



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)**

**INTERIM REPORT 2010**

\* *For identification purpose only*

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 of Shanghai Jiaoda Withub Information Industrial Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rule Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## HIGHLIGHTS

- The Group recorded a turnover of approximately RMB36,419,000 for the six months ended 30th June, 2010 (2009: approximately RMB29,395,000), representing an increase of approximately 24% as compared with that of the corresponding period in 2009.
- The Group recorded a loss attributable to owners of the parent of approximately RMB3,869,000 for the six months ended 30th June, 2010 (2009: loss of approximately RMB4,782,000), representing a decrease of approximately 19% as compared with that of the corresponding period in 2009.
- The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2010 (2009: Nil).

## INTERIM 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 six months and three months ended 30th June, 2010, together with the unaudited comparative figures for the corresponding periods in 2009 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30th June,		For the six months ended 30th June,	
		2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Turnover	2	15,947	15,808	36,419	29,395
Cost of sales		<u>(13,163)</u>	<u>(14,175)</u>	<u>(30,965)</u>	<u>(26,654)</u>
Gross profit		2,784	1,633	5,454	2,741
Other revenue		71	44	158	248
Distribution expenses		(1,243)	(1,079)	(2,553)	(2,394)
Research and development expenses		(1,317)	(648)	(3,788)	(2,259)
Administrative expenses		<u>(1,559)</u>	<u>(1,168)</u>	<u>(3,343)</u>	<u>(2,836)</u>
Loss before tax	4	(1,264)	(1,218)	(4,072)	(4,500)
Share of losses of associates		<u>891</u>	<u>179</u>	<u>203</u>	<u>(282)</u>
Loss before taxation		(373)	(1,039)	(3,869)	(4,782)
Tax expenses	5	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period		<u>(373)</u>	<u>(1,039)</u>	<u>(3,869)</u>	<u>(4,782)</u>
Attributable to:					
— Owners of the parent		(373)	(1,039)	(3,869)	(4,782)
— Non-controlling interests		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>(373)</u>	<u>(1,039)</u>	<u>(3,869)</u>	<u>(4,782)</u>
Dividends	6	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss per share (in RMB)	7				
— Basic		<u>(0.00076)</u>	<u>(0.00216)</u>	<u>(0.00806)</u>	<u>(0.00996)</u>
— Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended		Six months ended	
	30th June,		30th June,	
	2010	2009	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(373)	(1,039)	(3,869)	(4,782)
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	—	—	(2,487)	(2,293)
Total comprehensive income for the period	<u>(373)</u>	<u>(1,039)</u>	<u>(6,356)</u>	<u>(7,075)</u>
Attributable to:				
Owners of the parent	(373)	(1,039)	(6,356)	(7,075)
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		30th June, 2010	31st December, 2009
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		420	2,601
Interests in associates		22,627	26,446
Available-for-sale investments		2,416	2,416
Goodwill		—	—
Other intangible asset		2,400	2,550
Other non-current assets		1	—
		<u>27,864</u>	<u>34,013</u>
<b>CURRENT ASSETS</b>			
Inventories		(1,352)	3,457
Amount due from related parties		—	1,000
Amount due from contract works		—	82
Amount due from associates		—	9,778
Trade receivables	8	13,154	13,691
Deposits, prepayments and other receivables		29,357	9,378
Short-term investment		—	—
Bank balances and cash		58,053	63,530
		<u>99,212</u>	<u>100,916</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payable	9	9,805	6,798
Other payables and accrued expenses		25,824	27,073
Amount due to a related party		—	564
Amount due to shareholders		—	1,800
		<u>35,629</u>	<u>36,235</u>
<b>NET CURRENT ASSETS</b>		<u>63,583</u>	<u>64,681</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>91,447</u>	<u>98,694</u>
Capital and reserves			
Share capital	10	48,000	48,000
Reserves		43,447	49,803
Equity attributable to owners of the parent		91,447	98,694
Non-controlling interests		—	—
		<u>91,447</u>	<u>98,694</u>

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

	Equity attributable to owners of the parent						Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000			
At 1st January, 2009	48,000	61,068	16,000	223	102	(30,382)	95,011	—	95,011
Net loss for the period	—	—	—	—	—	(4,782)	(4,782)	—	(4,782)
Exchange difference arising on translation of an overseas subsidiary	—	—	—	—	(2,293)	—	(2,293)	—	(2,293)
At 30th June, 2009	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>(2,191)</u>	<u>(35,164)</u>	<u>87,936</u>	<u>—</u>	<u>87,936</u>
At 1st January, 2010	48,000	61,068	16,000	223	187	(27,675)	97,803	—	97,803
Net loss for the period	—	—	—	—	—	(3,869)	(3,869)	—	(3,869)
Exchange difference arising on translation of an overseas subsidiary	—	—	—	—	(2,487)	—	(2,487)	—	(2,487)
At 30th June, 2010	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>(2,300)</u>	<u>(31,544)</u>	<u>91,447</u>	<u>—</u>	<u>91,447</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	For the six months ended 30th June,	
	2010 RMB'000	2009 RMB'000
Net cash used in operating activities	(5,536)	3,651
Net cash used in investing activities	59	200
Net cash used in financing activities	—	—
Net decrease in cash and cash equivalents	(5,477)	3,851
Cash and cash equivalents as at 1st January	<u>63,530</u>	<u>49,664</u>
Cash and cash equivalents as at 30th June	<u>58,053</u>	<u>53,515</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>58,053</u>	<u>53,515</u>
	<u>58,053</u>	<u>53,515</u>

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 six months ended 30th June, 2010 and 2009 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2009. 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 sale of distributed products. Turnover is stated net of 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 of distributed products are recognised when goods are delivered and title has passed.

	For the three months ended 30th June,		For the six months ended 30th June,	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Business solutions development	4,708	7,219	15,880	9,632
Application software	99	41	193	663
Sales and distribution of computer and electrical products and accessories	<u>11,140</u>	<u>8,548</u>	<u>20,346</u>	<u>19,100</u>
	<u>15,947</u>	<u>15,808</u>	<u>36,419</u>	<u>29,395</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. 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, network and data security products.
Sales of goods:	Sales and distribution of computer and electrical products and accessories.



Segment information about these businesses is presented below.

	Business application solutions for the six months ended 30th June,		Sales of goods for the six months ended 30th June,		Consolidated for the six months ended 30th June,	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
<b>Segment revenue</b>						
Turnover from external customers	<u>16,073</u>	<u>10,295</u>	<u>20,346</u>	<u>19,100</u>	36,419	29,395
Unallocated other revenue					<u>158</u>	<u>248</u>
					<u>36,577</u>	<u>29,643</u>
<b>Results</b>						
Segment results	<u>(783)</u>	<u>(514)</u>	<u>(2,607)</u>	<u>1,244</u>	1,824	730
Unallocated operating expenses					<u>(5,896)</u>	<u>(5,230)</u>
Loss before tax					<u>(4,072)</u>	<u>(4,500)</u>
Share of losses of associates	<u>203</u>	<u>(282)</u>	<u>—</u>	<u>—</u>	203	(282)
Tax expenses of owners of the parent					<u>—</u>	<u>—</u>
Loss attributable to owners of the parent					<u>(3,869)</u>	<u>(4,782)</u>
<b>Geographical segment</b>						

The Group's business and assets are generated from and situated in the PRC. Accordingly, no geographical segment information has been presented.

#### 4. LOSS BEFORE TAX

Loss before tax has been arrived after charging:

	For the three months ended 30th June,		For the six months ended 30th June,	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Staff costs (including Directors' emoluments) comprises:				
Salaries, wages and other benefits	1,947	1,458	4,850	4,039
Contributions to retirement benefits scheme	670	493	1,235	965
	<u>2,497</u>	<u>1,951</u>	<u>5,945</u>	<u>5,004</u>
Auditors' remuneration	165	380	165	380
Cost of inventories recognised as an expense	<u>13,163</u>	<u>14,175</u>	<u>30,965</u>	<u>26,654</u>

#### 5. TAX EXPENSES

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

	For the three months ended 30th June,		For the six months ended 30th June,	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Current tax — PRC				
— tax for the period	—	—	—	—
— over-provision in respect of prior years	—	—	—	—
Tax expenses for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% progressively from 1st January, 2008 onwards. There had been no change in the tax rate for High and New Technology Enterprises ("HNTE").

According to the relevant PRC tax regulations, HNTE operating within a High and New Technology Development Zone are entitled to a reduced Enterprise Income Tax ("EIT") rate of 15%. For the year ended 31st December, 2009, 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.

(b) There is no significant unprovided deferred tax for the six months ended 30th June, 2010 (2009: Nil).

## 6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2010 (2009: Nil).

## 7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30th June, 2010 is based on the unaudited net loss of approximately RMB3,869,000 (2009: net loss of approximately RMB4,782,000) and the weighted average number of shares during the period six months ended 30th June, 2010 was 480,000,000 shares (2009: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30th June, 2010 is based on the unaudited net loss of approximately RMB373,000 (2009: net loss of approximately RMB1,039,000) and the weighted average number of shares during the period three months ended 30th June, 2010 was 480,000,000 shares (2009: 480,000,000 shares).

Diluted loss per share is not presented for the six months and three months ended 30th June, 2010 and 2009 as there were no potential dilutive shares in issue during the relevant periods.

## 8. TRADE RECEIVABLES

The normal credit terms of the Group are 30–90 days. The aged analysis of trade receivables net of allowance for bad and doubtful debts is as follows:

	<b>30th June, 2010</b>	31st December, 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Aged:		
0–90 days	2,326	8,907
91–180 days	1,047	278
181–365 days	5,762	1,454
Exceeding 365 days	4,019	3,052
	<u>13,154</u>	<u>13,691</u>

## 9. TRADE AND BILLS PAYABLE

The aged analysis of trade and bills payable is as follows:

	<b>30th June, 2010</b>	31st December, 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Aged:		
0–90 days	3,421	1,582
91–180 days	314	1,076
181–365 days	2,592	1,234
Exceeding 365 days	3,478	2,906
	<u>9,805</u>	<u>6,798</u>

## 10. SHARE CAPITAL

	<b>30th June, 2010</b>	31st December, 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Registered, issued and fully paid:		
480,000,000 (2009: 480,000,000) shares of RMB0.1 each	<u><b>48,000</b></u>	<u>48,000</u>

The Company has conditionally adopted a share option scheme which enables the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors may, at their discretion but on the basis of their contribution to the development and growth of the Group, make an offer to certain persons to subscribe for the Company's H shares.

During the period, no option was granted by the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results and financial review

For the six months ended 30th June, 2010, the Group recorded a turnover of approximately RMB36,419,000 (2009: approximately RMB29,395,000), representing an increase of approximately RMB7,024,000 or 24% as compared to the corresponding period last year. Gross profit increased by 99% from RMB2,713,000 to RMB5,454,000. The Group recorded a loss of RMB3,869,000 which represents an significant decrease as compared with the loss of approximately RMB4,782,000 for the corresponding period in 2009. The decrease in loss is mainly contributed by enhancement of the Company's profitability.

For the six months ended 30th June, 2010, the revenue for the Group has increased from RMB29,395,000 to RMB36,419,000. The revenue are mainly consisting of the sales and distribution of computer and electrical products and accessories which made up of 55.87% of the total sales or RMB20,346,000, and this is followed by 43.6% of total sales or RMB15,880,000 for business solutions development, 0.53% or RMB193,000 for application software.

Sales and distribution of computer and electrical products and accessories has increased in revenue by RMB1,246,000 or 6.52%, as compared to RMB19,100,000 for the previous year. The revenue of business solutions development increased by RMB6,248,000 or 65%, as compared to RMB9,632,000 for the previous year.

However, the revenue of application software business reduced by RMB470,000 or 71% from RMB663,000 for the previous year, which is mainly contributed by the projects in development.

Gross profit rose RMB2,713,000 or 99% from RMB2,741,000 to RMB5,454,000 which is mainly contributed by the completion of projects with payments received, resulting in significant increase in turnover. Gross profit margin has increased to 15% for the year, as compared to 9.32% for the previous financial year.

Administrative expenses increased by RMB507,000 or 18% to RMB3,343,000 from RMB2,836,000 for the corresponding period last year. Research and development expenses increased by RMB1,529,000 or 68% to RMB3,788,000, as compared to RMB2,259,000 for the previous year. The increase is mainly due to the significant cost of research and development personnel for the initial stage of Macau project. Distribution expenses has slightly increased from RMB2,394,000 for the previous year to RMB2,553,000 for the current year.

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

In conclusion, the interim financial results have slightly improved from that of the previous financial year. The Company will take active measures to monitor its financial position.

### Financial resources and liquidity

As at 30th June, 2010, shareholders' funds of the Group amounted to approximately RMB91,447,000 (as at 31st December, 2009: approximately RMB97,803,000). Current assets amounted to approximately RMB99,212,000 (as at 31st December, 2009: approximately RMB100,916,000), of which approximately RMB58,053,000 (as at 31st December, 2009: approximately RMB63,530,000) were bank balances and cash. The Group had no non-current liabilities and its current liabilities amounted to approximately RMB35,629,000 (as at 31st December, 2009: approximately RMB36,235,000), which mainly comprised of creditors and bill payables and accrued expenses. The Group's net assets per share are approximately RMB0.19 (as at 31st December, 2009: approximately RMB0.21).

As at 30th June, 2010, the Group has bank balances and cash amounting to approximately RMB58,053,000 with a current ratio of approximately 278%. The Directors believed that the Group's financial position is healthy.

As at 30th June, 2010, the Group has a gearing ratio (liabilities over total assets) of approximately 28% (as at 31st December, 2009: approximately 27%).

#### **Capital structure**

There has been no change to the capital structure of the Company during the six months ended 30th June, 2010.

#### **Gearing ratio**

The Group expresses its gearing ratio as a percentage of long-term debts over equity. The Group had a gearing ratio of zero since the Group did not have any long-term debts. The Group generally finances its operations with equity funding and bank borrowings.

#### **Foreign exchange expenses**

During the six months ended 30th June, 2010, as the Group's sales and purchases were substantially denominated in Renminbi, the Board considers that the potential foreign exchange exposure of the Company is minimal.

#### **Employee information and remuneration policies**

As at 30th June, 2010, the Group employed permanent staff of approximately 114 (2009: 111). For the six months ended 30th June, 2010, the remuneration for the employees (including the Directors' emoluments) amounted to approximately RMB4,850,000 (2009: approximately RMB4,039,000). The Group's remuneration and bonus policies are principally determined with reference to the qualification, experience and performance of individual employee.

#### **Material acquisitions or disposals**

During the six months ended 30th June, 2010, the Group had no material acquisitions and disposal of subsidiaries and affiliated companies.

#### **Charges on Group's assets**

As at 30th June, 2010, the Group had no charges on Group's assets.

#### **Details of future plans for material investments or capital assets**

As at 30th June, 2010, the Group had no future plans for material investments or capital assets.

#### **Contingent liabilities**

As at 30th June, 2010, the Group had no material contingent liabilities (2009: Nil).

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

As at 30th June, 2010, 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 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 H shares (L)	0.003%

### Notes:

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

Save as disclosed above, as at 30th June, 2010, 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 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 June, 2010, 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 June, 2010, 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 option has been granted pursuant to such share option scheme on or before 30th June, 2010.

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

### A. Substantial shareholders

As at 30th June, 2010, 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 (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 equity’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 Divisions 2 and 3 of Part XV of the SFO**

As at 30th June, 2010, 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 30th June, 2010, 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 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 six months ended 30th June, 2010, 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 Exchange's required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30th June, 2010.

## 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, 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 six months ended 30th June, 2010.

## 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 six months ended 30th June, 2010.

## CORPORATE GOVERNANCE

The Board considers that the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code") throughout the period, except that the Company has not disclosed the terms of reference of audit committee and remuneration committee by including such information on the Company's website. The Company will take appropriate actions to comply with the CG Code.

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

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

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

By Order of the Board  
**Shanghai Jiaoda Withub Information Industrial Company Limited\***  
**Li Zhan**  
*Chairman*

Shanghai, the PRC, 6th August, 2010

\* *For identification purpose only*