



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 2010

** for identification purposes 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 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 document misleading.

HIGHLIGHTS

- The Group recorded a turnover of approximately RMB59,632,000 for the nine months ended 30th September, 2010 (2009: RMB51,532,000), representing an increase of approximately 15.72% as compared to the corresponding period in 2009.
- For the nine months ended 30th September, 2010, the Group recorded a loss attributable to owners of the parent of approximately RMB4,353,000 (2009: RMB3,556,000), representing an increase of approximately 22.41% as compared to the corresponding period in 2009.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2010 (2009: 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, 2010, together with the unaudited comparative figures for the corresponding periods in 2009 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the three months ended 30th September,		For the nine months ended 30th September,	
		2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Turnover	2	23,213	22,137	59,632	51,532
Cost of sales		<u>(19,611)</u>	<u>(17,844)</u>	<u>(50,576)</u>	<u>(44,498)</u>
Gross profit		3,602	4,293	9,056	7,034
Other revenue		55	214	213	462
Distribution expenses		(1,264)	(1,093)	(3,817)	(3,487)
Research and development expenses		(1,160)	(1,342)	(4,948)	(3,601)
Administrative expenses		<u>(1,189)</u>	<u>(1,085)</u>	<u>(4,532)</u>	<u>(3,921)</u>
Loss before tax		44	987	(4,028)	(3,513)
Share of losses of associates		<u>(528)</u>	<u>239</u>	<u>(325)</u>	<u>(43)</u>
Loss before taxation		(484)	1,226	(4,353)	(3,556)
Tax expenses	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period		<u><u>(484)</u></u>	<u><u>1,226</u></u>	<u><u>(4,353)</u></u>	<u><u>(3,556)</u></u>
Attributable to:					
– Owners of the parent		(484)	1,226	(4,353)	(3,556)
– Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>(484)</u></u>	<u><u>1,226</u></u>	<u><u>(4,353)</u></u>	<u><u>(3,556)</u></u>
Dividends	5	-	-	-	-
Loss per share (in RMB)					
– Basic	6	<u><u>(0.00101)</u></u>	<u><u>0.00255</u></u>	<u><u>(0.00907)</u></u>	<u><u>(0.00741)</u></u>
– Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended 30th September,		For the nine months ended 30th September,	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Loss for the period	(484)	1,226	(4,353)	(3,556)
Other comprehensive income:				
Exchange difference arising on translation of overseas operations	—	—	(2,594)	(2,298)
Total comprehensive income for the period	(484)	1,226	(6,947)	(5,854)
Attributable to:				
Owners of the parent	(484)	1,226	(6,947)	(5,854)
Non-controlling interests	—	—	—	—

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to owners of the parent						Non-controlling interests		Total
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	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									
Exchange difference arising on translation of an overseas subsidiary	—	—	—	—	—	(3,556)	(3,556)	—	(3,556)
	—	—	—	—	(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
At 1st January, 2010	48,000	61,068	16,000	223	187	(27,675)	97,803	—	97,803
Net loss for the period									
Exchange difference arising on translation of an overseas subsidiary	—	—	—	—	—	(4,353)	(4,353)	—	(4,353)
	—	—	—	—	(2,594)	—	(2,594)	—	(2,594)
At 30th September, 2010	48,000	61,068	16,000	223	(2,407)	(32,028)	90,856	—	90,856

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, 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 September,		For the nine months ended 30th September,	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Business solutions development	8,985	7,750	24,865	17,382
Application software	2,501	2,660	2,694	3,323
Sales and distribution of computers and electrical products and accessories	11,727	11,727	32,073	30,827
	<u>23,213</u>	<u>22,137</u>	<u>59,632</u>	<u>51,532</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. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the nine months ended 30th September,	
	2010 RMB'000	2009 RMB'000
Staff costs (including Directors' emoluments) comprises:		
Salaries, wages and other benefits	6,141	5,506
Contributions to retirement benefit scheme	1,925	1,484
	<u>8,066</u>	<u>6,990</u>
Cost of inventories recognised as an expense	50,576	44,498
	<u>50,576</u>	<u>44,498</u>

4. 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, 2009, as the Company could not obtain the recognition of HNTE, the Company and its subsidiaries are subject to applicable EIT rate at 25%, with Shanghai Withuh information and Professional Training School 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, 2010 (2009: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September, 2010 (2009: Nil).

6. LOSS PER SHARE

The calculation of the basic loss per share for the nine months ended 30th September, 2010 is based on the unaudited loss attributable to owners of the parent of approximately RMB4,353,000 (2009: loss attributable to owners of the parents of approximately RMB3,556,000) and on 480,000,000 shares in issue during the nine months ended 30th September, 2010 (nine months ended 30th September, 2009: 480,000,000 shares).

The calculation of the basic loss per share for the three months ended 30th September, 2010 is based on the unaudited loss attributable to owners of the parent of approximately RMB484,000 (2009: profit attributable to owners of the parent of approximately RMB1,226,000) and on 480,000,000 shares in issue during the three months ended 30th September, 2010 (three months ended 30th September, 2009: 480,000,000 shares).

Diluted loss per share is not presented for the three months and nine months ended 30th September, 2010 and 2009 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, 2010, the Group recorded a turnover of approximately RMB59,632,000 (2009: approximately RMB51,532,000), representing an increase of approximately RMB8,100,000 or 15.72% as compared to the corresponding period last year. Although the turnover of this year slightly increased, the Group recorded a loss of RMB4,353,000 which represents a slight increase as compared with the loss of RMB3,556,000 for the nine months ended 30th September, 2010, which is mainly due to the increase in research and development expenses and administrative expenses as compared with last year.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the nine months ended 30th September, 2010, the revenue for the Group has increased from RMB51,532,000 to RMB59,632,000. The revenue are mainly consisting of the sales and distribution of computer, electrical products and accessories which accounted for 53.78% of the total sales or RMB32,073,000, and this is followed by 41.7% of total sales or RMB24,865,000 for business solutions development and 4.52% or RMB2,694,000 for application software.

Sales and distribution of computer, electrical products and accessories has increased in revenue by RMB1,246,000 or 4.04%, as compared to RMB30,827,000 for the previous year. The revenue of business solutions development increased by RMB7,483,000 or 43.05%, as compared to RMB17,382,000 for the previous year, which is mainly due to the revenue from more projects of 2009 or previous years completed this year.

However, the revenue of application software business reduced by RMB629,000 or 18.93% from RMB3,323,000 for the previous year, which is mainly contributed by the projects under development.

Gross profit rose RMB2,022,000 or 28.75% from RMB7,034,000 to RMB9,056,000, which is mainly contributed by the completion of projects with payments received, resulting in significant increase in turnover. Gross profit margin has increased to 15.19% for the year, as compared to 13.65% for the previous financial year.

Administrative expenses of the Company increased by RMB611,000 or 15.58% to RMB4,532,00 from RMB3,921,000 for the corresponding period last year. Research and development expenses increased by RMB1,347,000 or 37.41% to RMB4,948,000, as compared to RMB3,601,000 for the previous year. The increase is mainly due to the significant cost of research and development personnel for the Macau project. Distribution expenses has slightly increased from RMB3,487,000 for the previous year to RMB3,817,000 for the current year.

In conclusion, the financial results of this quarter have slightly decreased in a year-on-year basis. The Company will put more efforts in cost control. The management will endeavor to minimize unnecessary expenses and to improve the productivity of the management staff. Active measures will be launched to monitor the financial position of the Company in order to continuously monitor the cost in achieving the targeted profit.

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

As at 30th September, 2010, the interests and short positions of the Directors, the supervisors (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (“SFO”) had applied to the supervisors) and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Directors	The Company/ name of subsidiary	Capacity	Number and class of securities (Note 1)	Approximate Percentage in the issued share Capital of the Company/ subsidiary
Cheng Min	Company	Beneficial owner	4,700,000 domestic shares (L)	0.98%
Wang Yiming	Company	Beneficial owner	9,840,000 domestic shares (L)	2.05%
	Shanghai Huikang Information Technology Company Limited (Note 2)	Beneficial owner	100,000 shares (L)	10.00%
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, 2010, 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, 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 September, 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 share option has been granted pursuant to such share option scheme on or before 30th September, 2010.

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

A. Substantial shareholders

As at 30th September, 2010, the following shareholders (other than the Directors, the supervisors (as if the requirements applicable to the Directors under the SFO had applied to the supervisors) or chief executives of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Nature of interest	Number and class of shares (Note 1)	Approximate percentage of interest
Shanghai Jiaoda Science and Technology Park Limited	Beneficial owner (Note 2)	114,000,000 domestic Shares (L)	23.75%
Shanghai Xin Xuhui (Group) Limited	Beneficial owner (Note 3)	60,000,000 domestic Shares (L)	12.50%
Shanghai Huixin Investment Operation Company Limited	Beneficial owner	57,000,000 domestic Shares (L)	11.88%
Shanghai Technology Investment Company	Beneficial owner	57,000,000 domestic Shares (L)	11.88%

Notes:

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

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

As at 30th September, 2010, save as the persons/entities disclosed in sub-section A above, the following person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Nature of interest	Number and class of shares (Note)	Approximate percentage of interest
Chan 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, 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 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, 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 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, 2010.

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, 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 nine months ended 30th September, 2010.

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 Guoqi and Chan Yan Chong

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

Shanghai, the PRC, 5th November, 2010

** for identification purposes only*