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 2022, PROPOSED CHANGE OF SCOPE OF BUSINESS AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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.

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 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 announcement 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.*

* *For identification purpose only*

HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2022,

– turnover of the Group amounted to RMB36,002,830.52 (2021: approximately RMB50,527,661.11) which represented a decrease of 28.75%;

– the loss attributable to owners of the Company was approximately RMB21,838,255.21 (2021: loss of approximately RMB4,485,769.33)

– the Directors do not recommend the payment of a final dividend (2021: Nil).

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", together with its subsidiaries, collectively, the "Group") announces the audited results of the Group for the year ended 31 December 2022, together with the comparative figures for the year of 2021 as follows:

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Current assets:			
Cash and bank balances		**20,197,211.85**	19,492,197.64
Settlement payment			
Lent funds			
Financial assets held for trading		**–**	10,000,000.00
Derivative financial assets			
Notes receivable			
Accounts receivables	*10*	**5,047,920.71**	5,985,080.94
Receivables financing			
Prepayments		**28,952.65**	78,302.50
Insurance premiums receivables			
Reinsurance receivables			
Provision of reinsurance receivables			
Other receivables		**927,873.17**	1,263,378.81
Including: Interest receivable		**–**	–
Dividends receivable			
Buying back the sale of financial assets			
Inventories		**671,862.63**	1,063,263.66
Contract asset			
Holding for sale assets			
Non-current assets due within one year			
Other current assets			–
Total current assets		**26,873,821.01**	37,882,223.55

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited   Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Non-current assets:			
Loans and payments on behalf			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		**11,911,238.82**	16,067,617.43
Other long-term equity investment			
Other non-current financial assets		**4,362,563.80**	4,864,138.20
Investment properties			
Fixed assets		**69,075.29**	69,433.77
Construction in progress			
Biological assets for production			
Fuel assets			
Right-of-use assets		**4,331,827.70**	6,497,741.55
Intangible assets		**–**	–
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		**20,674,705.61**	27,498,930.95
Total assets		**47,548,526.62**	65,381,154.50

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Current liabilities:			
Short-term loans			
Borrowings from the Central Bank			
Deposits from customers and interbanks			
Transactional monetary liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payables	*11*	**9,197,180.73**	5,631,758.22
Unearned revenue			
Contract liability		**1,905,211.99**	2,104,084.25
Financial assets sold for repurchase			
deposits from customers and interbank			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Payroll payable		**2,124,742.93**	1,546,661.16
Taxes payable		**173,183.93**	228,650.24
Other payables		**4,097,443.64**	3,506,807.14
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance payable			
Holding for sale liabilities			
Non-current liabilities due within one year		**2,188,246.21**	1,320,829.32
Other current liabilities			
Total current liabilities		**19,686,009.43**	14,338,790.33

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Non-current liabilities:			
Deposit for reinsurance			
Long-term loans			
Bonds payable			
Including: Premium			
Perpetual			
Lease liabilities		**2,225,656.16**	3,711,595.84
Long-term payable			
Long-term payroll payable			
Estimated Liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**2,225,656.16**	3,711,595.84
Total liabilities		**21,911,665.59**	18,050,386.17
Shareholders' equity:			
Share capital		**48,000,000.00**	48,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve		**77,308,349.20**	77,308,349.20
Less: treasury stock			
Other comprehensive income		**1,444,781.88**	1,330,560.30
Special reserve			
Surplus reserve		**222,962.29**	222,962.29
General risk reserve			
Undistributed profits		**–101,339,232.34**	–79,500,977.13
Total owners' equity attributable to the parent company		**25,636,861.03**	47,360,894.66
Minority interests			–30,126.33
Total shareholders' equity		**25,636,861.03**	47,330,768.33
Total liabilities and shareholders' equity		**47,548,526.62**	65,381,154.50

BALANCE SHEET OF THE PARENT COMPANY

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Current assets:			
Cash and bank balances		**19,522,781.25**	18,042,424.41
Financial assets held for trading		**–**	10,000,000.00
Derivative financial assets			
Notes receivable			
Accounts receivables		**5,047,920.71**	5,985,080.94
Receivables financing			
Prepayments		**28,952.65**	78,302.50
Other receivables		**926,618.04**	1,262,123.68
Including: Interest receivable		**–**	
Dividends receivable			
Inventories		**671,862.63**	1,063,263.66
Contract asset			
Holding for sale assets			
Non-current assets due within one year			
Other current assets			
Total current assets		**26,198,135.28**	36,431,195.19
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		**11,911,238.82**	16,067,617.43
Other long-term equity investment			
Other non-current financial assets		**4,362,563.80**	4,864,138.20
Investment properties			
Fixed assets		**69,075.29**	69,433.77
Construction in progress			
Biological assets for production			
Fuel assets			
Right-of-use assets		**4,331,827.70**	6,497,741.55
Intangible assets			
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		**20,674,705.61**	27,498,930.95
Total assets		**46,872,840.89**	63,930,126.14

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Current liabilities:			
Short-term loans			
Transactional moneytary liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payables		**9,092,824.41**	5,527,401.90
Unearned revenue			
Contract liability		**1,905,211.99**	2,104,084.25
Payroll payable		**2,015,698.35**	1,437,616.58
Taxes payable		**173,183.93**	228,650.24
Other payables		**3,892,317.39**	3,301,680.89
Including: Interest payable			
Dividends payable			
Holding for sale liabilities			
Non-current liabilities due within one year		**2,188,246.21**	1,320,829.32
Other current liabilities			
Total current liabilities		**19,267,482.28**	13,920,263.18
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Premium			
Perpetual			
Lease liabilities		**2,225,656.16**	3,711,595.84
Long-term payable			
Long-term payroll payable			
Estimated Liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**2,225,656.16**	3,711,595.84
Total liabilities		**21,493,138.44**	17,631,859.02

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

As at 31 December 2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**31 December 2022**	31 December 2021
Shareholders' equity:			
Share capital		**48,000,000.00**	48,000,000.00
Other equity instruments			
Including: Premium			
Perpetual			
Capital reserve		**77,308,349.20**	77,308,349.20
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		**222,962.29**	222,962.29
Undistributed profits		**–100,151,609.04**	–79,233,044.37
Total owners' equity attributable to the parent company		**25,379,702.45**	46,298,267.12
Total liabilities and shareholders' equity		**46,872,840.89**	63,930,126.14

CONSOLIDATED INCOME STATEMENT

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited　　Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
I. Total operating income		**36,002,830.52**	50,527,661.11
Including: Operating income	*5*	**36,002,830.52**	50,527,661.11
Interest revenue			
Earned Premium			
Charges and commission income			
II. Total operating costs		**53,547,140.54**	58,583,321.17
Including: Operating cost	*8*	**29,216,375.32**	36,842,403.65
Interest expenses			
Bank charges and commission fee			
Surrender charge fee			
Net payments for insurance claims			
Net reserves from insurance contract			
Bond insurance expense			
Reinsurance costs			
Tax and surcharges	*8*	**65,928.12**	55,351.75
Selling expenses	*8*	**4,072,712.54**	5,169,887.00
Administrative expenses	*8*	**14,728,678.06**	10,853,034.69
Research and development expenses	*8*	**5,312,197.56**	5,617,370.26
Financial expenses	*5/8*	**151,248.94**	45,273.82
Including: Interest expenses		**302,960.81**	114,358.66
Interest revenue		**150,041.94**	68,847.97
Add: Other gain (losses are represented by -)	*5*	**2,337.00**	405,592.45
Investment income (losses are represented by -)	*5*	**–42,287.64**	2,882,687.01
Including: Income from investment in associates and joint ventures		**–647,003.09**	2,229,474.68
Income from derecognition of financial assets measured at amortized cost			
Exchange gain (losses are represented by “-”)			
Net hedging return (losses are represented by -)			
Profit and loss from fair value changes(losses are represented by -)	*5/8*	**–4,127.90**	–424,624.67
Loss of credit impairment (losses are represented by “-”)	*5/8*	**–864,736.42**	–950,500.00
Loss on assets impairment (losses are represented by “-”)	*8*	**–3,509,375.52**	
Asset disposal gain (losses are represented by “-”)			205,651.00

CONSOLIDATED INCOME STATEMENT (CONTINUED)

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited   Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
III. Operating profit (losses are represented by "-")		**–21,962,500.50**	–5,936,854.27
Add: Non-operating income	*5*	**124,245.29**	1,474,714.02
Less: Non-operating expense	*8*		23,629.08
IV. Total profit (losses are represented by "-")		**–21,838,255.21**	–4,485,769.33
Less: Income tax expenses			
V. Net Profit (losses are represented by "-")		**–21,838,255.21**	–4,485,769.33
1. Classified by continuing operation		**–21,838,255.21**	–4,485,769.33
Net profit from continues operation (losses are represented by "-")		**–21,838,255.21**	–4,485,769.33
Net profit from discontinued operation (losses are represented by "-")			
2. Classified by ownership		**–21,838,255.21**	–4,485,769.33
Net profit attribute to the equity holders of the parent company		**–21,838,255.21**	–4,485,769.33
Minority interests		**–**	–
VI. Other comprehensive income, net of tax		**114,221.58**	–51,363.17
other comprehensive income, net of tax attribute to the equity holders of the parent company		**114,221.58**	–51,363.17
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		**–**	–
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
3. Gains or losses from changes in fair value of other equity investments			
4. Gains or losses from changes in the fair value of the company's own credit			
5. Others			

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
(2) Other comprehensive income that may be reclassified subsequently to profit or loss		**114,221.58**	–51,363.17
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Gains or losses from credit impairment of other debt investments			
5. Effective portion of cash flow adjusted for hedging gains or losses			
6. Exchange differences from retranslation of financial statements		**114,221.58**	–51,363.17
7. Others			
Other comprehensive income attributable to minority shareholders,net of tax			
VII. **Total comprehensive income**		**–21,724,033.63**	–4,537,132.50
Total comprehensive income attributable to the shareholders of the parent company		**–21,724,033.63**	–4,537,132.50
Total comprehensive income attributable to the minority shareholders		**–**	–
VIII. **Earnings per share:**			
(1) Basic earnings per share		**–0.0455**	–0.0093
(2) Diluted earnings per share		**–0.0455**	–0.0093

INCOME STATEMENT OF THE PARENT COMPANY

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	2022	2021
I. Operating income		**36,002,830.52**	50,527,661.11
Less: Operating cost		**29,216,375.32**	36,842,403.65
Taxes and surcharges		**65,928.12**	55,351.75
Selling expenses		**4,072,712.54**	5,169,887.00
Administrative expenses		**14,698,551.73**	10,853,034.69
Research and development expenses		**5,312,197.56**	5,617,370.26
Financial expenses		**155,547.89**	51,530.34
Including: Interest expenses		**302,960.81**	114,358.66
Interest revenue		**149,635.05**	68,831.65
Add: Other gain		**2,337.00**	405,592.45
Investment income (losses are represented by-)		**–42,287.64**	2,882,687.01
Including: Income from investment in associates and joint ventures Exchange gain		**–647,003.09**	2,229,474.68
Income from derecognition of financial assets measured at amortized cost			
Net hedging return (losses are represented by –)			
Profit and loss from fair value changes(losses are represented by -)		**–4,127.90**	–424,624.67
Loss of credit impairment(losses are represented by "-")		**29,126.74**	–281,835.70
Loss on assets impairment(losses are represented by "-")		**–3,509,375.52**	
Asset disposal gain(losses are represented by "-")			205,651.00
II. Operating profit (losses are represented by "-")		**–21,042,809.96**	–5,274,446.49
Add: Non-operating income		**124,245.29**	1,474,714.02
Less: Non-operating expenses			23,629.08
III. Total profit (losses are represented by "-")		**–20,918,564.67**	–3,823,361.55
Less: Income tax expenses			
IV. Net Profit (losses are represented by "-")		**–20,918,564.67**	–3,823,361.55
1. Net profit from continues operation (losses are represented by "-")		**–20,918,564.67**	–3,823,361.55
2. Net profit from discontinued operation (losses are represented by "-")			

INCOME STATEMENT OF THE PARENT COMPANY (CONTINUED)

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited　　Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
V. Other comprehensive income, net of tax		**–**	–
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		**–**	–
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans			
2. Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method			
3. Gains or losses from changes in fair value of other equity investments			
4. Gains or losses from changes in the fair value of the company's own credit			
5. Others			
(2) Share of other comprehensive income (that will not be reclassified subsequently to profit or loss) of investees accounted for using equity method		**–**	–
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently			
2. Gains or losses from changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Gains or losses from credit impairment of other debt investments			
5. Effective portion of cash flow adjusted for hedging gains or losses			
6. Exchange differences from retranslation of financial statements			
7. Others			
VI. Total comprehensive income		**–20,918,564.67**	–3,823,361.55
VII. Earnings per share:			
(1) Basic earnings per share			
(2) Diluted earnings per share			

CONSOLIDATED CASH FLOW STATEMENT

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		**38,079,908.15**	51,422,045.88
Net increase in customer deposit and inter-bank deposit			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from insurance contract premium			
Net cash receive form reinsurance business			
Net increase in insurance deposit and investment funds			
Cash received of interest, charges and commission.			
Net increase in deposits from other banks			
Net increase in funds for repurchasing business			
Net income from buying and selling securities as broker			
Refund of taxes and surcharges			
Cash received relating to other operating activities		**152,378.94**	70,750.57
Sub-total of cash inflows from operating activities		**38,232,287.09**	51,492,796.45
Cash paid for goods and services		**23,309,532.33**	38,455,235.35
Net increase in customer loans and advances			
Net increase in savings in central bank and inter-bank			
Cash paid for insurance contract			
Net increasing from financial assets held for trading purpose			
Cash for lendings to banks and other financial institutions			
Cash paid for interest, charges and commission			
Cash paid for dividend of the insurance			
Cash paid to and on behalf of employees		**22,388,463.96**	19,688,405.18
Payments of tax charges		**118,136.55**	60,240.59
Cash paid relating to other operating activities		**2,929,079.35**	2,304,104.85
Sub-total of cash outflows from operating activities		**48,745,212.19**	60,507,985.97
Net cash flows from operating activities		**–10,512,925.10**	–9,015,189.52

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	2022	2021
II. Cash flows from investing activities			
Cash received from disposal of investments		**853,512.63**	150,000.00
Cash received from returns on investments		**248,649.32**	653,212.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			205,651.00
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities		**10,000,000.00**	10,000,000.00
Sub-total of cash inflows from investing activities		**11,102,161.95**	11,008,863.33
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**28,409.59**	19,005.11
Cash paid to acquire investments			
Net increase in mortgage loan			
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities			10,000,000.00
Sub-total of cash outflows from investing activities		**28,409.59**	10,019,005.11
Net cash flows from investing activities		**11,073,752.36**	989,858.22
III. Cash flows from financing activities			
Cash received from capital contributions		**–**	
Including: cash received from subsidiaries absorbing minority shareholders' investments			
Cash received from borrowings			
Cash received from issuing of bonds			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		**–**	–
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits and interest expenses			
Including：dividends and profits paid by subsidiaries to minority shareholders			
Cash paid to other financing activities		**67,298.21**	2,416,723.40
Sub-total of cash outflows from financing activities		**67,298.21**	2,416,723.40
Net cash flows from financing activities		**–67,298.21**	–2,416,723.40
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**114,221.58**	–51,363.17
V. Net increase in cash and cash equivalents		**607,750.63**	–10,493,417.87
Add: Cash and cash equivalents at beginning of period		**19,168,386.64**	29,661,804.51
VI. Cash and cash equivalent at end of period		**19,776,137.27**	19,168,386.64

CASH FLOW STATEMENT OF THE PARENT COMPANY

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		**38,079,908.15**	51,422,045.88
Refund of taxes and surcharges			
Cash received relating to other operating activities		**151,972.05**	70,734.25
Sub-total of cash inflows from operating activities		**38,231,880.20**	51,492,780.13
Cash paid for goods and services		**23,314,197.40**	38,462,687.34
Cash paid to and on behalf of employees		**22,388,463.96**	19,688,405.18
Payments of tax charges		**118,136.55**	60,240.59
Cash paid relating to other operating activities		**2,034,443.18**	1,634,228.76
Sub-total of cash outflows from operating activities		**47,855,241.09**	59,845,561.87
Net cash flows from operating activities		**–9,623,360.89**	–8,352,781.74
II. Cash flows from investing activities			
Cash received from disposal of investments		**853,512.63**	150,000.00
Cash received from returns on investments		**248,649.32**	653,212.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			205,651.00
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities		**10,000,000.00**	10,000,000.00
Sub-total of cash inflows from investing activities		**11,102,161.95**	11,008,863.33
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**28,409.59**	19,005.11
Cash paid to acquire investments		**–**	–
Net cash paid to acquire subsidiaries and other operating entities		**–**	–
Cash paid relating to other investing activities			10,000,000.00
Sub-total of cash outflows from investing activities		**28,409.59**	10,019,005.11
Net cash flows from investing activities		**11,073,752.36**	989,858.22

CASH FLOW STATEMENT OF THE PARENT COMPANY(CONTINUED)

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited Unit: RMB (Yuan)

Item	*Note*	**2022**	2021
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings			
Cash received from issuing of bonds			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		**–**	–
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits and interest expenses			
Cash paid to other financing activities		**67,298.21**	2,416,723.40
Sub-total of cash outflows from financing activities		**67,298.21**	2,416,723.40
Net cash flows from financing activities		**–67,298.21**	–2,416,723.40
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		**1,383,093.26**	–9,779,646.92
Add: Cash and cash equivalents at beginning of period		**17,718,613.41**	27,498,260.33
VI. Cash and cash equivalent at end of period		**19,101,706.67**	17,718,613.41

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	2022														
	Equity attributable to the parent company													Minority interests	Total shareholders' equity
	Share Capital	Other equity instrument			Capital Reserve	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Reserve for general risks	Undistributed profits	Others	Total		
		Preferred shares	Perpetual bond	Others											
I. Ending balance of previous year	48,000,000.00	–	–	–	77,308,349.20	–	1,330,560.30	–	222,962.29	–	–79,500,977.13	–	47,360,894.66	–30,126.33	47,330,768.33
Add: changes in accounting policies													–		–
Correction of prior period errors															–
Business combinations under the same administration															–
Others															–
II. Beginning balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	1,330,560.30	–	222,962.29	–	–79,500,977.13	–	47,360,894.66	–30,126.33	47,330,768.33
III. Change through current year ("–" for losses)	–	–	–	–	–	–	114,221.58	–	–	–	–21,838,255.21	–	–21,724,033.63	30,126.33	–21,693,907.30
(1) Total comprehensive income							114,221.58				–21,838,255.21		–21,724,033.63	–	–21,724,033.63
(2) Contribution and withdrawal of capital by shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders													–		–
2. Capital contributed by other equity instruments holders													–		–
3. Amounts of share-based payments recognized in shareholder's equity													–		–
4. Others													–		–
(3) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Appropriation of surplus Reserve													–		–
2. Appropriation of general risk reserve													–		–
3. Distribution to shareholders													–		–
4. Others													–		–
(4) Internal carry-over of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capitalized capital reserve													–		–
2. Capitalized surplus reserve													–		–
3. Surplus reserve for covering up losses													–		–
4. Changes of benefits plan transfering retained earnings													–		–
5. Other comprehensive transfering retained earnings													–		–
6. Others													–		–
(5) Special reserve	–	–	–	–	–	–	–	–	–	–			–	–	–
1. Current year appropriation													–		–
2. Current year usage													–		–
6) Others													–	30,126.33	30,126.33
IV. Ending balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	1,444,781.88	–	222,962.29	–	–101,339,232.34	–	25,636,861.03	–	25,636,861.03

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	2021														
	Equity attributable to the parent company													Minority interests	Total shareholders' equity
	Share Capital	Other equity instrument			Capital Reserve	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Reserve for general risks	Undistributed profits	Others	Total		
		Preferred shares	Perpetual bond	Others											
I. Ending balance of previous year	48,000,000.00	–	–	–	77,308,349.20	–	1,381,923.47	–	222,962.29	–	−75,015,207.80		51,898,027.16	−30,126.33	51,867,900.83
Add: changes in accounting policies													–		–
Correction of prior period errors													–		–
Business combinations under the same administration													–		–
Others													–		–
II. Beginning balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	1,381,923.47	–	222,962.29	–	−75,015,207.80	–	51,898,027.16	−30,126.33	51,867,900.83
III. Change through current year ("−" for losses)	–	–	–	–	–	–	−51,363.17	–	–	–	−4,485,769.33	–	−4,537,132.50	–	−4,537,132.50
(1) Total comprehensive income							−51,363.17				−4,485,769.33		−4,537,132.50	–	−4,537,132.50
(2) Contribution and withdrawal of capital by shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders													–		–
2. Capital contributed by other equity instruments holders													–		–
3. Amounts of share-based payments recognized in shareholder's equity													–		–
4. Others													–		–
(3) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Appropriation of surplus Reserve													–		–
2. Appropriation of general risk reserve													–		–
3. Distribution to shareholders													–		–
4. Others													–		–
(4) Internal carry-over of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Capitalized capital reserve													–		–
2. Capitalized surplus reserve													–		–
3. Surplus reserve for covering up losses													–		–
4. Changes of benefits plan transfering retained earnings													–		–
5. Other comprehensive transfering retained earnings													–		–
6. Others													–		–
(5) Special reserve	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Current year appropriation													–		–
2. Current year usage													–		–
6) Others													–		–
IV. Ending balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	1,330,560.30	–	222,962.29	–	−79,500,977.13	–	47,360,894.66	−30,126.33	47,330,768.33

STATEMENT OF CHANGES OF EQUITY OF THE PARENT COMPANY

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	2022											
	Share Capital	Other equity instrument			Capital Reserve	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preferred shares	Perpetual bond	Others								
I. Ending balance of previous year	48,000,000.00	–	–	–	77,308,349.20	–	–	–	222,962.29	–79,233,044.37	–	46,298,267.12
Add: changes in accounting policies										–		–
Correction of prior period errors												–
Others												–
II. Beginning balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	–	–	222,962.29	–79,233,044.37	–	46,298,267.12
III. Change through current year ("–" for losses)	–	–	–	–	–	–	–	–	–	–20,918,564.67	–	–20,918,564.67
(1) Total comprehensive income										–20,918,564.67		–20,918,564.67
(2) Contribution and withdrawal of capital by shareholders	–	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders												–
2. Capital contributed by other equity instruments holders												–
3. Amounts of share-based payments recognized in shareholder's equity												–
4. Others												–
(3) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–
1. Appropriation of surplus Reserve												–
2. Distribution to shareholders												–
3. Others												–
(4) Internal carry-over of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–
1. Capitalized capital reserve												–
2. Capitalized surplus reserve												–
3. Surplus reserve for covering up losses												–
4. Changes of benefits plan transfering retained earnings												–
5. Other comprehensive transfering retained earnings												–
6. Others												–
(5) Special reserve	–	–	–	–	–	–	–	–	–	–	–	–
1. Current year appropriation												–
2. Current year usage												–
6) Others												–
IV. Ending balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	–	–	222,962.29	–100,151,609.04	–	25,379,702.45

STATEMENT OF CHANGES OF EQUITY OF THE PARENT COMPANY (CONTINUED)

2022

Prepared by:Shanghai Jiaoda Withub Information Industrial Company Limited

Unit: RMB (Yuan)

Item	2021											
	Share Capital	Other equity instrument			Capital Reserve	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preferred shares	Perpetual bond	Others								
I. Ending balance of previous year	48,000,000.00	–	–	–	77,308,349.20	–	–	–	222,962.29	–75,409,682.82		50,121,628.67
Add: changes in accounting policies												–
Correction of prior period errors												–
Others												–
II. Beginning balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	–	–	222,962.29	–75,409,682.82	–	50,121,628.67
III. Change through current year ("–" for losses)	–	–	–	–	–	–	–	–	–	–3,823,361.55	–	–3,823,361.55
(1) Total comprehensive income										–3,823,361.55		–3,823,361.55
(2) Contribution and withdrawal of capital by shareholders	–	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders												–
2. Capital contributed by other equity instruments holders												–
3. Amounts of share-based payments recognized in shareholder's equity												–
4. Others												–
(3) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–
1. Appropriation of surplus Reserve												–
2. Distribution to shareholders												–
3. Others												–
(4) Internal carry-over of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–
1. Capitalized capital reserve												–
2. Capitalized surplus reserve												–
3. Surplus reserve for covering up losses												–
4. Changes of benefits plan transfering retained earnings												–
5. Other comprehensive transfering retained earnings												–
6. Others												–
(5) Special reserve	–	–	–	–	–	–	–	–	–	–	–	–
1. Current year appropriation												–
2. Current year usage												–
6) Others												–
IV. Ending balance of current year	48,000,000.00	–	–	–	77,308,349.20	–	–	–	222,962.29	–79,233,044.37	–	46,298,267.12

NOTES:

1. BASIC CORPORATE INFORMATION

Shanghai Jiaoda Withub Information Industrial Co., Ltd. (hereinafter referred to as the "Company") is an incorporated company jointly invested by Shanghai Jiao Tong University, Shanghai Techonologh Investment Company, Shanghai Xinxuhui (Group) Co., Ltd., Shanghai Huixin Investment Management Co., Ltd., and Shanghai Jiaoda Onlly Co., Ltd. after Shanghai Municipal Government issuing the approval document "Ti Gai Shen (1998) No. 040". The Company received the Business Licens with No. 310000400192903 from Shanghai Administration for Industry & Commerce on 4 May 1998. The registered capital on establishment was RMB10 million.

On 26 October 1999, the Company increased the registered capital by RMB20 million. On 31 August 2001, the Company raised a total of RMB6 million from 6 natural person through private placement. After the replenishment, the Company's total registered capital is RMB36 million.

On 7 July 2002, the board of directors approved a 1 to 10 stock split plan. Stock price decreased from RMB1 to RMB0.1.

On 31 July 2002, the Company was listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, and issued 132 million foreign shares with a par value of RMB0.1 per share and total value of RMB13.2 million, and meanwhile, some of the original shareholders filed a share placement of 12 million with a total value of RMB1.2 million. Upon the issuance, the registered capital and share capital of the Company increased to RMB48 million, and total capital shares increased to 480 million.

By the end of 31 December 2021, the total equity of the Company was 480 million shares, including 348 million unlisted shares, representing 72.5% of the equity, and 132 million outstanding public H shares, representing 27.5% of the equity.

The registered address of the Company: Floor 2, 471-7 Guiping Rd. Shanghai; the legal representative: Chang Jiang.

The Company's business scope mainly includes: information security in the electronic information industry, research and development of information management technology, product design, production and engineering undertaking of related technologies, software development and production (except audio and video products, electronic publications), intelligent integration of computer internet, network product design and production, software programming, technical services, sales agency products, construction of mechanical and electrical installation engineering, integration of design and construction of decoration and construction engineering project and web design.

The Company is mainly engaged in the sales of electrical products, business solution and application software development, and installment and maintenance of internet and data safety product.

2. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The scope of the Company's consolidated financial statements during the reporting period includes Jiaoda Withub (Hong Kong) Limited, Shanghai Withub Zhirui Hi-Tech Co., Limited, and Shanghai Withub Information and Professional Training School, in which Shanghai Withub Information and Professional Training School is in a state of suspended. Shanghai Withub Zhirui Hi-Tech Co., Limited applied for compulsory liquidation on April 21, 2022. The liquidation was still in progress as of December 31, 2022.

The scope of the Company's consolidated financial statements and the change of equity. For details, please refer to the "8. Rights in other entities" of this Note.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis for preparation

The Company's financial statements are prepared on a going concern basis and based on actual transactions and events, in accordance with the Accounting Standards other related rules for Business Enterprises promulgated by the Ministry of Finance (hereinafter referred to as "ASBEs"), and the disclosure requirements are in according to the "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" (revised in 2014) of China Securities Regulatory Commission, and are in according to Hong Kong "Company Ordinance" and Hongkong Stock Exchange's "GEM Listing Rules", and are prepared as described in this notes "4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES".

3.2 Going concern

The Company has a record of continuing operation recently and adequate financial resource to support its operation, thus the Company has the ability to continue as a going concern in 12 months from the end of the reporting period, and it is reasonable to prepare the financial statements on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The specific accounting policies and accounting estimation prepared by the Company based on actual production and operation characteristics include recognition and measurement on: bad debt provisions of receivables, measurement of inventories transferred out, classification and depreciation method of fixed assets, amortization of intangible assets, recognition and measurement of revenues, etc.

4.1 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the Accounting Standards for Business Enterprises and give a true and fair view of the financial position, operating results, cash flows and other relevant information of the Company.

4.2 Accounting period

The accounting period of the Company is from 1 January to 31 December of the calendar year.

4.3 Operating cycle

Ordinary operating cycle refers to the period from acquisition of assets used for processing by the Company until their realisation in cash or cash equivalents. The operating cycle of the Company lasts for 12 months, and acts as an indicator for classification of liquidity of assets and liabilities.

4.4 Reporting currency

The reporting currency of the Company and its domestic subsidiaries is RMB. The reporting currency for the overseas business is the currency of the place where they are located.

The overseas subsidiaries use the reporting currency of the country where they are located. When preparing the consolidated financial statements of the Company, the statements in foreign currency of overseas subsidiaries were translated in according to the translation method as described in this note 4.8 (2).

4.5 Financial assets and financial liabilities

When the Company becomes a party in the financial instrument contract, a financial asset or financial liability will be recognized.

(1) Financial assets

1) Classification of financial assets, basis of recognition and method of measurement

The Company classifies financial assets into financial assets measured at amortized cost based on the business pattern of the management of the financial assets and the contractual cash flow characteristics of the financial assets, and the financial assets measured at fair value and whose changes are included in other comprehensive income, Financial assets whose value is measured and whose changes are included in the current profit and loss.

① financial assets measured at amortized cost

The Company classifies financial assets that meet the following conditions into financial assets measured at amortized cost: ① The business model for managing the financial assets is to collect contractual cash flows. ②The contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and related transaction costs are counted to the initial recognition amount; they are subsequently measured at amortized cost. Except for those designated as hedged items, the margin between the initial amount and the amount due is amortized in accordance using the actual interest rate method. Amortization, impairment, exchange gains and losses, and gains or losses arising from derecognition are recognized in profit or loss.

② Financial assets at fair value through other comprehensive income

The Company classifies financial assets that meet the following conditions into financial assets that are measured at fair value and whose changes are included in other comprehensive income: ① The business model for managing the financial assets is not only to collect contractual cash flows but also to sell the financial assets. For the goal. ②The contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount. Except for those designated as hedged items, such financial assets, other than credit impairment losses or gains, exchange gains and losses and interest on the financial assets calculated according to the actual interest rate method, are included in other gains or losses. When the financial assets are derecognized, the accumulated gains or losses previously recognized in other comprehensive income should be transferred from other comprehensive income and recognized in profit or loss.

The company recognizes interest income according to the actual interest rate method. Interest income is calculated based on the book balance of financial assets multiplied by the actual interest rate, except for the following cases: ①For a purchased or sourced financial asset that has suffered credit impairment, from the initial recognition, according to the amortized cost of the financial asset and The interest rate is determined by the credit-adjusted real interest rate calculation. ②For a financial asset that has not suffered credit impairment at the time of purchase or source, but has become credit impaired in the subsequent period, in the subsequent period, the interest income is calculated according to the amortized cost of the financial asset and the actual interest rate.

The Company assigns non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. Once the designation is made, it cannot be revoked. The non-trading equity instrument investment designated by the Company at fair value through profit or loss is recognized initially at fair value, and related transaction expense is included in the initial recognition amount; Except for the current profit and loss, other related gains and losses (including exchange gains and losses) are included in other comprehensive income and may not be transferred to the current profits and losses. When it is derecognized, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and is included in retained earnings.

③ Financial assets at fair value through profit or loss

Except for the above-mentioned financial assets that are measured at amortized cost and financial assets that are measured at fair value and whose changes are included in other comprehensive income, the Company classifies them as measured at fair value Financial assets that are included in the current profit and loss. Such financial assets are initially measured at fair value, and related transaction costs are directly recognised in profit or loss. The gains or losses on such financial assets are included in the current profits and losses.

If the contingent consideration recognized in a business combination not under the same control constitutes a financial asset, the financial asset is classified as financial assets measured at fair value through profit or loss.

2) *Recognition basis of transfer of financial assets and measure method*

The Company will terminate the recognition of financial assets that meet one of the following conditions： ①The contractual right to receive the cash flow of the financial assets is terminated; ②When the financial assets are transferred, the Company transfers almost all the risks and rewards of the ownership of the financial assets; ③Financial assets in the event of a transfer, the company neither transferred nor retained almost all the risks and rewards of ownership of the financial assets, and did not retain control over the financial assets.

When the Company has neither transferred nor retained substantially all the risks and rewards of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. Continuing involvement refers to the level of risk exposed by the Company as a result of changes in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets, and the consideration received as a result of the transfer and the amount of the fair value changes directly included in other comprehensive income The contractual terms of the transferred financial assets stipulate that the difference between the cash flow generated on a specific date and the payment of the principal and the interest based on the outstanding principal amount is included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets will be apportioned between the derecognized portion and the non-recognized portion according to their respective fair values, and the consideration received as a result of the transfer. And the amount corresponding to the derecognition part of the cumulative amount of changes in fair value that should be allocated to other comprehensive income, which should be allocated to the derecognition part (the contractual terms relating to the transferred financial assets stipulate that the cash flow generated on a specific date is only the principal. The difference between the sum of the payment and the amount of the interest on the basis of the outstanding principal amount is recognized in profit or loss for the current period.

3) *Impairment testing and accounting of financial assets (excluding account receivable)*

The Company assesses its financial assets on the basis of expected credit losses and recognizes provision for loss for the current period, excluding the financial assets measured subsequently at fair value through profit or loss.

The Company estimate impairment losses of financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, with the consideration of complex businesses, such as those involved in lending, the development of models that will need to consider historic as well as forward-looking information to be able to reliably measure expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial instruments where there has been a significant increase in credit risk since initial recognition, a loss allowance for lifetime expected credit losses will be recognized. For financial instruments where there has not been any significant increase in credit risk since the date of initial recognition, the loss allowance recognized shall represent the 12-month expected credit loss。

There have been significant increases in credit risk when financial assets are more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition

Financial instruments are considered to have low credit risk when it is low at the reporting date.

(2) Financial liabilities

1) Classification of financial liabilities, recognition basis and measure method:

The Company classifies financial liabilities as financial liabilities measured at amortized cost: ① Financial liabilities measured at fair value through profit or loss, including transaction financial liabilities (including derivative financial liabilities) The instrument is a financial liability that is measured at fair value through profit or loss. ② Financial assets that do not meet the conditions for derecognition transfer or continue to be involved in the financial liabilities formed by the transferred financial assets. ③ Financial guarantee contracts that do not fall into the above 1 or 2 cases, and loan commitments that are not subject to the above 1 situation and are loans at a lower than market rate.

The Company will account for the financial liabilities that are recognized by the purchaser and are included in the combination of the Group's financial assets.

2) *Conditions of derecognition of financial liabilities*

When all or part of the current obligations of a financial liability have been discharged, the portion of the financial liability or obligation that has been discharged is derecognized. When the company and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities, and the new financial liabilities are substantially different from the existing financial liabilities, the existing financial liabilities are derecognized, and the new financial liabilities are recognized. If the company makes substantial changes to the contractual terms of all or part of the existing financial liabilities, the existing financial liabilities or part of them are derecognized, and the financial liabilities after the modification of the terms are recognized as a new financial liability. The difference between the book value of the derecognition portion and the consideration paid is recognized in profit or loss for the current period.

In the event that all or part of the financial liabilities are derecognized, the company shall record the difference between the book value and the consideration paid (including the non-cash assets transferred out or the liabilities assumed) into the current profit and loss.

(3) Determination method of the fair value of financial assets and financial liabilities

The Company measures the fair value of financial assets and financial liabilities at the prices of major markets. If there is no major market, the fair value of financial assets and financial liabilities is measured at the most favorable market price and is applicable at the time and has sufficient available data and Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, that is, the first level input value is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date; the second level input value is the first level. Inputs that are directly or indirectly observable for related assets or liabilities outside the input value; Level 3 inputs are unobservable inputs to related assets or liabilities. The company prefers to use the first level of input values, and finally use the third level of input values. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is significant to the fair value measurement belongs.

The Company's investment in equity instruments is measured at fair value. However, in limited circumstances, if the short-term information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of the fair value within the scope, the cost may represent Appropriate estimates of fair value within this distribution.

(4) Offset of financial assets and financial liabilities

The company's financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, when the following conditions are met, the net amount after offsetting is presented in the balance sheet: (1) The company has the statutory right to offset the confirmed amount, and the legal right is currently enforceable; (2) The company plans to settle the net assets or realize the financial assets and pay off the financial liabilities at the same time.

(5) Distinction between financial liabilities and equity instruments and related treatment methods

The Company distinguishes financial liabilities and equity instruments according to the following principles: (1) If the Company cannot unconditionally avoid the delivery of cash or other financial assets to perform a contractual obligation, the contractual obligation is in line with the definition of financial liabilities. Some financial instruments, although not explicitly containing the terms and conditions of delivery of cash or other financial assets obligations, may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument is required or can be settled by the company's own equity instruments, it is necessary to consider the company's own equity instruments used to settle the instrument, whether it is a substitute for cash or other financial assets, or to make the holder of the tool owns remaining interest in the assets of the issuer after deducting all liabilities. In the former case, the instrument is the issuer's financial liability; if it is the latter situation, the instrument is the issuer's equity instrument. In some cases, a financial instrument contract requires the company to settle the financial instrument with or with its own equity instrument, where the amount of contractual or contractual obligations equals the number of equity instruments available or to be delivered multiplied by its settlement. The fair value of the contract is classified as a financial liability, regardless of whether the amount of the contractual rights or obligations is fixed or is based, in whole or in part, on changes in variables other than the market price of the Group's own equity instruments.

When the company classifies financial instruments (or their components) in a consolidated statement, it considers all the terms and conditions between the company's members and the holders of financial instruments. If the company which seemed as whole entity assumes the obligation to settle cash, other financial assets, or other means of causing the instrument to become a financial liability because of the instrument, the instrument should be classified as a financial liability.

Financial instruments or their components are financial liabilities, related interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, etc., the Company is included in the current profits and losses.

Where a financial instrument or a component thereof is an equity instrument, the company's issuance (including refinancing), repurchase, sale or cancellation is treated as a change in equity and does not recognize changes in the fair value of the equity instrument.

4.6 Accounts receivable

Method for determining the expected credit losses of accounts receivable and accounting treatment methods.

The Company's receivables formed by transactions regulated by the "Accounting Standards for Business Enterprises No. 14 – Revenue Standards" and which do not contain significant financing components are always measured at the amount of the expected credit losses for the entire duration of the period.

The judgment of whether the credit risk has increased significantly since the initial confirmation. The Company determines whether the financial instrument credit risk has increased significantly by comparing the default probability of the financial instrument at the initial recognition period and the probability of default of the instrument during the expected life period determined on the balance sheet date. However, if the company determines that the financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial confirmation. In general, if the overdue period exceeds six months, it indicates that the credit risk of financial instruments has increased significantly. Unless the Company obtains reasonable and evidence-based information without unnecessary additional costs or effort, it proves that even if the overdue period exceeds six months, the credit risk has not increased significantly since the initial confirmation. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidence-based information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. Information considered by the Company includes credit period. The Company usually provides a credit period of six months.

A combination-based assessment. For accounts receivable, the Company is unable to obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the individual instrument level, and it is feasible to assess whether the credit risk is significantly increased on a portfolio basis, so the company follows the financial The type of the tool, the credit risk rating, the type of collateral, the initial confirmation date, the remaining contract term, the industry in which the borrower is located, the geographic location of the borrower, and the loan mortgage rate are common risk characteristics. The corresponding receipts are grouped and combined into the basis for consideration is to assess whether credit risk has increased significantly. According to the type of financial instrument, credit risk rating, collateral type, initial confirmation date, and remaining contract term as the common risk characteristics, the receivables are grouped, and the credit risk is significantly increased based on the combination.

Expected credit loss measurement. The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, that is, the present value of all cash shortages.

The Company calculates the expected credit losses of the accounts receivable on the balance sheet date. If the expected credit losses are greater than the carrying amount of the current receivables impairment provision, the Company recognizes the difference as For the collection of receivables impairment losses, debit “credit impairment losses”, credit “debt provision”. On the contrary, the company recognizes the difference as an impairment gain and makes the opposite accounting record.

The Company incurred credit losses and determined that the relevant accounts receivable could not be recovered. If it was approved for written-off, according to the approved write-off amount, debit “debt reserve preparation” and credit “accounts receivable”. If the write-off amount is greater than the provision for loss, the “credit impairment loss” is debited on the difference.

Based on the actual credit losses of previous years and considering the forward-looking information of the current year, the accounting estimation policy for measuring expected credit losses is:

Project	**Not overdue**	**Overdue 1 day to 6 months**	**Overdue over 6 months**
Default loss rate	0%	0%	100.00%

4.7 Other receivables

Determination method and accounting treatment of expected credit losses of other receivables.

The Company measures the loss of other receivables according to the following circumstances: ①Financial assets that have not increased significantly since the initial recognition, the Company measures the loss according to the amount of expected credit losses in the next 12 months; ②Credit risk is initially confirmed After the financial assets have increased significantly, the Company measures the loss according to the amount of expected credit losses for the entire duration of the financial instrument; ③the financial assets that have been credit-depleted after purchase or source, the company is equivalent to the entire surviving The amount of expected credit losses during the period is measured for loss.

A combination-based assessment. For other receivables, the company is unable to obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the individual instrument level, and it is feasible to assess whether the credit risk is significantly increased on a portfolio basis, so the company according to the type of financial instrument, credit Risk rating, type of collateral, initial confirmation date, remaining contract term, industry in which the borrower is located, geographical location of the borrower, loan mortgage rate are common risk characteristics, grouping other receivables and considering the combination Assess whether credit risk has increased significantly.

Expected credit loss measurement. The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, that is, the present value of all cash shortages.

The Company calculates the expected credit loss of other receivables on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current other receivables impairment provision, the Company recognizes the difference as other receivables impairment losses, debit "losses of credit impairment" and credit "debt provision". On the contrary, the company recognizes the difference as an impairment gain and makes the opposite accounting record.

The Company incurred credit losses and determined that other related receivables could not be recovered. If it is approved for write-off, it will debit "debt provision" and credit "other receivables" according to the approved write-off amount. If the write-off amount is greater than the provision for loss, the "credit impairment loss" is debited on the difference.

Based on the actual credit losses of previous years and considering the forward-looking information of the current year, the accounting estimation policy for measuring expected credit losses is:

Project	Not overdue	Overdue 1 day to 6 months	Overdue over 6 months
Default loss rate	0%	0%	100.00%

4.8 Inventories

The inventories of the Company mainly include merchandises, etc.

The Company maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are acquired or sent out. The low-valued consumables are amortized by one time transfer method.

The net realizable value of merchandise inventory which are directly used for sale such as merchandise and materials for sale, is determined based on the estimated selling price of such inventories after deducting its estimated selling costs and related taxes.

4.9 Contract assets

(1) Method and standard for confirmation of contract assets

Contract assets refer to the right of the company to transfer the goods to the customer and have the right to receive the consideration, and the rights depend on other factors than the passage of time. If the company sells two clearly distinguishable items to the customer, it has the right to receive the payment because one of the goods has been delivered, but the payment depends on the delivery of another item assets.

(2) Method for determining expected credit losses of contract assets and accounting treatment methods

The method for determining the expected credit loss of contract assets: the judgment of whether the credit risk has increased significantly since the initial confirmation. The Company determines whether the credit risk of contract assets has increased significantly by comparing the default probability of the contractual assets at the initial recognition period and the probability of default in the expected duration determined on the balance sheet date. However, if the company determines that the contract asset has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the contract asset has not increased significantly since the initial confirmation. Normally, if the overdue period is more than six months, the credit risk of the contract asset has increased significantly. Unless the Company obtains reasonable and evidence-based information without unnecessary additional costs or effort, it proves that even if the overdue period exceeds six months, the credit risk has not increased significantly since the initial confirmation. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidence-based information, including forward-looking information, that can be obtained without unnecessary additional costs or effort.

A combination-based assessment. For contract assets, the company is unable to obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the individual instrument level, and it is feasible to assess whether the credit risk is significantly increased on a portfolio basis, so the company follows the type of financial instrument and credit risk rating. The type of collateral, the initial confirmation date, and the remaining contract period are common risk characteristics. Group the contract assets and consider whether the credit risk is significantly increased based on the combination.

Expected credit loss measurement. The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, i.e. the present value of all cash shortages.

Accounting treatment method, the company calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current contract asset impairment provision, the Group recognizes the difference as impairment loss, debit "losses of credit impairment", credited "contract asset impairment provision". On the contrary, the Group recognizes the difference as an impairment gain and makes the opposite accounting record.

The Company incurred credit losses and determined that the relevant contract assets could not be recovered. If it was approved for write-off, it shall debit the "contract assets impairment provision" and credit the "contract assets" according to the approved write-off amount. If the write-off amount is greater than the provision for loss, the "losses of credit impairment" is debited on the difference.

4.10 Contract costs

(1) Method for determining the amount of assets related to contract costs

The company's assets related to contract costs include contract performance costs and contract acquisition costs.

The contract performance cost, that is, the cost incurred by the company for the performance of the contract, does not fall within the scope of other accounting standards and meets the following conditions, and the contract performance cost is recognized as an asset: the cost and a current or expected contract Directly related, including direct labor, direct materials, manufacturing expenses (or similar expenses), clear costs incurred by customers, and other costs incurred solely for the contract; this cost increases the company's future resources for fulfilling performance obligations; This cost is expected to be recovered.

The contract acquisition cost, which is expected to be recovered by the Company to obtain the incremental cost of the contract, is recognized as an asset as the acquisition cost of the contract; if the amortization period of the asset is less than one year, it is recognized in profit or loss in the period in which it arises. Incremental cost refers to the cost that will not occur if the company does not obtain a contract. Other expenses incurred by the Company in addition to the incremental costs expected to be recovered (such as travel expenses incurred regardless of whether the contract is obtained or not) are included in the current profit and loss when incurred but are clearly borne by the customer.

(2) Amortization of assets related to contract costs

The assets related to the contract costs of the Company are amortized on the same basis as the revenue recognition of the goods related to the assets and are included in the current profit and loss.

(3) Impairment of assets related to contract costs

When determining the impairment loss of assets related to contract costs, the company first determines the impairment loss for other assets related to the contract recognized in accordance with other relevant accounting standards; then, based on its book value, it is higher than the company's For the difference between the remaining consideration that the asset-related commodity is expected to be able to obtain and the cost to be estimated for the transfer of the relevant commodity, the excess should be depreciated and recognized as an asset impairment loss.

The factors of impairment in the previous period have changed, so that the aforesaid difference is higher than the book value of the asset, and is transferred back to the original provision for impairment of assets, and is included in the current profit and loss, but the book value of the transferred assets should not exceed Assume that the book value of the asset on the reversal date is not accrued.

4.11 Long-term equity investment

Long-term investment of the Company is the investment in subsidiaries, investment in associates and investment in joint ventures.

Basis for determination in respect of common control is that all participated parties or a group of participated parties control such arrangement, and that policies of such related business of such arrangement have to obtain unanimous agreement by all parties that are control such arrangement.

The Company directly or indirectly through its subsidiaries owns 20% (inclusive) or more but less than 50% shares with voting rights in the invested company, usually representing having significant influence on the invested company. For voting rights of less than 20% in the invested company, the Board or representative in similar authority in the invested company or the implementation processes of financial or operation policies of invested company have also been taken into account, or significant transaction with the invested company, or management personnel send to the invested company, or key technology information provided to the invested company which have significant influence to the invested company.

The Company's subsidiaries are invested companies which form control. For long-term investment obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of acquisition in the consolidated financial statements of the final controller shall be accounted as the initial investment cost of the long-term investment. For carrying value of net assets of the acquiree is negative, investment cost of long-term equity investment is calculated as zero.

For shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements, and accounted as the initial investment cost of long-term investment. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For long-term equity investment acquired through business combination not under common control, cost of combination will be treated as the initial investment cost.

For shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method. For shareholding held before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the invested company when it directly disposes related assets or liabilities upon disposal. For shareholding held before acquisition, if it is measured at fair value and the change is recognized in other comprehensive income, the accumulated gains or losses which are originally recognized in other comprehensive income shall be transferred from other comprehensive income to retained earning；If it is measured at fair value and the change is recognized in the current profit or loss, gains or losses which are originally recognized in the fair value change profit or loss do not need to be transferred to investment income. If the shareholdings which are held before acquisition are invested by other equity instrument, the equity instrument investment is transferred to retained earnings from changes in fair value accumulated in other comprehensive income before the date of acquisition.

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is expensed as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Group by the investor, the investment cost is the agreed consideration as specified in the investment contract or agreement.

Investments in subsidiaries are accounted for the Company using cost method, while investments in the associates and joint ventures are accounted for under equity method.

For long-term equity investments for which the subsequent measure is accounted for using cost method, when making additional investment, carrying value of the long-term equity investments will be added according to the fair value of cost of additional investment and the related expenses incurred by related transactions. For cash dividend or profit paid by the invested company, it shall be recognized as investment income for the current period using the amount which it entitles.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly according to the change in the shareholders equity of the invested company. When determining the amount of proportion of net profit or loss in the invested company which it entitles, fair value of each identifiable assets of the invested company at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Group, and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the investing company according to the shareholding, and recognized after adjustment is made to the net profit of the invested company.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

When the Company ceases to have control or significant influence on the invested company due to the reasons such as disposal of part of its equity investment, the remaining shareholding after disposal shall be accounted in accordance with the relevant provisions of the standards for the recognition and measurement of financial instruments, and the difference between fair value and the carry value on the date of loss of common control or significant influence will be included in the profit or loss for the current period. Other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method it shall be using the same accounting basis as the invested company directly disposing related assets or liabilities.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted in accordance with the relevant provisions of the standards for the recognition and measurement of financial instruments, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

For each transaction which equity are disposed in stages until loss of control, which does not belong to package transaction, the accounting for each transaction shall be conducted separately. For the package transaction, the accounting for each transaction shall be treated as disposing subsidiary and loss of its control. However, the difference between each disposal price before loss of control and the carrying value of the corresponding long-term investment of the equity disposed, shall be recognized as other comprehensive income, and shall be transfer to the profit or loss for the current period upon loss of control.

4.12 Right-of-use asset

Right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

(1) Initial measurement

At the commencement date, the company shall recognise and measure the right-of-use asset at the present value of the lease payments that are not paid at that date. Lease payments include: ① Amount of the initial measurement of the lease liability; ② Any lease payments made at or before the commencement date, less any lease incentives received; ③ Any initial direct costs incurred by the lessee; ④ An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions contained in the lease, unless those costs are to produce inventories.

(2) Subsequent measurement

Subsequently, the Company measures the right-of-use asset using cost model under which depreciation and impairment loss are deducted from the cost of the right-of-use asset.

The company adjusts the carrying value of the right-of-use asset correspondingly, when the leasing liability is revaluated under the leasing standard.

(3) Depreciation of the right-of-use asset

Depreciation must be provided over the useful life of the underlying asset from the month of the commencement date, and the depreciation expense should be accounted into the cost of the underlying asset or profit or loss on the basis of the intended use the right-of-use asset.

The company chooses the depreciation method according to the expected consumption pattern of the economic benefits which relevant to the right-of-use asset.

In terms of the period of depreciation of the right-of-use asset, if there is reasonable certainty that the Company will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise the asset is depreciated over the shorter of the lease term and its remaining useful life.

If there is impairment loss, the depreciation expense of the right-of-use asset is substantially computed on the basis of the recoverable amount which eliminated impairment loss from the carrying amount.

4.13. Long-term assets impairment

The Company would assess long-term equity investment, fixed assets, and intangible assets with limited useful lives at each balance sheet date. When there is indication that there is impairment, the Company would perform impairment test. Impairment test should be made for goodwill and intangible assets with uncertain useful life, at the year-end regardless of whether there is indication of impairment loss. For the asset which could not be tested individually, the asset group where the asset belongs should be tested as a whole.

After the impairment test, if the carrying value of such assets is higher than its recoverable amount, the difference is recognized as impairment loss. The above assets impairment loss once is recognized, it cannot be reversed in subsequent accounting period.

4.14. Contract liabilities

The contract liability reflects the obligation of the company to transfer goods to and from the customer. Before the company transfers the goods to the customer, the customer has already paid the contract consideration or the company has obtained the unconditional contractual consideration right, and the customer's actual payment and the due payment are early, according to the received or receivable. The amount of the contract is recognized. Contractual assets and contractual liabilities under the same contract are presented on a net basis.

4.15. Lease liability

(1) Initial measurement

The company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning of the lease term.

1) Lease payments

Lease payments represent the payments made a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the following: a) Fixed payments (including in-substance fixed payments), less any lease incentives; b) Variable lease payments that depend on an index or a rate; c) The exercise price of a purchase option if the lessee is reasonable certain to exercise that option; d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; e) Amounts expected to be payable by the lessee under residual value guarantees.

2) Discount rate

The Company determined to use the interest rate implicit in the lease as discount rate when computing the lease payments. The interest rate implicit in the lease accounts for the rate of interest that causes the present value of the lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor. If that rate cannot be readily determined, the borrowing rate should be used. The incremental borrowing rate represents the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental rate is therefore a lessee-specific rate, taking into account the credit-worthiness of the lessee, the terms of the contract, the amount of the funds borrowed, the type and quality of asset leased and the economic environment in which the lessee operates including the political area, currency and contract timing. The Company determines the incremental rate on the basis of benchmark interest rate of loans for the same period announced by the people's Bank of China with the consideration of these factors.

(2) The follow-up measurement

After the commencement date, the Company shall measure the lease liability by: a) Increasing the carrying amount to reflect interest on the lease liability; b) Reducing the carrying amount to reflect lease payments made; c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The finance income or interest earned on the lease receivable to be spread over the lease term based on a pattern reflecting a constant periodic rate of return on either the lessor's net investment outstanding or the net cash investment outstanding in respect of the finance lease. The periodic rate is the discount rate applied in the initial measurement of the lease liability, or the revised discount rate adopted in the remeasurement of lease liability when there is modification of the lease payment or lease options. The Company adopts the revised discount rate.

(3) Remeasurement

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:1)The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate;2)The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);3)A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4.16. Recognition and measurement of revenue

The company's operating income mainly includes sales of goods, income from labor services, income from assets transferred, etc. The revenue recognition policy is as follows:

The company fulfills its performance obligations in the contract, that is, the revenue is recognized when the customer obtains control of the relevant goods or services.

Where the contract includes two or more performance obligations, at the beginning of the contract, the company shall distribute the transaction price to each individual performance obligation according to the relative proportion of the individual sales price of the goods or services promised by the individual performance obligation, according to the apportionment to the transaction price of each individual performance obligation measures income.

The transaction price is the amount of consideration that the company is expected to receive due to the transfer of goods or services to customers and does not include payments received on behalf of third parties. The transaction price confirmed by the company does not exceed the amount that the accumulative recognized income is unlikely to undergo a major reversal when the relevant uncertainty is eliminated. The amount that is expected to be refunded to the customer as a liability is not included in the transaction price. Where there is a significant financing component in the contract, the company determines the transaction price based on the amount payable in cash when the client assumes control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the effective interest method during the contract period. On the contract start date, the company expects that the customer's control over the purchase of goods or services and the payment of the customer's price are not more than one year and does not consider the major financing components existing in the contract.

When one of the following conditions is met, the company is subject to performance obligations within a certain period of time; otherwise, it is subject to performance obligations at a certain point in time:

(1) The customer obtains and consumes the economic benefits brought by the performance of the company while the company is performing.

(2) The customer can control the goods under construction during the company's performance.

(3) The goods produced during the performance of the company have irreplaceable use, and the company has the right to collect the accumulated part of the performance that has been completed so far throughout the contract period.

For the performance obligations performed during a certain period of time, the company confirms the income according to the progress of the performance during the period and determines the progress of the performance according to the input method. If the performance of the company cannot be reasonably determined, if the cost incurred by the company is expected to be compensated, the revenue will be recognized according to the amount of cost incurred, until the performance of the performance can be reasonably determined.

For performance obligations performed at a certain point in time, the company confirms revenue when the customer obtains control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the company considers the following signs:

(1) The company has the current right to collect the goods or services;

(2) The company has transferred the legal title of the goods to the customer;

(3) The company has transferred the physical goods to the customer;

(4) The company has transferred the main risks and rewards of ownership of the goods to the customer;

(5) The customer has accepted the goods or services.

The Company has the right to transfer the goods or services to the customer and has the right to receive the consideration as the contract assets. The contract assets are depreciated in the basis of the expected credit losses. The company's unconditional right to receive consideration from customers is presented as receivables. The obligation of the Company to receive goods receivable from customers and to transfer goods or services to customers shall be presented as contract liabilities.

4.17. Lease

(1) Classification of Leases

Lease, a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. At the commencement date, the Company shall apply the same principles in determining whether a contract contains a lease or not. It is classified as lease if the entity transfers the right to control one or multiple identified assets for consideration. The Company evaluates whether the customer have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use or the customer have the right to direct how and for what purpose the asset is used throughout the period of use.

The Company shall account for the lease component of the contract separately from the non-lease component. The Company shall split the rental or lease payment and account them separately.

(2) As a Lessee

As a lessee, the Company shall recognize the right-of-use asset and measure the lease liability.

1) Lease modifications

A change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, including adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term). Effective date of the modification represents the date when both parties agree to a lease modification.

Modifications to lease contracts shall be treated as separate leases only if: a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and b) The consideration for the lease increases by an amount commensurate with the stand-alone price to reflect the circumstances of the particular contract.

If the lease modification is not considered to be a separate lease, the Company shall at the effective date of the modification: allocate the consideration in the modified contract to all lease and non-lease components (if applicable) using their stand-alone prices; determine the amended lease term; and compute the modified lease payment applying the revised discount rate to remeasure the lease liability. The discount rate that should be used in measuring the present value of the lease payment should be the rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate should be used. For the lease modifications resulting in the decreasing of lease scope or shorten of period, the lessee shall reduce the carrying value of the right-of use asset and account gain or loss of the termination of lease in the reporting period. For other modifications of lease, the lessee shall adjust the carrying amount of the right-of-use asset correspondingly.

2) Short-term lease and Low-value Lease

Instead of applying the recognition requirements of right-of– asset and lease liability, the Company elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for short-term leases (leases with a lease term of 12 months or less) and low-value leases (leases where the underlying asset has a low value when new).

(3) As a lessor

1) Accounting for operating lessor

Accounting for rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Contemplation

If the lease agreement provides for a scheduled increase(s) in contemplation of the lessee's increased physical use of the leased property, the total amount of rental payments, including the scheduled increase(s), is allocated to revenue over the lease term on a straight-line basis. However, if the scheduled increase(s) is due to additional leased property, recognition should be proportional to the leased property, with the increased rents recognised over the years that the lessee has control over use of the additional leased property.

Initial direct expense

Under the leasing standard all initial direct costs incurred must be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Depreciation

The Company account for depreciation of operating lease applying the similar depreciation policies as the non-current asset recognised on a straight-line basis, otherwise, an alternative basis of systematically rational method applying to other assets for operating lease.

Variable lease payments

Income relating to variable lease payments not included in the measurement of the net investment in the lease shall be disclosed in profit or loss for the reporting period.

Change of operating lease

The Company shall account for the modification to the original operating lease contract as a new lease contract after the effective date of the modification and treat the deposit received and account receivables relating to the original lease as the payment of the new lease.

4.18. Significant changes in accounting policies and changes in accounting estimates

(1) Significant changes in accounting policies:

None.

(2) Changes in important accounting estimates:

None.

5. OPERATING INCOME, OTHER OPERATION & EQUITY

5.1 Operating income

Items	2022	2021
Sales of electrical products and fittings	**1,993,461.47**	3,829,125.95
Commercial application program and software	**26,030,617.26**	28,592,329.08
Installation and maintenance of network and data security products	**6,851,233.79**	15,713,378.85
Total	**34,875,312.52**	48,134,833.88

5.2 Other operation & equity

Items	2022	2021
Interest income	**150,041.94**	68,847.97
Breakdown of government grants		
Other income (input tax plus deduction)		403,689.85
Property rental income	**1,127,518.00**	2,392,827.23
Investment income of available for sale financial assets	**28,800.00**	87,000.00
Credit impairment losses		
From long-term equity investment under equity method	**-647,003.09**	2,229,474.68
Change on fair value of other non-current financial assets		
Investment income from disposal of financial assets held for trading	**575,915.45**	566,212.33
Financial assets held for trading		
Others	**126,582.29**	1,476,616.62
Total	**1,361,854.59**	7,224,668.68

6. SEGMENT INFORMATION

According to the internal organizational structure, management requirement and internal reporting system of the Company, the business operation is classified into 2 reporting segments, business application project (development and provision of business application project service, including business solution, application software, installation and maintenance and data security products) and sales products (sales and distribution computers and electronic products and accessories). These reporting segments have been laid down in the internal organization structure, management requirements and internal reporting system. The management of the Company will evaluate the operating results of these report segments to determine the distribution of resources and evaluation on its results.

By segment information is exposed in accordance with the accounting policy and standards for measurement. Such basis of measurement remains the same as the accounting policy and standards for measurement when preparing the financial statements.

Reporting segments for 2022

Item	Business application project and application software	Sales Products	Undistributed portion	Offset	Total
Operating Income	32,881,851.05	1,993,461.47		–	34,875,312.52
Including: Income from external transactions	32,881,851.05	1,993,461.47		–	34,875,312.52
Income from inter-segment transactions				–	–
Operating costs	26,145,396.90	1,598,476.23		–	27,743,873.13
Dividend of associations			-647,003.09	–	-647,003.09
Interest income			150,041.94	–	150,041.94
Undistributed income			1,854,687.84	–	1,854,687.84
Period expenses			24,414,879.04	–	24,414,879.04
Undistributed other expenses			5,912,542.25	–	5,912,542.25
Segments' total profits (total loss)	6,736,454.15	394,985.24	-28,969,694.60	–	-21,838,255.21
Total assets	6,192,077.00	74,061.34	381,518.17	–	6,647,656.51
Equity of associates			11,911,238.82	–	11,911,238.82
Other non-current financial assets			4,362,563.80	–	4,362,563.80
Unallocated corporate assets			24,627,067.49	–	24,627,067.49
Total liabilities	8,887,265.77	2,540,235.63		–	11,427,501.40
Undistributed liabilities			10,484,164.19	–	10,484,164.19
Supplementary information				–	–
Capital expenditure				–	–
Impairment loss recognized for the period	864,736.42			–	864,736.42
Including：Impairment loss of account receivable	864,736.42			–	864,736.42
Revesal of impairment loss recognised on account receivables				–	–
Inventory impairment				–	
Reversal of impairment loss recognised on inventory				–	
Depreciation and amortisation expenses	2,191,413.56			–	2,191,413.56

Reporting segments for 2021 (last year)

Item	Business application project and application software	Sales Products	Undistributed portion	Offset	Total
Operating Income	44,305,707.93	3,829,125.95		–	48,134,833.88
Including: Income from external transactions	44,305,707.93	3,829,125.95		–	48,134,833.88
Income from inter-segment transactions				–	–
Operating costs	32,448,254.72	2,860,247.85		–	35,308,502.57
Dividend of associations			2,229,474.68	–	2,229,474.68
Interest income			68,847.97	–	68,847.97
Undistributed income			4,707,372.36	–	4,707,372.36
Period expenses			21,754,413.74	–	21,754,413.74
Undistributed other expenses			2,563,381.91	–	2,563,381.91
Segments' total profits (total loss)	11,857,453.21	968,878.10	-17,312,100.64	–	-4,485,769.33
Total assets	7,826,858.22	52,416.63	432,448.56	–	8,311,723.41
Equity of associates			16,067,617.43	–	16,067,617.43
Other non-current financial assets			4,864,138.20	–	4,864,138.20
Unallocated corporate assets			36,137,675.46	–	36,137,675.46
Total liabilities	6,712,375.95	1,349,344.44		–	8,061,720.39
Undistributed liabilities			9,988,665.78	–	9,988,665.78
Supplementary information				–	–
Capital expenditure				–	–
Impairment loss recognized for the period	950,500.00			–	950,500.00
Including：Impairment loss of account receivable	950,500.00			–	950,500.00
Revesal of impairment loss recognised on account receivables				–	–
Inventory impairment				–	
Reversal of impairment loss recognised on inventory				–	
Depreciation and amortisation expenses	2,218,853.48			–	2,218,853.48

Geographical information

All the Company's income was generated from customers in the PRC as at 31 December 2022 and 31 December 2021, and all the Company's assets were in the PRC. Therefore, no geographical segment information is presented.

Information about major customers

There is no customer with whom the Company's transactions has exceeded 10% of total income during the year 2022 and 2021.

7. TAXATION

7.1. Main categories of tax and tax rate

Category	Tax base	Tax rate
Value-added Tax	Income of sales of goods and technical service	13%/6%/9%
Urban Construction & Maintenance Tax	Taxable value-added tax	7%
Education Surcharges	Taxable value-added tax	5%
Enterprise Income Tax	Taxable Enterprise Income	15%

Different rate of enterprise income tax:

Subject of taxation	Enterprise Income Tax Rate
the Company	15%
Jiaoda Withhub(Hongkong),Ltd	16.50%

Note: The main business of the Company is in the mainland, so the tax expenditure is mainly in the mainland 6.2 Tax preference and approval documentation (1)Enterprise Income Tax

7.2 Tax preference and approval documentation

(1) Enterprise Income Tax

On December 14, 2022, the Company obtained the certificate of high-tech enterprise (certificate number GR202231007910) issued by Shanghai Science and Technology Department, Shanghai Municipal Bureau of Finance, State Administration of Taxation Shanghai Taxation Bureau, and was identified as high-tech enterprise, which valid for 3 years. Pursuant to the Enterprise Income Tax Law of the People's Republic of China, the applicable corporate income tax rate for the year 2022 is 15%.

(2) VAT

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the full implementation of the VAT reform pilot program, which replaced the business tax with value-added tax" (Cai Shui [2016] No. 36) and the "Rules of business tax VAT pilot transition policy" item (twenty-six) of Article 1, the taxpayer shall be exempted from value-added tax on the income of technical development and related technical consulting and services.

The Company applicated the above VAT preferential policy during 2022.

8. BEFORE TAX OF COST AND FEE

Item	**2022**	**2021**
Sales cost		
Sales of electrical products and fittings	1,598,476.23	2,860,247.85
Commercial application program and software	21,503,284.22	23,091,553.52
Installation and maintenance of network and data security products	4,642,112.68	9,356,701.20
Tax and surcharges	65,928.12	55,351.75
Selling expenses	1,110,218.35	884,641.12
Total	28,920,019.60	36,248,495.44
Staff costs (including directors', chief executive's and supervisors emoluments)		
Salaries and other benefits	20,177,521.36	17,513,328.62
Termination benefits		
Contributions to retirement benefits scheme	2,830,081.72	2,206,103.58
Total	23,007,603.08	19,719,432.20
Auditor's remuneration	360,000.00	400,000.00
Research and development expenditure	5,312,197.56	5,617,370.26
Others Administration expense	2,600,318.20	1,897,527.08
Rental cost	1,472,502.19	1,533,901.08
Exchange gains and loss	-4,665.08	-7,452.00
Interest expenses	302,960.81	114,358.66
Charges	2,995.15	7,215.13
Disposal loss of non-current assets	0	4,114.90
Loss from changes in fair values	4,127.90	424,624.67
Other expenses	0	19,514.18
Loss of credit impairment	864,736.42	950,500.00
Loss of assets impairment	3,509,375.52	
Subtotal	14,424,548.67	10,961,673.96

9. INFORMATION ABOUT PROFIT DISTRIBUTION

Item	Content
Profits or dividends proposed to distribute	According to the resolution of the board of directors of the Company on 21 March 2023: recommend not to distribute dividends as at 31 December 2022
Profits or dividends approved to declare to pay after consideration	None

10. ACCOUNT RECEIVABLES

(1) Accounts receivable are classified according to bad debt provision method

Category	Ending Balance				
	Book balance		Bad debt provision		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	10,196,535.48	100.00	5,148,614.77	50.49	5,047,920.71
Total	10,196,535.48	100.00	5,148,614.77	50.49	5,047,920.71

Continued

Category	Beginning Balance				
	Book balance		Bad debt provision		Book value
	Amount	Percent %	Amount	Percent %	
Bad debt provision on portfolio	10,268,959.29	100.00	4,283,878.35	41.72	5,985,080.94
Total	10,268,959.29	100.00	4,283,878.35	41.72	5,985,080.94

1) Accounts receivable in portfolio of which provision was made by using ageing analysis method:

Aging	**Ending Balance**		
	Accounts receivables	**Bad debt provision**	**Expected credit loss rate for the whole duration (%)**
3 months (inclusive)	4,560,045.00		0%
3 months to 6 months (inclusive)			0%
7 months to 12 months (inclusive)			0%
Over 1 year	5,148,614.77	5,148,614.77	100.00%
Total	9,708,659.77	5,148,614.77	

Continued

Aging	**Beginning Balance**		
	Accounts receivables	**Bad debt provision**	**Expected credit loss rate for the whole duration (%)**
3 months (inclusive)	4,354,906.14		0%
3 months to 6 months (inclusive)	211,324.80		0%
7 months to 12 months (inclusive)	387,472.82		0%
Over 1 year	4,283,878.35	4,283,878.35	100.00%
Total	9,237,582.11	4,283,878.35	

2) Accounts receivable in portfolio of which provision was made by using other method:

Aging	Ending Balance		
	Book balance	Bad debt provision	Expected credit loss rate for the whole duration (%)
Guarantee deposit and project payment within credit period	473,665.71		0%
Guaranteed recovery			0%
Related party with regular transactions	14,210.00		0%
Total	487,875.71		

Continued

Aging	Beginning Balance		
	Book balance	Bad debt provision	Expected credit loss rate for the whole duration (%)
Guarantee deposit and project payment within credit period	357,167.18		0%
Guaranteed recovery	660,000.00		0%
Related party with regular transactions	14,210.00		0%
Total	1,031,377.18		

(2) Aging analysis

The company awarded their customers credit period for an average from 90 to 180 days. For customers with good credit record and good financial support, their credit period is more than 180 days. According to the delivery date of products or the date providing services (estimated confirmed date), the aging analysis of account receivables (less provision for bad debts) as follows:

Age	**Ending Balance**	**Beginning Balance**
3 months (inclusive)	4,560,045.00	4,354,906.14
3 months to 6 months (inclusive)		211,324.80
7 months to 12 months (inclusive)		387,472.82
Over 1 year	487,875.71	1,031,377.18
Total	5,047,920.71	5,985,080.94

(3) Analysis of overdue receivables but not be impaired at balance date

Aging	**Ending Balance**	**Beginning Balance**
Not overdue and no impairment	4,560,045.00	4,566,230.94
Overdue but no impairment 7 months to 12 months (inclusive)	387,472.82	
Over 1 year	487,875.71	1,031,377.18
Total	5,047,920.71	5,985,080.94

Note 1: The account receivables, which are not overdue and not be impaired, are mainly the customers currently without defaulted records.

Note 2: The account receivables, which are overdue but not be impaired, are mainly the customers with good payment records. According to previous experiences, management believes provision for bad debts are not needed, because there is no change in credit quality and the balance of total accounts receivables are recoverable.

(4) The movement of bad debt provision

Aging	**Ending Balance**	**Beginning Balance**
At 1st January	4,283,878.35	3,333,378.35
Cancellation of bad debts		
Additional bad debt provision	864,736.42	950,500.00
Deductible bad debt provision		
At 31st December	5,148,614.77	4,283,878.35

11. TRADE PAYABLE

Item	**Ending Balance**	Beginning Balance
Project	**6,124,136.67**	3,440,150.99
Goods	**3,073,044.06**	2,191,607.23
Total	**9,197,180.73**	5,631,758.22

12. RETURN ON EQUITY AND EARNINGS PER SHARE:

Profit in the reporting period	**Weighted average return on equity (%)**	**Ending Balance (RMB/share)**	
		Basic earnings per share	**Diluted earnings**
Net profit attribute to the equity holders of the parent company	-59.83	-0.0455	-0.0455
Net profit attributed to the equity holders of the parent company after deducting non-recurring gains and losses	-60.05	-0.0457	-0.0457

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2022.

RESULTS

For the year ended 31 December 2022, the Group recorded a turnover of approximately RMB36,002,830.52 (2021: approximately RMB50,527,661.11), representing a decrease of RMB14,524,830.59 or 28.75% as compared to last year. The Group recorded a loss of RMB21,838,255.21 for the year ended 31 December 2022, while a loss for the year ended 31 December 2021 was RMB4,485,769.33.

BUSINESS REVIEW AND FUTURE PROSPECTS

For the entire financial year under review ended 31 December 2022, the total revenue of the Group has decreased from RMB50,527,661.11 to RMB36,002,830.52. The decrease of RMB14,524,830.59 in revenue represents a decrease of 28.75% of the Group's sales as compared with that in 2021. The Group recorded a loss before tax of RMB4,485,769.33 in the previous year and a loss before tax of RMB21,838,255.21 during the year.

Revenue of main business is mainly generated from business solutions and application software business which accounted for 72.30% of the total sales (or RMB26,030,617.26), and this is followed by 19.03% of the total sales (or RMB6,851,233.79) for installation and maintenance of network and data security products and 5.54% of the total sales (or RMB1,993,461.47) for sales of electrical products and fittings. These business segments remain the core services and products for the Company in the past and also for the future.

Revenue of business application solutions and application software has decreased by RMB2,561,711.82 from RMB28,592,329.08 in the previous year, representing a decrease of 8.96%. The decrease was mainly due to the delay or cancellation of projects.

Revenue of installation and maintenance of network and data security products has decreased by RMB8,862,145.06 from the previous year of RMB15,713,378.85, representing a decrease of 56.40%. The decrease was mainly due to the decrease in the projects of installment and maintenance.

Revenue of sales of electronic products and accessories has decreased by RMB1,835,664.48 from RMB3,829,125.95 in the previous year, representing a decrease of 47.94%. The decrease was mainly due to the substantial decrease in projects as a result of severe impact suffered from the epidemic.

The gross profit of main business has decreased from RMB12,826,331.31 to RMB7,131,439.39, representing an decrease of RMB5,694,891.92 or 44.40%. The gross profit margin of main business has decreased from 26.65% for the previous financial year to 20.45% for the current year.

Other revenue has decreased by RMB1,265,309.23 to RMB1,127,518.00 in the current year from RMB2,392,827.23 in the previous year, representing a decrease of 52.88%.

The share of profits of associates amounted to RMB-647,003.09 in the current year as compared to the profit of RMB2,316,474.68 in the previous year, representing a decrease of RMB2,963,477.77.

Selling expenses has decreased by RMB1,097,174.46 from RMB5,169,887.00 in the previous year to RMB4,072,712.54 in the current year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022, shareholders' funds of the Group amounted to approximately RMB25,636,861.03 (2021: RMB47,330,768.33). Current assets amounted to approximately RMB26,873,821.01 (2021: RMB37,882,223.55), of which approximately RMB20,197,211.85 (2021: RMB19,492,197.64) were cash and bank balances. The Group had non-current liabilities amounted to approximately RMB2,225,656.16 (2021: Nil) and its current liabilities amounted to approximately RMB19,686,009.43 (2021: RMB14,338,790.33), which mainly comprised of other payables and accrued expenses. The Group did not have any long-term debts.

WORKING CAPITAL RATIO AND GEARING RATIO

As at 31 December 2022, the Group had a net cash position and its working capital ratio (current assets divided by current liabilities) was 1.37 (2021: 2.64); and gearing ratio (liabilities divided by total assets) was approximately 46.08% (2021: 27.61%).

CAPITAL COMMITMENTS AND SIGNIFICANT INVESTMENTS

The Group had no capital commitments and significant investments for the year ended 31 December 2022.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Group had no material acquisitions or disposals of subsidiaries, associates or joint venture companies for the year ended 31 December 2022.

SEGMENT INFORMATION

All of the Group's activities are conducted in the PRC and are divided into two major business segments including business application solutions and sales of products. Accordingly, the analysis by business segments is presented in note 6 to the consolidated financial statements.

EMPLOYEE INFORMATION

As at 31 December 2022, the Group had 101 full-time employees (2021: 94), comprising 16 in management, finance and administration (2021: 16), 39 in research and development (2021: 37), 27 in application development and engineering (2021: 24), and 17 in sales and marketing (2021: 15). Also, the Group had 2 school staff (2021: 2).

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

Remuneration of employees including Directors' emoluments and all staff-related costs for the year ended 31 December 2022 was approximately RMB23,007,603.08 (2021: RMB19,719,432.20).

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 2022, the Group did not have any charges on its assets (2021: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors currently 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 2022, the Group's monetary assets and transactions are mainly denominated in RMB, HKD and USD. Though the exchange rates among 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 2022, the Group did not have any significant contingent liabilities (2021: Nil).

EVENT AFTER THE REPORTING PERIOD

No important events affecting the Group has occurred since the end of the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2023 to 20 June 2023 (both days inclusive), during which period no transfer of shares will be effected. The holders of shares whose names appear on the register of members of the Company on 20 June 2023 will be entitled to attend and vote at the annual general meeting. In order to qualify for attending and voting 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on 19 May 2023.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS AND SUPERVISORS

The Company had adopted a code of conduct regarding securities transactions by the Directors and supervisors of the Company on terms no less exacting than the standard of dealings in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors and supervisors of the Company 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 and supervisors of the Company during 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 2022.

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 the three independent non-executive Directors, namely Mr. Yuan Shumin, Mr. Liu Feng and Mr. Zhou Guolai.

The Company's consolidated financial statements for the year ended 31 December 2022 have been reviewed by the audit committee, who gave advice on such financial statements to the Board. The financial reporting process, internal control system and risk management 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.

SCOPE OF WORK OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)

The Company's auditor, ShineWing Certified Public Accountants (Special General Partnership) has agreed that the figures in respect of the financial statements of the Company, which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the year 2022 and the notes to the financial statements as set out in the preliminary announcement are in line with the amounts set out in the Company's audited financial statements for the year. As the work performed by ShineWing Certified Public Accountants (Special General Partnership) in this respect did not constitute an assurance engagement in accordance with Auditing Standards issued by Chinese Institute of Certified Public Accountants, consequently no assurance has been expressed by ShineWing Certified Public Accountants (Special General Partnership) on the preliminary announcement.

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 throughout the year.

PROPOSED CHANGE OF SCOPE OF BUSINESS

The Board proposed to change the principal scope of business of the company into:

Licensed projects: architectural engineering construction (excluding the construction and operation of nuclear power stations and civil airport construction); and Type 2 value-added telecommunications businesses. (For projects that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities and the specific business projects shall be subject to approval documents or permits from the relevant authorities)

General projects: technology service, technology development, technology consulting, technology exchange, technology transfer, technology promotion; information system integration services; enterprise image planning; **conference and exhibition services; fitness and leisure activities; sports health services; operation of sports venue and facilities (excluding high-risk sports); retail of sports goods and equipment; sports event planning; sports competition organization; sports security organization; organization of sports performances; organization of cultural and artistic exchange activities; sports broker services; project planning and public relations services; ticket agency services; sports intermediary agency services; wholesale of sports goods and equipment; rental of sports goods and equipment; wholesale of clothing and apparel; retail of clothing and apparel; sales of arts and crafts and ceremonial supplies (except ivory and ivory products); sales of food (only the sale of prepackaged food); sales via the Internet (except sales of commodities that require a license).** (Except for special projects subject to approval according to laws, with business license to carry out business activities independently according to laws)

The above proposed amendments to the Articles of Association are subject to (i) the approval of the shareholders of the Company by way of a special resolution at the annual general meeting of the Company to be held on 20 June 2023; and (ii) all the necessary approvals and filing procedures obtained for the proposed amendments from the relevant competent authorities in the PRC. Prior to the fullfillment of the abovementioned conditions, the current Articles of Association shall remain effective.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board concluded that the specific amendments are as follows:

Articles Before Amendments	Articles After Amendments
Article 11 The scope of business of the company shall be based on the projects examined and approved by the company registration authority. Licensed projects: architectural engineering construction (excluding the construction and operation of nuclear power stations and civil airport construction); and Type 2 value-added telecommunications businesses. (For projects that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities and the specific business projects shall be subject to approval documents or permits from the relevant authorities)	Article 11 The scope of business of the company shall be based on the projects examined and approved by the company registration authority. Licensed projects: architectural engineering construction (excluding the construction and operation of nuclear power stations and civil airport construction); and Type 2 value-added telecommunications businesses. (For projects that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities and the specific business projects shall be subject to approval documents or permits from the relevant authorities)

Articles Before Amendments	Articles After Amendments
General projects: technology service, technology development, technology consulting, technology exchange, technology transfer, technology promotion; information system integration services; and enterprise image planning. (Except for special projects subject to approval according to laws, with business license to carry out business activities independently according to laws) (Article 10 of Mandatory Provisions)	General projects: technology service, technology development, technology consulting, technology exchange, technology transfer, technology promotion; information system integration services; enterprise image planning; **conference and exhibition services; fitness and leisure activities; sports health services; operation of sports venue and facilities (excluding high-risk sports); retail of sports goods and equipment; sports event planning; sports competition organization; sports security organization; organization of sports performances; organization of cultural and artistic exchange activities; sports broker services; project planning and public relations services; ticket agency services; sports intermediary agency services; wholesale of sports goods and equipment; rental of sports goods and equipment; wholesale of clothing and apparel; retail of clothing and apparel; sales of arts and crafts and ceremonial supplies (except ivory and ivory products); sales of food (only the sale of prepackaged food); sales via the Internet (except sales of commodities that require a license).** (Except for special projects subject to approval according to laws, with business license to carry out business activities independently according to laws) (Article 10 of Mandatory Provisions)

APPRECIATION

I would like to take this opportunity to express my sincere gratitude 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, the Group 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*
Chang Jiang
Chairman

Shanghai, the PRC, 21 March 2023

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

Executive directors	Chang Jiang, Shuai Ge, Shang Ling, Hu Lunjie, Gu Xiaomin and Chen Guoliang
Independent non-executive directors	Yuan Shumin, Liu Feng and Zhou Guolai

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange website at http://www.hkexnews.hk for at least 7 days from the date of its posting.

* *For identification purpose only*