



SHANGHAI JIAODA WITHUB
INFORMATION INDUSTRIAL COMPANY LIMITED*

上海交大慧谷信息產業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8205)

FIRST QUARTERLY REPORT 2018

** For identification purposes only*

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report for which the directors (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, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

HIGHLIGHTS

- The Group recorded a turnover of approximately RMB2,233,000 for the three months ended 31st March, 2018, representing a decrease of approximately 78.33% as compared with that of the corresponding period in 2017.
- The Group recorded a loss attributable to the owners of the parent of approximately RMB7,773,000 for the three months ended 31st March, 2018. Loss attributable to the owners of the parent for the corresponding period in 2017 was approximately RMB8,313,000.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2018.

FIRST QUARTERLY RESULTS

The board of directors (the “Board” or the “Directors”) of 上海交大慧谷信息產業股份有限公司(Shanghai Jiaoda Withub Information Industrial Company Limited)* (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st March, 2018, together with the unaudited comparative figures for the corresponding period in 2017 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

		For the three months ended	
		31st March,	
		2018	2017
	Notes	RMB'000	RMB'000
Turnover	2	2,233	10,305
Cost of sales		<u>(2,204)</u>	<u>(8,401)</u>
Gross profit		29	1,904
Other revenue		13	37
Distribution expenses		(4,042)	(2,327)
Research and development expense		(1,420)	(2,056)
Administrative expenses		(1,373)	(5,042)
Asset impairment loss		—	(48)
Share of results of associates		<u>(980)</u>	<u>(781)</u>
Loss before tax	3	(7,773)	(8,313)
Income tax expense		<u>—</u>	<u>—</u>
Profit (loss) for the period attributable to the owners of the parent		(7,773)	(8,313)
Exchange difference arising on translation of foreign operations and other comprehensive income (loss) for the period		<u>—</u>	<u>—</u>
Comprehensive income (loss) for the period attributable to the owners of the parent		<u>(7,773)</u>	<u>(8,313)</u>
Loss per share (in RMB)			
— Basic and diluted	5	<u>(0.01619)</u>	<u>(0.01732)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended	
	31st March,	
	2018	2017
	RMB'000	RMB'000
Loss for the period	(7,773)	(8,313)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>(7,773)</u>	<u>(8,313)</u>
Attributable to:		
Owners of the parent	(7,773)	(8,313)
Non-controlling interests	<u>(25)</u>	<u>(22)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31st March, 2018

	Share capital	Share premium	Capital reserve	Statutory reserves	Translation reserve	Accumulated losses	Total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2017	48,000	61,068	16,000	223	1,575	(55,531)	71,335	(22)	71,313
Loss for the period	—	—	—	—	—	(8,313)	(8,313)	—	(8,313)
Other comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,313)</u>	<u>(8,313)</u>	<u>—</u>	<u>—</u>
At 31st March, 2017	<u>48,000</u>	<u>61,068</u>	<u>16,000</u>	<u>223</u>	<u>1,575</u>	<u>(63,844)</u>	<u>63,022</u>	<u>(22)</u>	<u>63,000</u>
At 31st December, 2017 and 1st January, 2018	48,000	61,068	16,240	223	1,278	(65,624)	61,185	(25)	61,160
Loss for the period	—	—	—	—	—	(7,773)	(7,773)	—	(7,773)
Other comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,773)</u>	<u>(7,773)</u>	<u>—</u>	<u>—</u>
At 31st March, 2018	<u>48,000</u>	<u>61,068</u>	<u>16,240</u>	<u>223</u>	<u>1,278</u>	<u>(73,397)</u>	<u>53,412</u>	<u>(25)</u>	<u>53,387</u>

Notes:

1. BASIS OF PRESENTATION

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

2. TURNOVER

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

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

	For the three months ended	
	31st March,	
	2018	2017
	RMB’000	RMB’000
Business application solution	1,593	8,040
Application software	—	805
Installation and maintenance of network and data security products	640	994
Sales and distribution of computer and electrical products and accessories	—	466
	<u>2,233</u>	<u>10,305</u>

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

3. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the three months ended 31st March,	
	2018	2017
	RMB'000	RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, wages and other benefits	3,068	6,297
Contributions to retirement benefit scheme	<u>1,427</u>	<u>1,392</u>
	4,495	7,689
Cost of inventories recognised as an expense	<u>2,204</u>	<u>8,401</u>

4. TAX EXPENSES

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

For the three months ended 31st March, 2018, there was no material unprovided deferred tax (2017: nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31st March, 2018 is based on the unaudited loss attributable to the owners of the parent of approximately RMB7,773,000 (2017: loss attributable to the owners of the parent of approximately RMB8,313,000) and the weighted average number of shares during the period (three months ended 31st March, 2018: 480,000,000 shares; three months ended 31st March, 2017: 480,000,000 shares).

Diluted loss per share is not presented for the three months ended 31st March, 2018 and 2017 as there were no potential ordinary shares in issue during the relevant periods.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31st March, 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31st March, 2018, the Group recorded a turnover of approximately RMB2,233,000, representing a decrease of approximately RMB8,072,000 or 78.33% (2017: approximately RMB10,305,000) as compared to the corresponding period in 2017. The gross profit decreased approximately 98.48% to RMB29,000 as compared to the corresponding period in last year (2017: approximately RMB1,904,000). The Company continued to make loss for the first quarter of 2018 and recorded a loss of approximately RMB 7,773,000. The loss has decreased by approximately RMB540,000 as compared with approximately RMB8,313,000 for the three months ended 31st March, 2017.

BUSINESS REVIEW AND FUTURE PROSPECTS

In the sales review, income is mainly generated from the sales of business application solutions development. The sales volume has decreased from RMB8,040,000 to RMB1,593,000, representing a decrease of RMB6,447,000 or approximately 80.19%, mainly due to the delay in normal projects compared to previous years, which was caused by the late traditional Chinese New Year this year, and it is already March after the Lantern Festival.

Besides, for the sales of the installation and maintenance of network and data security products, its sales decreased from RMB994,000 to RMB640,000, representing a decrease of 35.61% over the corresponding period last year.

In terms of the sales and distribution of computers, electrical products and accessories, due to the difficulty in maintaining operations for the traditional offline sales business resulted from the impact of e-commerce and disorderly competition and the exit of cooperating general agent, the Company also adjusted accordingly to discontinue the sales of such business.

For the expenses management and control, administration expenses amounted to RMB1,373,000, represented a decrease of RMB3,669,000 over the corresponding period last year; and the expenses of marketing and sales amounted to RMB4,042,000, represented an increase of RMB1,715,000 over the corresponding period last year. The expenses of research and development amounted to RMB1,420,000, representing a decrease of RMB636,000 over the corresponding period last year.

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

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

As at 31st March, 2018, none of the Directors, the supervisors of the Company (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (“SFO”) had applied to the supervisors) or chief executives of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the Company’s register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 31st March, 2018, there were no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director, supervisor and chief executives of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other corporations.

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

A. Substantial shareholders

As at 31st March, 2018, the following shareholders (other than the Directors and the Supervisors (as if the requirements applicable to the Directors under the SFO had applied to the Supervisors)) had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO and were directly or indirectly interested in 10% or more of the shares:

Name of shareholders	Capacity and nature	Number and class of shares (Note 1)	Approximate percentage of interest
Shanghai Jiaotong University	Interest of a controlled corporation (Note 2)	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Industrial Investment Management (Group) Limited	Interest of a controlled corporation (Note 2)	114,000,000 domestic shares (L)	23.75%
Shanghai Jiaoda Science and Technology Park Limited	Beneficial owner	114,000,000 domestic shares (L)	23.75%
Shanghai Xin Xuhui (Group) Company Limited	Beneficial owner	60,000,000 domestic shares (L)	12.50%
Xuhui District Industrial Association	Interest of a controlled corporation (Note 3)	60,000,000 domestic shares (L)	12.50%
Shanghai Huixin Investment Operation Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%
Shanghai Technology Venture Capital Company Limited	Beneficial owner	57,000,000 domestic shares (L)	11.88%

Notes:

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

B. OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO DIVISION 2 AND 3 OF PART XV OF THE SFO

As at 31st March, 2018, save for the persons/entities disclosed in sub-section A above, the following person/entity had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity and nature	Number and class of shares <i>(Note)</i>	Approximate percentage of interest
Chen Jianbo	Beneficial owner	24,300,000 domestic shares (L)	5.06%

Note: The letter “L” represents the entity’s interest in the shares of the Company.

Save as disclosed above, as at 31st March, 2018, the Directors are not aware of any other person (other than the Directors and chief executive of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

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

PRACTICE AND PROCEDURES OF THE BOARD

Throughout the three months ended 31st March, 2018, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the Stock Exchange's required standard of dealings.

Having made specific enquiry of all Directors, 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.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 7th July, 2002 with written terms of reference for the purpose of reviewing and supervising the Group's financial reporting, risk management and internal control system. The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Dr. Ni Jing and Dr. Chan Yan Chong. The Audit Committee has reviewed the unaudited results of the Company for the three months ended 31st March, 2018.

