



SHANGHAI JIAODA WITHUB
INFORMATION INDUSTRIAL COMPANY LIMITED*

上海交大慧谷信息產業股份有限公司

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

(Stock Code: 8205)

FIRST QUARTERLY REPORT 2009

* *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 positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

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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.

HIGHLIGHTS

- The Group recorded a turnover of approximately RMB13,587,000 for the three months ended 31st March, 2009, representing an approximately 49% decrease as compared with that of the corresponding period in 2008.
- The Group recorded a loss attributable to equity holders of the Company of approximately RMB3,742,000 for the three months ended 31st March, 2009. Loss attributable to equity holders of the Company for the corresponding period in 2008 was approximately RMB2,051,000.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2009.

FIRST QUARTERLY RESULTS

The board of directors (the “Board” or the “Directors”) of Shanghai Jiada Withub Information Industrial Company Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st March, 2009, together with the unaudited comparative figures for the corresponding period in 2008 are as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

| | | For the three months ended 31st March, | |
|--|--------------|---|----------------|
| | | 2009 | 2008 |
| | <i>Notes</i> | RMB'000 | RMB'000 |
| Turnover | 2 | 13,587 | 26,464 |
| Cost of sales | | (12,478) | (23,983) |
| Gross profit | | 1,109 | 2,481 |
| Other revenue | | 204 | 470 |
| Distribution expenses | | (1,315) | (1,188) |
| Research and development expenses | | (1,611) | (1,583) |
| Administrative expenses | | (1,668) | (1,673) |
| Loss from operations | 3 | (3,281) | (1,493) |
| Share of profits less losses of associates | | (461) | (558) |
| Loss before taxation | | (3,742) | (2,051) |
| Loss for the period | | (3,742) | (2,051) |
| Attributable to: | | | |
| – Equity holders of the Company | | (3,742) | (2,051) |
| – Minority interests | | – | – |
| | | (3,742) | (2,051) |
| Dividends | | – | – |
| Loss per share (in RMB) | 5 | | |
| – Basic | | (0.0078) | (0.00427) |
| – Diluted | | N/A | N/A |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31st March, 2009

| | Equity attributable to equity holders of the Company | | | | | | | |
|--------------------------|--|------------------------------------|--------------------------------------|---|--|---|--|-------------------------|
| | Share capital <i>RMB'000</i> | Share premium <i>RMB'000</i> | Capital reserve <i>RMB'000</i> | Statutory reserves <i>RMB'000</i> | Foreign exchange reserve <i>RMB'000</i> | Accumulated losses <i>RMB'000</i> | Minority interest <i>RMB'000</i> | Total <i>RMB'000</i> |
| At 1st January, 2008 | | | | | | | | |
| – as previously reported | 48,000 | 61,068 | 16,000 | 223 | (159) | (30,716) | – | 94,416 |
| Net loss for the period | – | – | – | – | – | (2,051) | – | (2,051) |
| At 31st March, 2008 | <u>48,000</u> | <u>61,068</u> | <u>16,000</u> | <u>223</u> | <u>(159)</u> | <u>(32,767)</u> | <u>–</u> | <u>92,365</u> |
| At 1st January, 2009 | 48,000 | 61,068 | 16,000 | 223 | 102 | (30,382) | – | 95,011 |
| Net loss for the period | – | – | – | – | – | (3,742) | – | (3,742) |
| At 31st March, 2009 | <u>48,000</u> | <u>61,068</u> | <u>16,000</u> | <u>223</u> | <u>102</u> | <u>(34,124)</u> | <u>–</u> | <u>91,269</u> |

Notes:

1. BASIS OF PRESENTATION

The Group's unaudited condensed consolidated results have been prepared in accordance with the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated results have been prepared on the historical cost basis. The accounting policies adopted in preparing the unaudited condensed consolidated results for the three months ended 31st March, 2009 and 2008 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2008. The condensed consolidated results are unaudited but have been reviewed by the Company's audit committee.

2. TURNOVER

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

| | For the three months ended 31st March, | |
|--|---|---------------|
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Business solution development | 2,413 | 7,455 |
| Application software | 622 | 305 |
| Network and data security products | — | — |
| Sales and distribution of computer and electrical products and accessories | <u>10,552</u> | <u>18,704</u> |
| | <u>13,587</u> | <u>26,464</u> |

All of the Group's activities are conducted in the PRC. Turnover as disclosed above is net of applicable PRC business tax.

3. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

| | For the three months ended 31st March, | |
|--|---|---------------|
| | 2009 | 2008 |
| | RMB'000 | RMB'000 |
| Staff costs (including Directors' emoluments) comprises: | | |
| Salaries, wages and other benefits | 2,581 | 2,488 |
| Contributions to retirement benefit scheme | <u>472</u> | <u>292</u> |
| | 3,053 | 2,780 |
| Cost of inventories recognised as an expense | <u>12,478</u> | <u>23,983</u> |

4. TAX EXPENSES

On 6th December, 2007, the State Council of the PRC issued the PRC Enterprise Income Tax Law, under which the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% progressively from 1st January, 2008 onwards. There had been no change in the tax rate for High and New Technology Enterprises ("HNTE"), which remained as 15%.

For the year ended 31st March, 2008, the Company had been recognized as a HNTE and accordingly was subject to EIT at 15%. The subsidiaries of the Company are subject to applicable EIT rates ranging from 15% to 25%.

For the year ended 31st March, 2009, as the Company could not obtain the recognition as a HNTE, the Company and its subsidiaries are subject to applicable EIT rate at 25%.

No provision for Hong Kong Profits Tax has been made as the income of the Group was not generated or originated from Hong Kong.

For the three months ended 31st March, 2009, there was no material unprovided deferred tax (for the three months ended 31st March, 2008: Nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31st March, 2009 is based on the unaudited loss attributable to equity holders of the Company of approximately RMB3,742,000 (2008: loss attributable to equity holders of the Company of approximately RMB2,051,000) and the weighted average number of shares during the period (three months ended 31st March, 2009: 480,000,000 shares; three months ended 31st March, 2008: 480,000,000 shares).

Diluted loss per share is not presented for the three months ended 31st March, 2009 and 2008 as there were no potential ordinary shares in issue during the relevant periods.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2009 (2008: Nil).

FINANCIAL REVIEW

For the three months ended 31st March, 2009, the Group recorded a turnover of approximately RMB13,587,000 as compared to approximately RMB26,464,000 of the corresponding period in 2008. This represents a significant decrease of approximately RMB12,877,000 or 49%. The gross profit also recorded a decrease of approximately RMB1,372,000 or 55% to approximately RMB1,109,000 (2008: approximately 2,481,000). The Company continued to make loss for the first quarter 2009 and recorded a loss of approximately RMB3,742,000. However, the loss has increased from approximately RMB2,051,000 for the three months ended 31st March, 2008 and this already shown a remarkable increase of approximately RMB1,691,000. The key contribution for the increase of loss is the major reduction of sales and gross profit.

BUSINESS REVIEW AND FUTURE PROSPECTS

In the sales review, the Company still continues its focus on the main core business in the information technology. The major product is sales and distribution of computer and electrical products and accessories. The sales in this area achieved RMB10,552,000 and represent a serious reduction of RMB8,152,000 or approximately 43%.

The consumption from private corporate and government agencies has been cut due to the slowdown of economy in the country caused by the financial crises in the United States. The path of grow has slow down as the corporate client has reduced their spending power in the weak economy and business environment. They have cut down the order of big screen display, personal notebooks and also projectors. However, we hope the condition will be improved as the government has taken steps to encourage internal consumption by providing policy in giving allowance incentive to certain types of consumers like peasants to buy electronic products. The government has also increased its expenditure budget in order to create internal consumption.

The second major product of the Company is the sales in business solution development. The volume has decreased from RMB7,455,000 to RMB2,413,000. This represents a decrease of 67% as compared to the first quarter in the previous financial year. The decrease is due to slow down of the business and order from the customer. The market in this business has been slow down and reduced due to the weak economy.

The third major business is sales of application software. However, the sales have increased 1 time from RMB305,000 in the first quarter of the previous financial year to RMB622,000. The increase is due to the increase in the customer order and the good marketing effort contributed by the sales team in the difficult business environment.

The gross profit margin in this segment has reduced from 9.3% to 8.2%. This represents a marginal reduction in the gross profit margin due to the slight increase in the direct cost of sales and production and also due to reduction of sales price of the products in order to compete in the weak market situation.

In the expenses management and control, the Company is able to maintain major cost such as administration cost of RMB1,668,000 as the same of the first quarter in the previous financial year and also RMB1,673,000 in research and development as the same of the first quarter in the previous financial year. However, the marketing and sales cost has increased slightly from RMB1,188,000 in the first quarter of the previous financial year to RMB1,315,000 and this represent an increase of RMB127,000 or 10%. The increase is due to the fact that the Company is spending more resources in the sales in order to develop the new market and also to service the existing market in order to maintain the market share in the weak economy.

The minor expenses is other expense category and the amount has been reduced to RMB204,000 from RMB470,000 in the first quarter 2009 as compared with the previous financial year.

In view of the relative same operating cost recorded in light of the great reduction of the sales in the short time, the management will come out with some immediate plan to reduce the operating cost if the sales continue to be slow in the coming quarter in order to save some cost and also exercise some budgetary control taking into effect the reduction of sales in the first quarter 2009. The senior management will monitor the sales and expenses carefully and will take necessary steps to cut cost if warranted in order to match the expenses with sales.

In conclusion, the first quarter financial result has changed to weak and the Company will take necessary action to monitor the financial condition of the Company.

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

As at 31st March, 2009, the interests and short positions of the Directors, the supervisors of the Company (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% |
| Li Zhan | Company | Beneficial owner | 12,000 domestic shares (L) | 0.003% |

Notes:

1. The letter “L” represents the interests in the share and underlying shares of the Company or its subsidiary.
2. Shanghai Huikang Information Technology Company Limited is one of the subsidiaries of the Company.

Save as disclosed above, as at 31st March, 2009, 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', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE H SHARES

As at 31st March, 2009, none of the Directors, supervisors and chief executives of the Company was granted options to subscribe for H shares of the Company. As at 31st March, 2009, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

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

A. Substantial shareholders

As at 31st March, 2009, the following shareholders (other than the Directors, the supervisors of the Company (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:

| Name of shareholders | Nature of interest | Number and class of shares <i>(Note 1)</i> | Approximate percentage of interest |
|--|--|--|--|
| Shanghai Jiao Tong University | Interest of a controlled corporation <i>(Note 2)</i> | 114,000,000 domestic shares (L) | 23.75% |
| Shanghai Jiaoda Industrial Investment Management (Group) Limited | Interest of a controlled corporation <i>(Note 2)</i> | 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 <i>(Note 3)</i> | 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:

- The letter "L" represents the equity's interest in the shares of the Company.
- 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.
- 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 Divisions 2 and 3 of Part XV of the SFO

As at 31st March, 2009, 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 31st March, 2009, 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.

COMPETING INTERESTS

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

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 regarding securities transactions by the Directors.

AUDIT COMMITTEE

The Company established an audit committee on 7th July, 2002 with written terms of reference for the purpose of reviewing and supervising the Group's financial reporting and internal control procedures. The audit committee comprises the three independent non-executive Directors, Professor Gu Junzhong (Chairman), Professor Shao Shihuang and Mr. Yuan Shumin. The audit committee has reviewed the unaudited results of the Company for the three months ended 31st March, 2009.

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 three months ended 31st March, 2009.

By Order of the Board
Li Zhan
Chairman

Shanghai, the PRC, 12th May, 2009

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

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