



SHANGHAI JIAODA WITHUB  
INFORMATION INDUSTRIAL COMPANY LIMITED\*

上海交大慧谷信息產業股份有限公司

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

**(Stock Code: 8205)**

**THIRD QUARTERLY REPORT 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 Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 RMB51,532,000 for the nine months ended 30th September, 2009 (2008: RMB64,139,000), representing a decrease of approximately 19.66% as compared to the corresponding period in 2008.
- For the nine months ended 30th September, 2009, the Group recorded a loss attributable to owners of the parent of approximately RMB3,556,000 (2008: RMB4,042,000), representing a decrease of approximately 12.02% as compared to the corresponding period in 2008.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2009 (2008: Nil).

### THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of Shanghai Jiaoda Withub Information Industrial Company Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30th September, 2009, together with the unaudited comparative figures for the corresponding periods in 2008 are as follows:

#### CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30th September,		For the nine months ended 30th September,	
		2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Turnover	2	22,137	21,221	51,532	64,139
Cost of sales		<u>(17,844)</u>	<u>(18,872)</u>	<u>(44,498)</u>	<u>(57,328)</u>
Gross profit		4,293	2,349	7,034	6,811
Other revenue		214	764	462	1,281
Distribution expenses		(1,093)	(1,141)	(3,487)	(3,676)
Research and development expenses		(1,342)	(946)	(3,601)	(3,464)
Administrative expenses		<u>(1,085)</u>	<u>(1,218)</u>	<u>(3,921)</u>	<u>(3,978)</u>
Loss before tax		987	(192)	(3,513)	(3,026)
Share of losses of associates		<u>239</u>	<u>(474)</u>	<u>(43)</u>	<u>(1,016)</u>
Loss before taxation		1,226	(666)	(3,556)	(4,042)
Tax expenses	3	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period		<u>1,226</u>	<u>(666)</u>	<u>(3,556)</u>	<u>(4,042)</u>
Attributable to:					
– Owners of the parent		1,226	(666)	(3,556)	(4,042)
– Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,226</u>	<u>(666)</u>	<u>(3,556)</u>	<u>(4,042)</u>
Dividends	4	-	-	-	-
Loss per share (in RMB)					
– Basic	5	<u>0.00255</u>	<u>(0.00139)</u>	<u>(0.00741)</u>	<u>(0.0084)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period	1,226	(666)	(3,556)	(4,042)
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	—	—	(2,298)	(2,092)
Total comprehensive income for the period	1,226	(666)	(5,854)	(6,134)
Attributable to:				
Owners of the parent	1,226	(666)	(5,854)	(6,134)
Non-controlling interests	—	—	—	—

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the parent						Total	Non- controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Translation reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1st January, 2008	48,000	61,068	16,000	223	(159)	(30,716)	94,416	—	94,416
Net loss for the period	—	—	—	—	—	(4,042)	(4,042)	—	(4,042)
Exchange difference arising on translation of an overseas subsidiary	—	—	—	—	(2,092)	—	(2,092)	—	(2,092)
At 30th September, 2008	48,000	61,068	16,000	223	(2,251)	(34,758)	88,282	—	88,282
At 1st January, 2009	48,000	61,068	16,000	223	102	(30,382)	95,011	—	95,011
Net loss for the period	—	—	—	—	—	(3,556)	(3,556)	—	(3,556)
Exchange difference arising on translation of an overseas subsidiary	—	—	—	—	(2,298)	—	(2,298)	—	(2,298)
At 30th September, 2009	48,000	61,068	16,000	223	(2,196)	(33,938)	89,157	—	89,157

Notes:

## 1. BASIS OF PRESENTATION

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated results have been prepared on the historical cost basis. The accounting policies adopted in preparing the unaudited condensed consolidated results for the nine months ended 30th September, 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 and the sales and distribution of computers and electrical products and accessories. Turnover is stated net of sales tax and returns. Revenue from provision of business solutions development and application software are recognised when delivery or acceptance has occurred, the fee is fixed and determinable, evidence of an arrangement exists, collection of the receivable is probable and no significant post-delivery obligations remain. Sales and distribution of computers and electrical products and accessories are recognised when goods are delivered and title has passed.

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Business solutions development	7,750	4,557	17,382	16,598
Application software	2,660	539	3,323	1,111
Sales and distribution of computers and electrical products and accessories	11,727	16,125	30,827	46,430
	<u>22,137</u>	<u>21,221</u>	<u>51,532</u>	<u>64,139</u>

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

## 3. TAX EXPENSES

According to the relevant PRC tax regulations, High and New Technology Enterprises ("HNTE") operating within a High and New Technology Development Zone are entitled to a reduced Enterprise Income Tax ("EIT") rate of 15%. For the year ended 31st December, 2008, as the Company could not obtain the recognition of HNTE, therefore the Company and its subsidiaries are subject to applicable EIT rate at 25%, with the exception for Shanghai Withub information and Professional Training School which is exempted from EIT.

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

There has been no significant unprovided deferred taxation for the nine months ended 30th September, 2009 (2008: Nil).

## 4. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2009 (2008: Nil).

## **5. LOSS PER SHARE**

The calculation of the basic loss per share for the nine months ended 30th September, 2009 is based on the unaudited loss attributable to owners of the parent of approximately RMB3,556,000 (2008: loss attributable to owners of the parents of approximately RMB4,042,000) and on 480,000,000 shares in issue during the nine months ended 30th September, 2009 (nine months ended 30th September, 2008: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30th September, 2009 is based on the unaudited loss attributable to owners of the parent of approximately RMB1,226,000 (2008: loss attributable to owners of the parent of approximately RMB666,000) and on 480,000,000 shares in issue during the three months ended 30th September, 2009 (three months ended 30th September, 2008: 480,000,000 shares).

Diluted loss per share is not presented for the three months and nine months ended 30th September, 2009 and 2008 as there were no potential dilutive shares in issue during the relevant periods.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the nine months ended 30th September, 2009, the Group recorded a turnover of approximately RMB51,532,000 as compared to approximately RMB64,139,000 of the corresponding period in 2008, representing a decrease of approximately RMB12,607,000 or 19.66%. The gross profit also recorded a healthy increase of approximately RMB223,000 or approximately 3% to approximately RMB7,034,000 (2008: approximately RMB6,811,000). The Company continued to record loss for the third quarter and recorded a loss of approximately RMB3,556,000. However, the loss has been cut down from approximately RMB4,042,000 for the nine months ended 30th September, 2008 and recorded a significant decrease of approximately RMB486,000. The key reason for the decrease in loss was the significant decrease in cost.

### **BUSINESS REVIEW AND FUTURE PROSPECTS**

For the sales review, the Company still continues its focus on the main core business in the information technology. The largest product sales are from sales and distribution of computer and electrical products and accessories. For the nine months ended 30th September, 2009, the sales in such area has been recorded a significant decrease of approximately RMB15,603,000 or approximately 34%, to RMB30,827,000.

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 growth pace was slowed down as the corporate clients reduced their spending, and reduced their orders of large screen display, personal notebooks and projectors under the weak economy and business environment. However, we hope the condition will be improved as the economy has been gradually recovered. The government has also increased its expenditure budget in order to create internal consumption.

The second large product sales of the Company are from the sales of business solution development. The sales volume has increased from RMB16,598,000 to RMB17,382,000 for the nine months ended 30th September, 2009, representing an increase of 5% as compared to the corresponding period of the previous financial year. Such increase is obtained because the sales team continuously develops the demands from clients, and the technical team strives to do well in maintaining its service for clients under the serious economic condition, which makes the purchase orders from clients increase.

The third large product sales are from sales of application software. For the nine months ended 30th September, 2009, the sales have increased 2 times from RMB1,111,000 in the corresponding period of the previous financial year to RMB3,323,000. Such increase is due to the good marketing effort contributed by the sales and technical teams under the difficult business environment to win the new project successfully.

For the expenses management and control, the Company is able to maintain major cost as basically the same as that of the previous financial year, for example, administrative cost is RMB3,921,000 and it is RMB3,978,000 in the corresponding period. However, research and development expenses have increased from RMB3,464,000 in the corresponding period of the previous financial year to RMB3,601,000, representing an increase of RMB137,000 or approximately 4%. Such increase is due to the fact that the Company invests more resources in the sales in order to develop the new market and also to maintain the existing market in order to keep the market share in the weak economy. The marketing and sales expenses have decreased from RMB3,676,000 in the corresponding period of the previous financial year to RMB3,487,000, representing a decrease of RMB189,000.

In conclusion, the third quarterly financial result has been recovered and the Company will continue to take necessary action to monitor the financial condition.

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

As at 30th September, 2009, the interests and short positions of the Directors, the supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance ("SFO") had applied to the supervisors) and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

<b>Name of Directors</b>	<b>The Company/ name of subsidiary</b>	<b>Capacity</b>	<b>Number and class of securities (Note 1)</b>	<b>Approximate percentage in the issued share capital of the Company/ subsidiary</b>
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 H shares (L)	0.003%

*Notes:*

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



Save as disclosed above, as at 30th September, 2009, none of the Directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed 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 30th September, 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 30th September, 2009, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted the share option scheme. A summary of the principle terms and conditions of the share option scheme is set out in the section headed "Share option scheme" in Appendix IV of the prospectus of the Company dated 25th July, 2002. No share option has been granted pursuant to such share option scheme on or before 30th September, 2009.

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

### **A. Substantial shareholders**

As at 30th September, 2009, the following shareholders (other than the Directors, the supervisors (as if the requirements applicable to the Directors under the SFO had applied to the supervisors) or chief executives of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

<b>Name of shareholders</b>	<b>Nature of interest</b>	<b>Number and class of shares</b> <i>(Note 1)</i>	<b>Approximate percentage of interest</b>
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:*

1. The letter “L” represents the entity’s interest in the shares of the Company.
2. These 114,000,000 domestic shares are registered and owned by Shanghai Jiaoda Science and Technology Park Limited (“Jiaoda S&T Park”). The major shareholder of Jiaoda S&T Park is Shanghai Jiaoda Industrial Investment Management (Group) Limited (“Jiaoda Industrial”) which owns 55.42% of registered capital in Jiaoda S&T Park. Shareholders of Jiaoda Industrial are Shanghai Jiao Tong University (96.735%) and Shanghai Jiaoda Enterprise Management Centre (3.265%), an entity wholly-owned by Shanghai Jiao Tong University. Both Jiaoda Industrial and Shanghai Jiao Tong University are deemed to be interested in the aggregate of 114,000,000 domestic shares held by Jiaoda S&T Park under the SFO.
3. These 60,000,000 domestic shares are registered and owned by Shanghai Xin Xuhui (Group) Limited, the registered capital of which will be owned approximately 74.58% by Xuhui District Industrial Association after the completion of certain capital reorganisation as referred to in the Prospectus. Xuhui District Industrial Association is deemed to be interested in the 60,000,000 domestic shares held by Shanghai Xin Xuhui (Group) Limited under the SFO.

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

As at 30th September, 2009, save as the persons/entities disclosed in sub-section A above, the following person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

*Note:* The letter “L” represents the entity’s interest in the shares of the Company.

Save as disclosed above, as at 30th September, 2009, the Directors are not aware of any other person (other than the Directors, supervisors and chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**COMPETING INTERESTS**

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

**PRACTICE AND PROCEDURES OF THE BOARD**

Throughout the nine months ended 30th September, 2009, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

**CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the Stock Exchange’s required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the nine months ended 30th September, 2009.

**AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) on 7th July, 2002 with written terms of reference for the purpose of reviewing and supervising the Group’s financial reporting and internal control procedures. The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Dr. Cao Guo Qi and Dr. Chan Yan Chong. The Audit Committee has reviewed the unaudited results of the Company for the nine months ended 30th September, 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 nine months ended to 30th September, 2009.

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

**Executive Directors** Li Zhan, Cheng Min, Mo Zhenxi, Yuan Tingliang, Wang Yiming and Li Wei

**Independent non-executive Directors** Yuan Shumin, Cao Guo Qi and Chan Yan Chong

By Order of the Board  
**Li Zhan**  
*Chairman*

Shanghai, the PRC, 10th November, 2009