Turnover comprises:

	2007 RMB'000	2006 RMB'000
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
	100,686	122,450

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.

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

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)

5. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Balance sheet as at 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
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 31st 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)

5. SEGMENT INFORMATION (Continued)

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	2006
	RMB'000	RMB'000
Interest income	**566**	439
Dividends from available-for-sale investments	**45**	150
Government grants (Note)	**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
	1,488	1,603

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

7. DIRECTORS', SUPERVISORS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	2007	2006
	RMB'000	RMB'000
Details of directors' emoluments are as follows:		
Fees	**–**	13
Salaries and other benefits	**390**	180
Contributions to retirement benefits scheme	**–**	–
	390	193

7. DIRECTORS', SUPERVISORS AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Details of emoluments of individual independent non-executive director during the year are as follows:

	2007 **RMB'000**	2006 RMB'000
Independent non-executive directors:		
Mr. Hu Sheo-Ming, Herman		
Fees	–	13
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	13
Professor Shao Shihuang		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–
Professor Gu Junzhong		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–
Mr. Yuan Shumin		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–

7. DIRECTORS', SUPERVISORS AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Details of emoluments of individual executive director during the year are as follows:

	2007 RMB'000	2006 RMB'000
Executive directors:		
Mr. Cheng Min		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–
Mr. Mo Zhenxi		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–
Mr. Lu Yaohui		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–
Mr. Qian Zhenying		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–

7. DIRECTORS', SUPERVISORS AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Details of emoluments of individual executive director during the year are as follows:

	2007 RMB'000	2006 RMB'000
Mr. Li Wei		
Fees	–	–
Salaries and other benefits	–	–
Contributions to retirement benefits scheme	–	–
	–	–
Mr. Wang Yiming		
Fees	–	–
Salaries and other benefits	240	180
Contributions to retirement benefits scheme	–	–
	240	180
Mr. Yuan Tingliang		
Fees	–	–
Salaries and other benefits	150	–
Contributions to retirement benefits scheme	–	–
	150	–
Total	390	193

No directors' emoluments were paid in the year ended 31st December 2007 except as employees. No directors waived their emoluments for the two years ended 31st December 2007 and 31st December 2006. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any director for the two years ended 31st December 2007 and 2006.

7. DIRECTORS', SUPERVISORS AND EMPLOYEES' EMOLUMENTS

(Continued)

(b) Supervisors' emoluments

	2007 RMB'000	2006 RMB'000
Details of supervisors' emoluments are as follows:		
As supervisors	–	–
As employees		
– Salaries and other benefits	72	72
– Contributions to retirement benefits scheme	20	21
	92	93

Details of emoluments of individual supervisor during the year are as follows:

	2007 RMB'000	2006 RMB'000
Mr. Qin Yan		
As supervisors	–	–
As employees		
– Salaries and other benefits	72	72
– Contributions to retirement benefit scheme	20	21
	92	93
Mr. Zhang Gongda		
As supervisors	–	–
As employees	–	–
Mr. Yao Benqiang		
As supervisors	–	–
As employees	–	–
Mr. Yu Jiming		
As supervisors	–	–
As employees	–	–
Mr. Wang Liming		
As supervisors	–	–
As employees	–	–

No supervisors' emoluments were paid for the two years ended 31st December 2007 and 2006 except as employees. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any supervisors for the two years ended 31st December 2007 and 2006.

7. DIRECTORS', SUPERVISORS AND EMPLOYEES' EMOLUMENTS

(Continued)

(c) The highest paid individuals

During the year, the five highest paid individuals included one director (2006: one director) of the Company, whose emoluments have been set out in the directors' emolument above. The emoluments of the remaining four (2006: four) individuals were as follows:

	2007 RMB'000	2006 RMB'000
Salaries and other benefits	**987**	663
Contributions to retirement benefits scheme	**59**	55
	1,046	718

The emoluments of each of the highest paid individuals for the years ended 31st December 2007 and 2006 were within the band of nil to HK$1,000,000.

During the year, no emoluments were paid to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office.

8. INCOME TAX CREDIT

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

	2007 RMB'000	2006 RMB'000
Current tax – PRC		
– tax for the year	**–**	–
– overprovision in prior years	**–**	(774)
Deferred tax (Note 22)	**–**	484
	–	(290)

8. INCOME TAX CREDIT (Continued)

(a) The amount of income tax credit in the consolidated income statement represents: (Continued)

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 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.

(b) The income tax credit for the year can be reconciled to the loss per the consolidated income statement as follows:

	2007 **RMB'000**	2006 RMB'000
Loss before tax	**(801)**	(16,578)
Tax at the PRC domestic income tax rate of 33%	**(265)**	(5,471)
Tax effect of expenses not deductible for tax purpose	**578**	1,426
Tax effect of income not taxable for tax purpose	**(91)**	(55)
Tax effect utilization of tax losses previously not recognised	**(74)**	(340)
Tax effect on tax losses not recognised	**–**	274
Tax effect of share of results of associates	**(177)**	3,802
Tax effect on preferential tax rate	**(774)**	–
Over-provision in prior years	**–**	(774)
Others	**803**	848
Income tax credit for the year	**–**	(290)

Details of the deferred taxation are set out in Note 22.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2007 RMB'000	2006 RMB'000
Staff costs (including directors' emoluments) (Note 7(a)) comprises:		
Salaries, wages and other benefits	**5,721**	6,920
Contributions to retirement benefits scheme	**557**	739
Total staff costs	**6,278**	7,659
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

10. DIVIDENDS

No dividend was paid or proposed during the two years ended 31 December 2007 and 2006, nor has any dividend been proposed since the balance sheet date.

11. 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 HK$801,000 (2006: HK$16,288,000) 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.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2006	676	5,214	1,068	6,958
Additions	40	59	262	361
Disposals	–	(47)	(187)	(234)
At 31 December 2006 and 1 January 2007	716	5,226	1,143	7,085
Additions	–	32	–	32
Disposals	–	(1,809)	–	(1,809)
At 31 December 2007	716	3,449	1,143	5,308
ACCUMULATED DEPRECIATION				
At 1 January 2006	586	3,356	758	4,700
Charge for the year	95	630	123	848
Eliminated on disposals	–	(49)	(166)	(215)
At 31 December 2006 and 1 January 2007	681	3,937	715	5,333
Charge for the year	20	462	222	704
Eliminated on disposals	–	(1,754)	–	(1,754)
At 31 December 2007	701	2,645	937	4,283
NET CARRYING VALUES				
At 31 December 2007	15	804	206	1,025
At 31 December 2006	35	1,289	428	1,752

The above property, plant and equipment are depreciated at annual rates, on a straight-line basis, as follows:

Leasehold improvement	The shorter of the lease terms or $33\frac{1}{3}\%$
Furniture and office equipment	20% to $33\frac{1}{3}\%$
Motor vehicles	20%

13. INTERESTS IN ASSOCIATES

	2007 RMB'000	2006 RMB'000
Unlisted investments, at cost	**52,317**	52,317
Impairment loss recognised	**(2,624)**	(2,624)
Share of post-acquisition losses, net of dividends received	**(23,375)**	(23,912)
Gain on deemed acquisition of additional interest in an associate (Note)	**–**	–
	26,318	25,781

The movement of goodwill included in interests in associates is set out below:

	2007 RMB'000	2006 RMB'000
COST		
At 1 January	**2,699**	2,699
Impairment loss recognised	**(2,624)**	(2,624)
At 31 December	**75**	75

During the year ended 31 December 2006, the Group recognised an impairment loss of RMB2,624,000 in relation to goodwill arising on acquisition of a 45% interest in the issued ordinary shares of Union Genesis Limited ("UGL") as UGL and its subsidiaries (collectively referred to as the "UGL Group") have continuously incurred substantial losses which significantly impaired the net assets value of the UGL Group. The directors of the Group had significant doubt about the going concern of the UGL Group and were not certain about the probability of improvement in the profitability and solvency of the UGL Group in the foreseeable future and therefore considered that the goodwill in respect of UGL is fully impaired.

13. INTERESTS IN ASSOCIATES (Continued)

The unaudited summarised financial information in respect of the Group's associates is set out below:

	2007 RMB'000	2006 RMB'000
Total assets	**117,440**	141,210
Total liabilities	**(104,027)**	(120,867)
Net assets	**13,413**	20,343
Group's share of net assets of associates	**26,248**	25,706
Revenue	**112,345**	118,048
Loss for the year	**(6,738)**	(75,084)
Group's shares of results of associates for the year	**537**	(11,520)

The Group has discontinued recognition of its share of losses of certain associates since the Group's share of losses in those associates have exceeded its interest in those associates. The amounts of unrecognised share of those associates, extracted from the relevant unaudited summarised financial information in respect of the Group's associates, both for the year and cumulatively, are as follows:

	2007 RMB'000	2006 RMB'000
Unrecognised share of losses of associates for the year	**3,614**	19,539
Accumulated unrecognised share of losses of associates	**23,153**	19,539

13. INTERESTS IN ASSOCIATES (Continued)

As at 31 December 2007, the Group had interests in the following associates:

Name of associate	Form of business structure	Place of incorporation and operation	Class of shares held	Group's effective interest	Proportion of equity interest attributable to the Group	Proportion of equity interest attributable to an associate	Principal activities
Shanghai Withub Duogao Information Construction Company Limited	Private limited liability company (joint equity)	The PRC	Contributed capital	34.61%	34.61%	–	Design and installation of intelligent household systems
Shanghai Jiaoda Withub Technology Company Limited ("Withub Technology")	Private limited liability company (joint equity)	The PRC	Contributed capital	44.44%	44.44%	–	Development and sales of business solutions
Shanghai Ton Tron Information Technology Company Limited ("Shanghai Ton Tron")	Private limited liability company (joint equity)	The PRC	Contributed capital	43.24% (2006: 32%) (Note)	43.24% (2006: 32%)	–	Development and sales of business solutions and computer accessories
Shanghai Jiaoda Science & Technology Park Information Techology (Shangrao) Company Limited	Private limited liability company (joint equity)	The PRC	Contributed capital	40%	40%	–	Research and development of high technology products and real estate management
Shanghai Jiaoda Withub Tong Yong Technology Company Limited	Private limited liability company (joint equity)	The PRC	Contributed capital	31.11%	–	70%	Development and sales of business solutions
Union Genesis Limited	Private limited liability company (joint equity)	British Virgin Islands	Ordinary	45%	45%	–	Design, produce and sales of consumer electronics hardware and software
C-NOVA Microsystems Limited	Private limited liability company (joint equity)	Hong Kong	Ordinary	45%	–	100%	Design, produce and sales of consumer electronics hardware and software
C-NOVA Microsystems (Shanghai) Limited	Private limited liability company (joint equity)	The PRC	Ordinary	45%	–	100%	Design, produce and sales of consumer electronics hardware and software

13. INTERESTS IN ASSOCIATES (Continued)

Note:

During the year ended 31 December 2007, one of the shareholders of Shanghai Ton Tron, which contribute 26% of the issued share capital, de-invested from Shanghai Ton Tron ("Shareholder"). As a result, the issued share capital decreased from RMB10,000,000 to RMB7,400,000 and the remaining shareholders shared the equity interest in Shanghai Ton Tron according to the reduced issued share capital. Therefore, the Group's share of the equity interest in Shanghai Ton Tron was increased from 32% to 43.24%.

14. INTANGIBLE ASSET

	RMB'000
COST	
At 1 January 2006, 31 December 2006 and 2007	6,000
ACCUMULATED AMORTISATION	
At 1 January 2006	2,250
Amortisation for the year	300
At 31 December 2006 and 1 January 2007	2,550
Amortisation for the year	300
At 31 December 2007	2,850
NET CARRYING VALUE	
At 31 December 2007	3,150
At 31 December 2006	3,450

Intangible asset represents an one-off fee paid to Shanghai Jiao Tong University (上海交通大學) in exchange for the use of the name「交大慧谷」and the right to engage the Electronic Information Institute of Shanghai Jiao Tong University to provide research and development support on a cost reimbursement basis.

The total consideration paid for the above contractual rights is RMB6,000,000. The contract term is 10 years and is renewable for a further term of 10 years at the discretion of the Company.

Amortisation is charged to the consolidated income statement and grouped under administration expenses on a straight-line basis over 20 years.

15. AVAILABLE-FOR-SALE INVESTMENTS

	2007	2006
	RMB'000	RMB'000
Equity interest in PRC private limited liability companies	**2,266**	2,266
Other investments	**150**	150
	2,416	2,416

The equity interest in PRC private limited liability companies are measured at cost less any accumulated impairment losses because it does not have a quoted market price in an active market. The directors consider that the fair value cannot be measured reliably as the variability of the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

16. INVENTORIES

	2007	2006
	RMB'000	RMB'000
Raw materials	**231**	231
Work-in-progress	**3,281**	630
Merchandise for resale	**6,586**	7,802
	10,098	8,663

17. TRADE RECEIVABLES

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

17. TRADE RECEIVABLES (Continued)

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 RMB'000	2006 RMB'000
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
	14,114	14,270

The movements in provision for impairment losses of trade receivables were as follows:

	2007 RMB'000	2006 RMB'000
At 1 January	989	707
Write back of previous provision	(248)	–
Impairment loss recognised for the year	657	282
At 31 December	1,398	989

At 31 December 2006 and 2007, the analysis of trade receivables that were past due but not impaired as follows:

			Past due but not impaired			
	Total RMB'000	Neither past due nor impaired RMB'000	<90 days RMB'000	91 to 180 days RMB'000	181 to 360 days RMB'000	1 to 2 days RMB'000
31 December 2007	**14,114**	**7,615**	**1,709**	**869**	**1,134**	**2,787**
31 December 2006	14,270	9,966	991	1,367	1,681	265

Receivables that were past due but not impaired related to a number of customers which have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Included in deposits, prepavments and other receivables are advance of RMB13,150,000 (2006: RMB13,150,000) to two independent third parties which are unsecured, interests-free and repayable on demand.

19. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits of approximately RMB34,866,000 (2006: RMB35,881,000) at prevailing interest rate or at fixed interest rates ranging from 0.72% to 2.375% (2006: 1.62% to 2.38%).

The Group's bank balances that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2007	2006
United Stated Dollar	**578,660**	302,413
Japanese Yen	**545,165**	2,910,249
Hong Kong Dollar	**4,145,756**	8,282,943

20. TRADE PAYABLE

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 **RMB'000**	2006 RMB'000
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
	6,528	10,796

21. OTHER PAYABLES AND ACCRUED EXPENSES

Included in other payables and accrued expenses are advance of RMB12,000,000 (2006: RMB12,000,000) from an independent third party which are unsecured, interests-free and repayable on demand.

22. DEFERRED TAX

The components of deferred tax assets (liabilities) recognised in the Group's consolidated balance sheet and the movements during the year and prior years are as follows:

	Write down of inventories	Impairment of receivables	Other temporary differences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	321	196	(33)	484
(Charged) credited to consolidated income statement	(321)	(196)	33	(484)
At 31 December 2006 and 31 December 2007	–	–	–	–

At the balance sheet date, the Group had unexpired estimated tax losses available for off-setting future taxable profits of approximately RMB13,894,000 (2006: RMB14,118,000). Deferred tax asset has not been recognised for such tax losses as future profit stream is uncertain.

At 31 December 2007, the Group had deductible temporary differences of RMB137,000 (2006: RMB2,571,000). Deferred tax asset has not been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. Pursuant to the relevant laws and regulations in the PRC, all unused tax losses will be expired in 2011.

23. SHARE CAPITAL

	2007	2006
	RMB'000	RMB'000
Registered, issued and fully paid:		
480,000,000 shares of RMB0.1 each	**48,000**	48,000

24. SHARE OPTION SCHEME

The Company has conditionally adopted a share option in July 2002 (the "Share Option Scheme").

The maximum number of H shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30 per cent. of the H shares in issue from time to time. The total number of H shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 13,200,000 H shares, being 10 per cent. of issued H shares. The total number of H shares issued and which may fall to be issued upon exercise of the options granted or to be granted under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-month period up to the date of grant shall not exceed one per cent. of the H shares in issue for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders and the shareholders' approval in general meeting of the Company with such grantee and his associates abstaining from voting.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. No eligible participants who are PRC nationals and have taken up any options to subscribe for H shares shall be entitled to exercise any such options until the current restrictions imposed by the relevant PRC laws and regulations restricting PRC nationals from subscribing for and dealing in H shares or any laws or regulations with similar effects (the "H Shares Restrictions") have been abolished or removed. Options may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of offer for the grant of the option subject to the provisions for early termination thereof. The subscription price for H shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (aa) the closing price of the H shares on GEM as stated in the Stock Exchange's daily quotations on the date of the offer of grant, which must be a business day; (bb) the average closing price of the H shares on GEM as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (cc) the nominal value of the H shares.

As at 31st December 2007, there were no share options granted under the Share Option Scheme since its adoption.

25. RETIREMENT BENEFITS SCHEME

As stipulated by the PRC regulations, the Group maintains defined contribution retirement plans for all of its employees. The Group contributes to a state-managed retirement plan at approximately 10% of the basic salary of its employees, and has no further obligation for actual pension payments or post-retirement benefits beyond the annual contributions. The state-managed retirement plan is responsible for the entire pension obligations payable to retired employees. The Group's contributions for the year amounted to approximately RMB557,000 (2006: RMB739,000).

26. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgements that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Impairment loss recognised in respect of trade receivables

The policy for making impairment loss of the Group is based on the evaluation of collectability and ageing analysis of the trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these trade receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

Allowance of inventories

The management of the Group reviews ageing analysis at each balance sheet date and makes allowance for obsolete and slow-moving inventory items identified. The management also estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions which involve judgement in respect of the expectation about the market condition and the future demand for such items in inventory.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed through its operations to one or more of the following financial risks:

- Foreign currency risk
- Liquidity risk
- Credit risk

The Group does not hold or issue any financial derivatives for trading purpose nor use any derivatives or other instrument for hedging purpose.

Foreign exchange risk

Foreign exchange risk is the risk of loss due to adverse movement in exchange rate relating to investment and transaction denominated in foreign currencies. 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.

Liquidity risk

The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitment and to capitalise on opportunities of business expansion. Liquidity is managed on a daily basis by the management which ensure the Group has adequate liquidity for all operation and monitor local and international market for the adequacy of funding and liquidity. The Group manage liquidity risk by holding sufficient liquid assets such as cash to ensure short-term funding requirement are covered with prudent limit.

Credit risk

Credit risk is the risk that a counterparty is unable to pay amount in full when due. It arises primarily from the Group's trade receivables. Impairment losses are made when losses are incurred on balance sheet date. The Group limits its exposure to credit risk by vigorously selecting counterparties. The Group mitigates its exposure to risk relating to trade receivables by dealing with selected government agencies with sound financial standing. Also, certain new customers were required to place cash deposits with the Group to mitigate the maximum exposure to credit risk.

The group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The carrying amounts of financial assets and financial liabilities reported in the balance sheets of the Group approximate their fair values due to their immediate or short-term maturities.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs.

28. OPERATING LEASE COMMITMENTS

The Group leases a number of office premises in the PRC under operating leases. Leases are normally negotiated for an average term of 1 year and rentals are fixed for an average of 1 year.

	2007	2006
	RMB'000	RMB'000
Minimum lease payments paid under operating leases in respect of land and buildings	**344**	350

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year of approximately RMB344,000 (2006: RMB334,000).

29. RELATED PARTY TRANSACTIONS

(i) Name and relationship of related parties

Name of related parties	**Relationship**	**Amount due from related parties**		**Maximum outstanding balances**	
		2007	2006	**2007**	2006
		RMB'000	RMB'000	**RMB'000**	RMB'000
Shanghai Jiao Tong University Education (Group) Company Limited	Subsidiary of Shanghai Jiao Tong University	**1,000**	1,000	**1,000**	1,000
Shanghai Huikang Information Technology Company Limited	Company controlled by a director of the Company	**1,349**	579	**1,349**	579
		2,349	1,579	**2,349**	1,579

29. RELATED PARTY TRANSACTIONS (Continued)

(ii) Significant related party transactions during the year are:

	2007 RMB'000	2006 RMB'000
(a) Project income from a related party		
– Shanghai Huikang Information Technology Company Limited	**2,145**	–
(b) Project income from an associate		
– Shanghai Ton Tron	**–**	800
(c) Purchase from an a related party		
– 上海慧銘自動化信息產業有限公司	**309**	–
(d) Purchase from an associate		
– Shanghai Ton Tron	**–**	1,038
– Shanghai Jiaoda With Technology Company Limited	**–**	338

The directors are of the opinion that the above transactions were entered into on normal commercial terms and in the ordinary course of the Group's business.

(iii) The amounts due from/to related parties and associates are unsecured, interest-free and repayable on demand.

(iv) The remuneration of directors and other members of key management during the year are set out in Note 7. The remuneration of directors and key executive is determined by the remuneration committee having regard to the performance of individuals and market trend.

30. SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name of company	Place of incorporation and operation	Class of shares held	Registered/ issued capital	Percentage of equity interest directly attributable to the Company		Principal activities
				2007	2006	
Shanghai Jiaoda Withub Software Company Limited*	The PRC	Contributed capital	RMB5,000,000	**82**	82	Development and sales of business solutions and software (note (i))
Shanghai Withub Information and Professional Training School**	The PRC	Contributed capital	RMB1,000,000	**100 (note(ii))**	100 (note(ii))	Inactive
Jiaoda Withub (Hong Kong) Limited***	Hong Kong	Ordinary	HKD12,000,000	**100**	100	Development and sales of business solutions and software

* private limited liability company (domestic joint equity)

** private unincorporated entity

*** private limited liability company

Notes:

(i) Shanghai Jiaoda Withub Software Company Limited has ceased business during the year and became inactive.

(ii) Shanghai Withub Information Professional Training School (the "School") is a non-profit making entity with a paid-up capital of RMB1,000,000. According to the articles of association of the School and the relevant regulations in the PRC governing educational institutions, all earnings and receipts from the School can only be used to improve its internal facilities and training standard and cannot be used for any other purposes or be distributed to its organizer.

30. SUBSIDIARIES (Continued)

The condensed balance sheets of the School, being one of the consolidated subsidiaries, at 31 December 2007 and 2006 are as follows:

	2007 **RMB'000**	2006 RMB'000
Bank balances	**1**	1
Current assets other than bank balances	**1,000**	1,000
	1,001	1,001
Current liabilities	**(5)**	(5)
Net assets	**996**	996

Note: As at the balance sheet date, the School had accumulated loss amounted to approximate RMB5,000 (2006: RMB5,000).

31. RESERVES

(a) Capital reserve

The Company, in the early stage of its incorporation, obtained technology know-how from a promoter of the Company, Shanghai Jiao Tong University, at nil consideration. In February 2000, the Company injected this technology know-how, being the Courts Management Information System into Withub Technology, at a value of RMB16,000,000 in exchange for 44.44% equity interest in Withub Technology. The value of the contributed technology know-how by Shanghai Jiao Tong University was booked in the capital reserve account of the Company.

The capital reserve is non-distributable.

31. RESERVES (Continued)

(b) Basis of appropriations to statutory reserves

Statutory reserves comprise statutory surplus reserve and statutory public welfare reserve.

The transfers to statutory surplus reserve and statutory public welfare reserve are based on the net profit under the financial statements prepared using PRC accounting standards.

(i) Statutory surplus reserve

The PRC Company Law requires the appropriation of 10% of the Group's profit after taxation each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. In normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. For the capitalisation of the statutory surplus reserve into share capital, the remaining amount of such reserve after capitalisation shall not be less than 25% of the registered share capital.

(ii) Statutory public welfare reserve

Prior to 1 January 2006, the Group is required in each year to transfer 5% to 10% of the profit after taxation as reported in the statutory accounts prepared in accordance with the PRC accounting standards to the statutory public welfare reserve. Starting from 1 January 2006 the Group is not required to transfer any profit after taxation to statutory public welfare reserve in accordance with the amendment in the PRC Companies Ordinance. Therefore, the Group transferred all the balances of the statutory public welfare reserve as at 31 December 2005 to the statutory surplus reserve during the year ended 31 December 2006.

(iii) Distributable reserves

In accordance with the Articles of Association of the Company, the reserve available for distributable is the lower of amount determined under accounting principles generally accepted in the PRC and the amount determined under the HKFRSs. Based on the financial statements of the Company prepared in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC, the Company do not have any reserves available for distribution to its equity holders as at 31st December 2007 and 31st December 2006.

32. COMPARATIVE FIGURES

Certain comparative amounts for the year ended 31 December 2006 have been reclassified to conform with the current year's presentation.

Five-Year Financial Summary

RESULTS

	Year ended 31 December				
	2007 RMB'000	2006 RMB'000	2005 RMB'000	2004 (restated) RMB'000	2003 (restated) RMB'000
Turnover	**100,686**	122,450	139,496	132,269	148,821
(Loss) profit before tax	**(801)**	(16,578)	(10,406)	(868)	1,265
Income tax expense (credit)	**–**	290	–	(319)	168
(Loss) profit for the year	**(801)**	(16,288)	(10,406)	(1,187)	1,433
Attributable to:					
– Equity holders of the Company	**(801)**	(16,288)	(9,691)	(1,068)	1,810
– Minority interests	**–**	–	(715)	(119)	(377)
Dividends	**–**	–	–	–	–
(Loss) earnings per share (in RMB)					
– Basic	**(0.0017)**	(0.0339)	(0.0202)	(0.0022)	0.0038
– Diluted	**N/A**	N/A	N/A	N/A	N/A

ASSETS AND LIABILITIES

	Year ended 31 December				
	2007 RMB'000	2006 RMB'000	2005 RMB'000	2004 (restated) RMB'000	2003 (restated) RMB'000
Non-current assets	**32,909**	33,399	49,433	35,445	36,810
Current assets	**94,665**	102,299	110,648	118,607	130,077
Total assets	**127,574**	135,698	160,081	154,052	166,887
Current liabilities	**33,158**	40,922	48,712	32,636	44,235
Total net assets	**94,416**	94,776	111,369	121,416	122,652
Share capital	**48,000**	48,000	48,000	48,000	48,000
Reserves	**46,416**	46,776	63,369	73,306	74,423
	94,416	94,776	111,369	121,306	122,423
Minority interest	**–**	–	–	110	229
	94,416	94,776	111,369	121,416	122,652