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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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.

This announcement 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 Rule Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("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 the information contained in this announcement 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 announcement misleading.

* *For identification purposes only*

HIGHLIGHTS

For the year ended 31 December 2010,

– turnover of the Group amounted to approximately RMB85,622,000 (2009: approximately RMB84,608,000) which represented a slight increase of approximately 1%;

– loss attributable to owners of the Company was approximately RMB16,123,000 (2009: profit of approximately RMB2,707,000); and

– the Directors do not recommend the payment of a final dividend (2009: Nil).

The board of directors (the "Board" or the "Directors") of 上海交大慧谷信息產業股份有限公司 (Shanghai Jiaoda Withub Information Industrial Company Limited*) (the "Company", together with its subsidiaries, collectively, the "Group") announces the audited results of the Group for the year ended 31 December 2010, together with the comparative figures for the year of 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	NOTES	2010 RMB'000	2009 RMB'000
Turnover	4	**85,622**	84,608
Cost of sales		**(69,116)**	(69,999)
Gross profit		**16,506**	14,609
Other revenue	6	**3,260**	3,567
Distribution expenses		**(5,060)**	(4,008)
Administrative expenses		**(15,574)**	(11,495)
Impairment loss recognised in respect of interest in an associate		**(10,000)**	-
Share of results of associates		**(5,258)**	34
(Loss) profit before tax		**(16,126)**	2,707
Income tax expense	7	**-**	-
(Loss) profit for the year	8	**(16,126)**	2,707
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**252**	85
Total comprehensive (expense) income for the year		**(15,874)**	2,792
(Loss) profit for the year attributable to:			
Owners of the Company		**(16,123)**	2,707
Non-controlling interest		**(3)**	-
		(16,126)	2,707
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(15,871)**	2,792
Non-controlling interest		**(3)**	-
		(15,874)	2,792
(Loss) earnings per share (in RMB)			
Basic and diluted	10	**(0.0336)**	0.0056

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2010

	NOTES	**2010** ***RMB'000***	2009 *RMB'000*
Non-current assets			
Plant and equipment		**1,284**	2,601
Interests in associates		**10,038**	26,446
Intangible asset		**2,250**	2,550
Other receivable		**3,580**	-
Available-for-sale investments		**2,416**	2,416
		19,568	34,013
Current assets			
Inventories		**3,181**	3,457
Amounts due from customers for contract works		**5,599**	9,778
Trade receivables	*11*	**16,343**	13,691
Deposits, prepayments and other receivables		**6,014**	9,378
Amount due from a related party		**-**	1,000
Amounts due from associates		**1,155**	82
Bank balances and cash		**59,724**	63,530
		92,016	100,916
Current liabilities			
Trade payables	*12*	**8,444**	6,798
Other payables and accrued expenses		**18,336**	27,073
Amount due to a shareholder		**365**	1,800
Amount due to a related party		**10**	564
		27,155	36,235
Net current assets		**64,861**	64,681
		84,429	98,694
Capital and reserves			
Share capital		**48,000**	48,000
Reserves		**33,932**	49,803
Equity attributable to owners of the Company		**81,932**	97,803
Non-controlling interest		**(3)**	-
Total equity		**81,929**	97,803
Non-current liability			
Deferred income		**2,500**	891
		84,429	98,694

NOTES:

1. GENERAL

Shanghai Jiaoda Withub Information Industrial Company Limited (the "Company") was incorporated on 4 May 1998 as a joint stock limited liability company in Shanghai, the People's Republic of China (the "PRC"). The Company was listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 July 2002 by the placing of 132,000,000 overseas listed foreign shares ("H shares") of RMB0.10 each at HKD0.66 per H share. The placing of 132,000,000 H shares included 120,000,000 new H shares and 12,000,000 H shares converted from domestic shares of the Company.

The address of the registered office of the Company is 2/F, Block 7, 471 Gui Ping Road, Shanghai, PRC and its principal place of business is Building A, Shanghai Jiaoda Withub Information Park, No. 951 Panyu Road, Shanghai, PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of business solutions, development and sale of application system and network and data security products and sales and distribution of computer and electrical products and accessories in the PRC.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standards ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures–Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax : Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration give in exchange for assets.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

4. TURNOVER

Turnover represents revenue arising from the provision of business solutions, development and sales of application system and network and data security products and sales and distribution of computer and electrical products and accessories for the year. An analysis of the Group's revenue for the year is as follows:

	2010	2009
	RMB'000	*RMB'000*
Development and provision of:		
-Business solutions development	**17,032**	38,700
-Application software	**6,109**	3,588
-Network and data security products	**2,840**	2,465
Sales and distribution of computer and electrical products and accessories	**59,641**	39,855
	85,622	84,608

Turnover as disclosed above is net of applicable PRC business tax and discounts.

5. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the directors of the Company for the purpose of resource allocation and performance assessment are as follows:

- Business application solutions: Develop and provide business application solutions services which include business solutions development, application software and network and data security products.

- Sales of goods: Sales and distribution of computer and electrical products and accessories.

Information regarding the above segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments for the years ended 31 December 2010 and 2009:

	Business application solutions		**Sales of goods**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
SEGMENT REVENUE						
External sales	**25,981**	44,753	**59,641**	39,855	**85,622**	84,608
Segment profit	**7,115**	10,103	**6,867**	4,162	**13,982**	14,265
Share of results of associates					**(5,258)**	34
Impairment loss recognised in respect of interest in an associate					**(10,000)**	-
Interest income					**803**	714
Unallocated corporate income					**2,279**	2,511
Unallocated operating expenses					**(17,932)**	(14,817)
(Loss) profit for the year					**(16,126)**	2,707

Segment profit represents the profit earned by each segment without allocation of corporate income and expenses, interest income, central administration costs, directors' salaries, share of results of associates and impairment loss recognised in respect of interest in an associate and amount due from a related party. This is the measure reported to the directors of the Company for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment as at the end of the reporting period:

	Business application solutions		Sales of goods		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**18,811**	20,707	**9,495**	10,611	**28,306**	31,318
Interests in associates					**10,038**	26,446
Unallocated corporate assets					**73,240**	77,165
Total assets					**111,584**	134,929
Segment liabilities	**21,183**	28,282	**5,429**	4,052	**26,612**	32,334
Unallocated corporate liabilities					**3,043**	4,792
Total liabilities					**29,655**	37,126

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than intangible assets, available-for-sale investments, interests in associates, amount due from a related party and amounts due from associates, bank balances and cash and other assets for corporate use including other receivables.

- all liabilities are allocated to reportable segments other than amount due to a shareholder and other payables for which the corporate is liable.

Other segment information

Amounts included in the measure of segment profit or segment assets:

	Business application solutions		Sales of goods		Unallocated		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Addition to non-current assets	**331**	2,302	**-**	-	**-**	-	**331**	2,302
Depreciation of plant and equipment	**935**	249	**-**	-	**-**	-	**935**	249
Amortisation of intangible asset	**300**	300	**-**	-	**-**	-	**300**	300
Impairment loss recognised in respect of trade receivables	**418**	109	**988**	-	**-**	-	**1,406**	109
Impairment loss recognised in respect of other receivables	**25**	-	**-**	-	**-**	-	**25**	-
Loss on disposal of plant and equipment	**36**	28	**-**	-	**-**	-	**36**	28
Bad debts recovered	**(178)**	(209)	**-**	-	**-**	-	**(178)**	(209)

Amounts regularly provided to the directors of the Company for consideration but not included in the measure of segment result or segment assets:

	Business application solutions		Sales of goods		Unallocated		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interests in associates	**-**	-	**-**	-	**10,038**	26,446	**10,038**	26,446
Impairment loss recognised in respect of interest in an associate	**-**	-	**-**	-	**10,000**	-	**10,000**	-
Impairment loss recognised in respect of amount due from a related party	**-**	-	**-**	-	**1,000**	-	**1,000**	-
Share of results of associates	**-**	-	**-**	-	**5,258**	(34)	**5,258**	(34)
Interest income	**-**	-	**-**	-	**(803)**	(714)	**(803)**	(714)

Geographical information

Over 95% of the Group's revenue was generated from customers in the PRC during the two years ended 31 December 2010 and all of the Group's assets were located in the PRC. Therefore, no geographical segment information is presented.

Information about major customers

For the year ended 31 December 2010, there is no customer with whom transactions have exceeded 10% of the Group's total revenue. For the year ended 31 December 2009, revenue from one customer in the segment of business application solutions amounting to RMB15,654,000 had individually accounted for over 10% of the Group's total revenue.

6. OTHER REVENUE

	2010	2009
	RMB'000	*RMB'000*
Dividends from available-for-sale investments	**-**	2,334
Interest income	**803**	714
Bad debts recovered	**178**	209
Government grants	**191**	9
Waiver of operating lease payments (Note)	**926**	-
Rental income	**753**	64
Others	**409**	237
	3,260	3,567

Note: In November 2010, the landlord, Shanghai Jiao Tong University, agreed to waive partial operating lease payments payable by the Company of approximately RMB926,000 for the period from September 2008 to December 2009.

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there were no assessable profits derived from Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for EIT has been made for both years ended 31 December 2010 since the assessable profits of the companies within the Group are wholly absorbed by tax losses brought forward.

The tax charge for the year can be reconciled to the (loss) profit per the consolidated statement of comprehensive income as follows:

	2010	2009
	RMB'000	*RMB'000*
(Loss) profit before tax	**(16,126)**	2,707
Tax at the PRC domestic income tax rate of 25% (2009: 25%)	**(4,032)**	677
Tax effect of difference tax rate of a subsidiary	**51**	12
Tax effect of expenses not deductible for tax purpose	**3,109**	27
Tax effect of income not taxable for tax purpose	**(51)**	(52)
Utilisation of tax losses previously not recognised	**(497)**	(655)
Tax effect on tax losses not recognised	**106**	-
Tax effect of share of results of associates	**1,314**	(9)
Income tax expense for the year	**-**	-

8. (LOSS) PROFIT FOR THR YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2010	2009
	RMB'000	*RMB'000*
Staff costs (including directors' and supervisors' emoluments) comprises:		
Salaries and other benefits	**9,015**	7,793
Contributions to retirement benefits scheme	**934**	668
Total staff costs	**9,949**	8,461
Amortisation of intangible asset	**300**	300
Auditors' remuneration	**332**	330
Cost of inventories recognised as an expense (included in cost of sales)	**51,712**	53,815
Depreciation of plant and equipment	**935**	249
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**1,406**	109
Impairment loss recognised in respect of other receivables (included in administrative expenses)	**25**	-
Impairment loss recognised in respect of amount due from a related party (included in administrative expenses)	**1,000**	-
Loss on disposal of plant and equipment	**36**	28
Exchange loss, net	**745**	141
Research and development expenditures (Note)	**4,554**	4,204
Share of income tax expense of associates (included in the share of results of associates)	**178**	154
Gross rental income from office premises	**(753)**	(64)
Less: operating lease charges in respect of office premises	**753**	-
	-	(64)

Note: During the year ended 31 December 2010, research and development costs included staff costs of approximately RMB3,496,000 (2009: RMB2,906,000) for the Group's employees engaged in research and development activities, which are also included in staff costs as above.

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2010 and 2009, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share for the year is based on the loss for the year attributable to owners of the Company of approximately RMB16,123,000 (2009: profit of approximately RMB2,707,000) and the weighted average number of 480,000,000 (2009: 480,000,000) ordinary shares in issue during the year.

Diluted (loss) earnings per share is the same as the basic (loss) earnings per share since the Company has no potential dilutive shares as at 31 December 2010 and 2009.

11. TRADE RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**19,181**	15,123
Less: Allowance for doubtful debts	**(2,838)**	(1,432)
	16,343	13,691

The Group allows credit period ranging from 90 to 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
0 to 90 days	**10,629**	8,907
91 to 180 days	**418**	278
181 to 365 days	**1,012**	1,454
Exceeding 365 days	**4,284**	3,052
	16,343	13,691

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of approximately RMB5,386,000 (2009: RMB4,759,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

		Neither past	**Past due but not impaired**		
	Total	**due nor impaired**	**91 to 180 days**	**181 to 365 days**	**Exceeding 365 days**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2010	**16,343**	**10,957**	**90**	**1,012**	**4,284**
31 December 2009	13,691	8,932	253	1,454	3,052

Receivables that were past due but not impaired related to a number of customers which have a good track record with the Group. Based on past experiences, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The movements of the allowance for doubtful debts are stated as below:

	2010	2009
	RMB'000	*RMB'000*
At 1 January	**1,432**	1,323
Impairment loss recognised in respect of trade receivables	**1,406**	109
At 31 December	**2,838**	1,432

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB1,997,000 (2009: RMB1,308,000) which has been long outstanding for more than three years. The Group does not hold any collateral over these balances.

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
0 to 90 days	**1,480**	1,582
91 to 180 days	**-**	1,076
181 to 365 days	**1,976**	1,234
Exceeding 365 days	**4,988**	2,906
	8,444	6,798

The average credit period on purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividends

No dividend was paid or proposed during the two years ended 31 December 2010 and 31 December 2009, nor has any dividend been proposed since the end of the reporting period.

Results

For the year ended 31 December 2010, the Group recorded a turnover of approximately RMB85,622,000 (2009: approximately RMB84,608,000), representing a slight increase of RMB1,014,000 or 1% as compared to the last year. The Group recorded a loss of RMB16,126,000, representing a significant loss compared with the profit of RMB2,707,000 for the year ended 31 December 2009, as a result of the loss in the investment in the associates in prior years.

Business Review and Future Prospects

For the full financial year under review ended 31 December 2010, the total revenue for the Group has increased from RMB84,608,000 to RMB85,622,000. The growth of RMB1,014,000 in revenue represents 1% increase of the Group' s sales in 2009. The Group recorded a profit of RMB2,707,000 for the previous year and a loss before tax of RMB16,126,000 during the year.

Revenue are mainly generated from the sales and distribution of computer and electrical products and accessories which made up of 70% of the total sales (or RMB59,641,000), and this are followed by 20% of total sales (or RMB17,032,000) for business solutions development, 7% (or RMB6,109,000) for application software, 3% (or RMB2,840,000) for network and data security. These business segments remain the core services and products for the company in the past and also for the future.

The sales and distribution of computer and electrical products and accessories has increased RMB19,786,000 in revenue as compared with RMB39,855,000 last year, representing an increase of 50%. It is mainly due to economic situation recovery and consumer market, resulted in the growth in the demand in the market.

However, revenue in business solutions development has decreased RMB21,668,000 or 56% from the previous of RMB38,700,000.

Revenue of application software business has increased RMB2,521,000 from RMB3,588,000 last year, representing an increase of 70%. Sales of network and data security has slightly increased RMB375,000 from the previous year of RMB2,465,000, representing an increase of 15%.

The gross profit has improved from RMB14,609,000 to RMB16,506,000. This represents an improvement of RMB1,897,000 or 13%. The improvement is mainly accredited to the lower down of the cost of sales. The gross profit margin has improved from the previous financial year of 17% to the current year of 19%.

Other revenue has decreased RMB307,000 or 9% to RMB3,260,000 for the current year from the previous year of RMB3,567,000.

The loss attributable to the associate company amounted to RMB5,258,000 for the current year as compared to the profit of RMB34,000 for the previous year, representing a decrease of RMB5,292,000.

Distribution cost has increased RMB1,052,000 or 26% from RMB4,008,000 for the previous year to RMB5,060,000 during the year.

The results of the Group for the current year was affected by the loss in the investment in the associate companies. The management will try it bests to reduce unnecessary expenses and also to improve the productivity of the management staff. In future the Company will still mainly focus on the cost control. As for the existing business, the Company will try to expand into new market area including obtaining some business from the new customer through referrals from the existing client and marketing effort from the management.

In conclusion, although the principle businesses recorded growth in the first half of the year, the Group suffered from loss due to the impact of the results of associate companies. Despite the inevitable challenges in the year of 2011 the Group will try to maintain and enlarge the profits of principle businesses, so as to minimize the loss in associate companies.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2010, shareholders' funds of the Group amounted to approximately RMB81,932,000 (2009: RMB97,803,000). Current assets amounted to approximately RMB92,016,000 (2009: RMB100,916,000), of which approximately RMB59,724,000 (2009: RMB63,530,000) were bank balances and cash. The Group had non-current liabilities amounted to approximately RMB2,500,000 (2009: RMB891,000) and its current liabilities amounted to approximately RMB27,155,000 (2009: RMB36,235,000), which mainly comprised of other creditors and accrued expenses. The Group did not have any long-term debts.

WORKING CAPITAL RATIO AND GEARING RATIO

As at 31 December 2010, the Group had a net cash position and its working capital ratio (current assets to current liabilities) was 3.39 (2009: 2.79); and gearing ratio (liabilities to total assets) was 27% (2009: 28%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2010.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 December 2010.

SEGMENT INFORMATION

All of the Group's activities are conducted in the PRC and are divided into two business segments namely business application solutions and sales of goods. Accordingly, analysis by business segments is presented in note 5 to the consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2010, the Group had 125 full time employees (2009: 109), comprising 17 in management, finance and administration (2009: 16), 39 in research and development (2009: 32), 47 in application development and engineering (2009: 41), and 19 in sales and marketing (2009: 17). Also, the Group had 3 school staff (2009: 3).

The Group has not experienced any disruption of its normal business operations due to labour disputes or significant turnover of staff. The Directors consider that the Company has maintained a very good relationship with its staff.

Remuneration of employees including Directors′ emoluments and all staff related costs for the year ended 31 December 2010 was approximately RMB9,949,000 (2009: RMB8,461,000).

The Group's remuneration and bonus policies are principally determined with reference to the qualification, experience and performance of individual employee.

CHARGES ON GROUP ASSETS

As at 31 December 2010, the Group had not pledged any assets to its bankers to secure banking facilities granted to the Group (2009: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors presently do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group′ s best interests.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2010, the Group's monetary assets and transactions are mainly denominated in RMB, HKD and USD. Though the exchange rates between RMB, HKD and USD are not pegged, there are relatively low level of fluctuation in exchange rates among RMB, HKD and USD. The management noted that the recent appreciation in the exchange rate of RMB to HKD and USD and is of the opinion that it does not currently have a material adverse impact on the Group′ s financial position. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities (2009: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 May 2011 to 16 June 2011 (both days inclusive), during which no transfer of shares will be effected. The holders of shares whose name appears on the register of members of the Company at 4:00 p.m. on 15 April 2011 will be entitled to attend and vote at the AGM. In order to qualify for attendance at the above meeting, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company′ s H share registrar, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 15 April 2011.

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 the Directors and the Company was not aware of any non-compliance with the Stock Exchange's required standard regarding securities transactions by the Directors throughout the year.

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 year ended 31 December 2010.

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company established an audit committee on 7 July 2002 with written terms of reference. The audit committee comprises three independent non-executive Directors, namely Mr. Yuan Shumin, Dr. Cao Guo Qi and Dr. Chan Yan Chong.

The Company's consolidated financial statements for the year ended 31 December 2010 have been reviewed by the audit committee, who recommended such statements to the Board. The financial reporting process and internal control of the Company have also been reviewed by the audit committee, who were of the opinion that no further improvement was required for the time being. During the year, the audit committee has held four formal meetings.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 15 of the GEM Listing Rules for the year, 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.

APPRECIATION

I would like to take this opportunity to express my sincere thanks to our valuable shareholders and customers, and to our committed staff for their contributions to the continual business growth of the Group. My vote of thanks also goes to the management of the Group for their efforts and contributions throughout the year. Looking forward, we will try our best to reward the shareholders with the most fruitful return.

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

Shanghai, the PRC, 31 March 2011

As at the date of this announcement, 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

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days of its posting and on the website of the Company at http://www.withub.com.cn.