



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)

FIRST QUARTERLY REPORT 2022

** For identification purposes only*

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report for which the directors (the “Directors”) of Shanghai Jiaoda Withub Information Industrial Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rule Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, 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, and there are no other facts the omission of which would make any statement herein misleading.*

HIGHLIGHTS

- The Group recorded a turnover of approximately RMB4,894,000 for the three months ended 31 March 2022, representing a decrease of approximately 18.51% as compared with that of the corresponding period in 2021.
- The Group recorded a loss attributable to the owners of the parent of approximately RMB6,088,000 for the three months ended 31 March 2022. A loss attributable to the owners of the parent for the corresponding period in 2021 was approximately RMB2,688,000.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2022 (2021: Nil).

FIRST QUARTERLY RESULTS

The board (the “Board”) of directors (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”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2022, together with the unaudited comparative figures for the corresponding period in 2021 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	Notes	For the three months ended 31 March	
		2022 RMB'000	2021 RMB'000
Turnover	2	4,894	6,006
Cost of sales		(3,868)	(2,943)
Gross profit		1,026	3,063
Other revenue		102	74
Distribution expenses		(1,133)	(2,563)
Research and development expense		(1,143)	(1,631)
Administrative expenses		(3,763)	(1,559)
Asset impairment loss		(154)	221
Share of results of associates		(1,331)	(294)
Loss before tax	3	(6,088)	(2,688)
Income tax expense		–	–
Profit (loss) for the period attributable to the owners of the parent		(6,088)	(2,688)
Exchange difference arising on translation of foreign operations and other comprehensive income (loss) for the period		–	–
Comprehensive income (loss) for the period attributable to the owners of the parent		(6,088)	(2,688)
Loss per share (in RMB) – Basic and diluted	5	(0.0127)	(0.0056)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

	For the three months ended 31 March	
	2022	2021
	RMB'000	RMB'000
Loss for the period	(6,088)	(2,688)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	—	—
Total comprehensive income for the period	(6,088)	(2,688)
Attributable to:		
Owners of the parent	(6,088)	(2,688)
Non-controlling interests	(30)	(30)

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

For the three months ended 31 March 2021

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interest <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021	48,000	61,068	16,240	223	1,382	(75,015)	51,898	(30)	51,868
Loss for the period	—	—	—	—	—	(2,688)	(2,688)	—	(2,688)
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the period	—	—	—	—	—	(2,688)	(2,688)	—	—
At 31 March 2021	<u>48,000</u>	<u>61,068</u>	<u>16,240</u>	<u>223</u>	<u>1,382</u>	<u>(77,703)</u>	<u>49,210</u>	<u>(30)</u>	<u>49,180</u>
At 31 December 2021 and 1 January 2022	48,000	61,068	16,240	223	1,331	(79,501)	47,361	(30)	47,331
Loss for the period	—	—	—	—	—	(6,088)	(6,088)	—	(6,088)
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the period	—	—	—	—	—	(6,088)	(6,088)	—	(6,088)
At 31 March 2022	<u>48,000</u>	<u>61,068</u>	<u>16,240</u>	<u>223</u>	<u>1,331</u>	<u>(85,589)</u>	<u>41,273</u>	<u>(30)</u>	<u>41,243</u>

Notes:

1. BASIS OF PRESENTATION

The Financial statements has been prepared on the going-concern basis and transactions and events actually occurred in accordance with the “Accounting Standards for Business Enterprises” promulgated by the Ministry of Finance of the People’s Republic of China and relevant requirements (collectively, the “Accounting Standards for Business Enterprises”), and China Securities Regulatory Commission’s “Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2014 Revision)” and the provisions regarding disclosure pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance of Hong Kong, as well as based on the accounting policies and accounting estimation as stated in “4. Significant Accounting Policies and Accounting Estimation” under the notes.

2. TURNOVER

Turnover represents revenue from the development and provision of business application solutions and application software, the installation and maintenance of network and data security products, and the sales of electrical products and accessories.

An analysis of the Group’s revenue for the quarter is as follows:

	For the three months ended 31 March	
	2022	2021
	RMB’000	RMB’000
Business application solution and application software	2,202	2,803
Installation and maintenance of network and data security products	1,958	2,359
Sales of electrical products and accessories	734	844
	<u>4,894</u>	<u>6,006</u>

All of the Group’s activities are conducted in the PRC. Turnover as disclosed above is net of applicable PRC tax.

3. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the three months ended 31 March	
	2022	2021
	RMB'000	RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, wages and other benefits	4,079	3,355
Contributions to retirement benefit scheme	1,338	1,074
	5,417	4,429
Cost of inventories recognised as an expense	476	1,328

4. TAX EXPENSES

Pursuant to the Enterprise Income Tax Law of the People's Republic of China ("EIT") and its Implementation Regulations, the tax rate of the Company and its subsidiaries was 15% and 25% respectively from 1 January 2017 onwards.

For the three months ended 31 March 2022, there was no material unprovided deferred tax (2021: nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31 March 2022 is based on the unaudited loss attributable to the owners of the parent of approximately RMB6,088,000 (2021: loss attributable to the owners of the parent of approximately RMB2,688,000) and the weighted average number of shares during the period (three months ended 31 March 2022: 480,000,000 shares; three months ended 31 March 2021: 480,000,000 shares).

Diluted loss per share is not presented for the three months ended 31 March 2022 as there were no potential ordinary shares in issue during the relevant periods.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2022, the Group recorded a turnover of approximately RMB4,894,000, representing a decrease of approximately RMB1,112,000 or 18.51% (2021: approximately RMB6,006,000) as compared to the corresponding period in 2021. The gross profit decreased by approximately 66.50% to RMB1,026,000 as compared to the corresponding period in last year (2021: approximately RMB3,063,000). The Company continued to make loss for the first quarter of 2022 and recorded a loss of approximately RMB6,088,000. The loss has increased by approximately RMB3,400,000 as compared with approximately RMB2,688,000 for the three months ended 31 March 2021.

BUSINESS REVIEW AND FUTURE PROSPECTS

In the sales review, revenue is mainly generated from the sales of electrical products and accessories. The sales amounted to RMB734,000, representing a decrease of RMB110,000 or 13.03% as compared to RMB844,000 in the corresponding period of last year.

Besides, for the sales of the business application solution and application software, its sales decreased from RMB2,803,000 to RMB2,202,000, representing a decrease of 21.44% over the corresponding period of last year. The decrease was mainly due to the delay or cancel of projects under the influence of the epidemic.

In terms of the sales of installation and maintenance of network and data security products, its sales decreased from RMB2,359,000 to RMB1,958,000, representing a decrease of 17.00% over the corresponding period of last year.

For the expenses management and control, administrative expenses amounted to RMB3,763,000, represented an increase of RMB2,204,000 over the corresponding period of last year; and the expenses of marketing and sales amounted to RMB1,133,000, represented a decrease of RMB1,429,000 over the corresponding period of last year. The expenses of research and development amounted to RMB1,143,000, representing a decrease of RMB488,000 over the corresponding period of last year.

In conclusion, the Company will take necessary proactive steps to monitor its financial condition. Meanwhile, it will also maintain its focus on cost control with the attempt to expand to new market areas, including acquiring new clients through the referrals by the existing clients and marketing initiatives by the management, so as to secure higher business volumes.

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

As at 31 March 2022, none 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 have any interests and short positions 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 Company’s register required to be kept 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.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO SUBSCRIBE FOR H SHARES

As at 31 March 2022, none of the Directors, supervisors and chief executives of the Company was granted options to subscribe for H shares of the Company. As at 31 March 2022, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

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

A. Substantial shareholders

As at 31 March 2022, the following shareholders (other than the Directors and the supervisors (as if the requirements applicable to the Directors under the SFO had applied to the supervisors)) 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 and were directly or indirectly interested in 10% or more of the shares:

Name of shareholders	Capacity and nature	Number and class of shares <i>(Note 1)</i>	Approximate percentage of interest
State-owned Assets Supervision and Administration Commission of Shanghai	Interest of a controlled corporation <i>(Note 2)</i>	114,000,000 domestic shares (L)	23.75%
Shanghai Jaoda Industrial Investment Management (Group) Limited	Beneficial owner	114,000,000 domestic shares (L)	23.75%
Shanghai Xin Xuhui (Group) Company Limited	Beneficial owner	60,000,000 domestic shares (L)	12.50%
Xuhui District Industrial Association	Interest of a controlled corporation <i>(Note 3)</i>	60,000,000 domestic shares (L)	12.50%
Shanghai Huixin Investment Operation Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%
Shanghai Technology Venture Capital Management Company Limited	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 Industrial Investment Management (Group) Limited (“Jiaoda Industrial”) (Shanghai Jiaoda Science and Technology Park Limited transferred these domestic shares to Jiaoda Industrial at the end of June 2020). 90% of registered capital of Jiaoda Industrial is owned by the State-owned Assets Supervision and Administration Commission of Shanghai. State-owned Assets Supervision and Administration Commission of Shanghai is deemed to be interested in the aggregate of 114,000,000 domestic shares held by Jiaoda Industrial under the SFO.
3. These 60,000,000 domestic shares are registered and owned by Shanghai Xin Xuhui (Group) Company Limited, the registered capital of which will be owned as to approximately 88.57% 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) Company Limited under the SFO.

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

As at 31 March 2022, 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	Capacity and nature	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 31 March 2022, the Directors are not aware of any other person (other than the Directors 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 each of 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 three months ended 31 March 2022, 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 three months ended 31 March 2022.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 7 July 2002 with written terms of reference for the purpose of reviewing and supervising the Group's financial reporting, risk management and internal control system. The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Dr. Ni Jing and Mr. Zhou Guolai. The Audit Committee has reviewed the unaudited results of the Company for the three months ended 31 March 2022.

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 three months ended 31 March 2022.

