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**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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8205)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
ENTRUSTED LOAN AGREEMENT**

On 18 March 2008, the Company, Nanyang Properties and ICBC entered into the Entrusted Loan Agreement, the detailed terms of which are set out in the section headed "Entrusted Loan Agreement" below. The Entrusted Loan and the interest accrued thereon was fully repaid to the Company on 4 July 2008.

The provision of the Entrusted Loan by the Company to Nanyang Properties constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and would have been subject to reporting and announcement requirements.

The provision of the Entrusted Loan by the Company to Nanyang Properties also constituted financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. As the relevant percentage ratios of the Entrusted Loan Agreement were more than 2.5% and the total value of the assistance exceeded HK\$10,000,000, the Entrusted Loan would have been subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Further, pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arose when the Company entered into the Entrusted Loan Agreement as the provision of the Entrusted Loan exceeded the 8% threshold of the assets ratio.

A circular containing, among others, further details of the Entrusted Loan Agreement together with a letter from the Independent Board Committee to the Independent Shareholders and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders as soon as practicable.

BACKGROUND

On 18 March 2008, the Company, Nanyang Properties and ICBC entered into the Entrusted Loan Agreement, the detailed terms of which are set out in the section headed "Entrusted Loan Agreement" below. The Entrusted Loan and the interest accrued thereon was fully repaid to the Company on 4 July 2008.

This announcement is made to inform the Shareholders of the major terms of the Entrusted Loan Agreement.

ENTRUSTED LOAN AGREEMENT

Date

18 March 2008

Parties

- (1) the Company, as the lender;
- (2) ICBC, as the lending agent; and
- (3) Nanyang Properties, as the borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of ICBC and its ultimate beneficial owners was an independent third party not connected with the Company and its connected persons.

Nanyang Properties is a wholly-owned subsidiary of Jiaoda Investment, which is a substantial Shareholder of the Company. Accordingly, Nanyang Properties is a connected person of the Company under the GEM Listing Rules by virtue of being an associate of Jiaoda Investment.

Entrusted Loan arrangement

Pursuant to the Entrusted Loan Agreement, the Company instructed ICBC to act as a lending agent to, inter alia, release a loan in the principal amount of RMB20,000,000 (equivalent to HK\$22,600,000), which was funded by the Company, to Nanyang Properties.

The interest rate payable by Nanyang Properties for the Entrusted Loan was 10% per annum calculated on a daily basis and payable quarterly. Under the Entrusted Loan, no collateral was provided by Nanyang Properties to the Company.

Term

The Entrusted Loan was for a term of 12 months commencing from 20 March 2008 to 19 March 2009. Should there be early repayment of the Entrusted Loan before the end of the term, interest would be calculated and payable by Nanyang Properties according to the actual term of borrowing.

The principal amount of the Entrusted Loan together with the interests accrued thereon which amounted to RMB20,486,133.33 (equivalent to approximately HK\$23,149,330) was repaid to the Company in one lump sum on 4 July 2008.

REASONS FOR THE ENTRUSTED LOAN AGREEMENT

The terms of the Entrusted Loan Agreement, including the interest rate applicable, was agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors considered that given the interest rate for the Entrusted Loan was comparatively higher than the interest rate for savings of about 2.5% offered by the financial institutions in the PRC at the relevant time, the provision of the Entrusted Loan to Nanyang Properties could generate a higher return for the idle fund of the Group.

In view of the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Entrusted Loan Agreement are on better terms to the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The provision of the Entrusted Loan by the Company to Nanyang Properties constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules and would have been subject to reporting and announcement requirements.

The provision of the Entrusted Loan by the Company to Nanyang Properties also constituted financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. As the relevant percentage ratios of the Entrusted Loan Agreement were more than 2.5% and the total value of the assistance exceeded HK\$10,000,000, the Entrusted Loan would have been subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Further, pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arose when the Company entered into the Entrusted Loan Agreement as the provision of the Entrusted Loan exceeded the 8% threshold of the assets ratio.

The Company admits that it had overlooked the requirements to comply with the relevant provisions under Chapters 17, 19 and 20 of the GEM Listing Rules at the time when it entered into the Entrusted Loan Agreement. The Company has forthwith admitted the breaches to the Stock Exchange and has taken steps to rectify the breach, including by way of this announcement. As the Entrusted Loan and the interest accrued thereon have been fully repaid to the Company, the Independent Shareholders' approval of the Entrusted Loan could not be retroactively sought. Accordingly, the Company will not convene a general meeting to approve the Entrusted Loan.

An Independent Board Committee will be established to advise the Independent Shareholders in relation to the Entrusted Loan. An Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Entrusted Loan as if there shall be a general meeting of the Company to approve the Entrusted Loan Agreement.

A circular containing, among others, further details of the Entrusted Loan Agreement together with a letter from the Independent Board Committee to the Independent Shareholders and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders as soon as practicable.

GENERAL

The Company is principally engaged in the development of business application solutions in the PRC.

Nanyang Properties is principally engaged in property investment and development in the PRC.

ICBC is a bank incorporated in the PRC and is principally engaged in banking, financial and other financial related services.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Company”	上海交大慧谷信息產業股份有限公司 (unofficial translation as Shanghai Jiaoda Withub Information Industrial Company Limited), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on GEM
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the loan in the amount of RMB20,000,000 made pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the entrusted loan agreement dated 18 March 2008 and entered into between the Company, ICBC and Nanyang Properties for the Entrusted Loan
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial and Commercial Bank of China Limited Shanghai City Xuhui Branch (中國工商銀行股份有限公司上海市徐匯支行), a joint stock limited liability company incorporated in the PRC
“Independent Board Committee”	the independent Board committee of the Company formed by the Company to advise the Independent Shareholders as to whether the terms of the Entrusted Loan Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Agreement
“Independent Shareholders”	Shareholders other than Jiaoda Investment and its associates
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected persons

“Jiaoda Investment”	上海交大產業投資管理(集團)有限公司 (unofficial translation as Shanghai Jiaoda Industrial Investment Management (Group) Co., Ltd.), a limited liability company established in the PRC, which is wholly-owned by Shanghai Jiao Tong University (上海交通大學)
“Nanyang Properties”	上海交大南洋房地產(集團)有限公司 (unofficial translation as Shanghai Jiaoda Nanyang Properties (Group) Limited), a limited liability company established in the PRC and a wholly-owned subsidiary of Jiaoda Investment
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, for purpose of illustration only, amounts quoted in RMB have been converted into HK dollars at the rate of RMB1.00 to HK\$1.13. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, the board of Directors comprises the following members:

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

By order of the board of Directors of
Shanghai Jiaoda Withub Information Industrial Company Limited
Li Zhan
Chairman

Shanghai, the PRC, 3 November 2008

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on the basis and assumptions that are fair and reasonable.

This announcement will remain on the Growth Enterprise Market website on the “Latest Company Announcements” page for 7 days from the date of its posting.

** For identification purpose only*