



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 2019

** For identification purposes only*

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This report for which the directors (the “Directors”) of Shanghai Jiaoda Withub Information Industrial Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rule Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading, and there are no other facts the omission of which would make any statement herein misleading.*

HIGHLIGHTS

- The Group recorded a turnover of approximately RMB5,352,000 for the three months ended 31 March, 2019, representing an increase of approximately 139.68% as compared with that of the corresponding period in 2018.
- The Group recorded a loss attributable to the owners of the parent of approximately RMB9,016,000 for the three months ended 31 March, 2019. Loss attributable to the owners of the parent for the corresponding period in 2018 was approximately RMB7,773,000.
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March, 2019 (2018: Nil).

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 31 March, 2019, together with the unaudited comparative figures for the corresponding period in 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

		For the three months ended	
		31 March,	
		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	2	5,352	2,233
Cost of sales		<u>(4,405)</u>	<u>(2,204)</u>
Gross profit		947	29
Other revenue		(5)	13
Distribution expenses		(6,060)	(4,042)
Research and development expense		(1,090)	(1,420)
Administrative expenses		(4,161)	(1,373)
Asset impairment loss		1,040	—
Share of results of associates		<u>313</u>	<u>(980)</u>
Loss before tax	3	(9,016)	(7,773)
Income tax expense		<u>—</u>	<u>—</u>
Profit (loss) for the period attributable to the owners of the parent		(9,016)	(7,773)
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>(9,016)</u>	<u>(7,773)</u>
Loss per share (in RMB)			
— Basic and diluted	5	<u>(0.01878)</u>	<u>(0.01619)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended	
	31 March,	
	2019	2018
	RMB'000	RMB'000
Loss for the period	(9,016)	(7,773)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>(9,016)</u>	<u>(7,773)</u>
Attributable to:		
Owners of the parent	(9,016)	(7,773)
Non-controlling interests	<u>(27)</u>	<u>(25)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March, 2019

	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 1 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 31 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>
At 31 December, 2018 and 1 January, 2019	48,000	61,068	16,240	223	1,460	(56,401)	70,590	(27)	70,563
Loss for the period	—	—	—	—	—	(9,016)	(9,016)	—	(9,016)
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>(9,016)</u>	<u>(9,016)</u>	<u>—</u>	<u>—</u>
At 31 March, 2019	<u>48,000</u>	<u>61,068</u>	<u>16,240</u>	<u>223</u>	<u>1,460</u>	<u>(65,417)</u>	<u>61,574</u>	<u>(27)</u>	<u>61,547</u>

Notes:

1. BASIS OF PRESENTATION

The Financial statements has been prepared on the going-concern basis and transactions and events actually occurred in accordance with the “Accounting Standards for Business Enterprises” promulgated by the Ministry of Finance of the People’s Republic of China and relevant requirements (collectively, the “Accounting Standards for Business Enterprises”), and China Securities Regulatory Commission’s “Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports (2014 Revision)” and the provisions regarding disclosure pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies Ordinance of Hong Kong, as well as 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 and application software, the installation and maintenance of network and data security products, and the sales of electrical products and accessories.

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

	For the three months ended	
	31 March,	
	2019	2018
	<i>RMB’000</i>	<i>RMB’000</i>
Business application solution and application software	2,124	1,593
Installation and maintenance of network and data security products	932	640
Sales of electrical products and accessories	<u>2,296</u>	<u>—</u>
	<u>5,352</u>	<u>2,233</u>

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

3. LOSS FROM OPERATIONS

Loss from operations has been arrived after charging:

	For the three months ended 31 March,	
	2019	2018
	RMB'000	RMB'000
Staff costs (including Directors' emoluments) comprise:		
Salaries, wages and other benefits	8,556	3,068
Contributions to retirement benefit scheme	<u>1,288</u>	<u>1,427</u>
	9,844	4,495
Cost of inventories recognised as an expense	<u>4,405</u>	<u>2,204</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 1 January, 2017 onwards.

For the three months ended 31 March, 2019, there was no material unprovided deferred tax (2018: nil).

5. LOSS PER SHARE

The calculation of the basic loss per share for the three months ended 31 March, 2019 is based on the unaudited loss attributable to the owners of the parent of approximately RMB9,016,000 (2018: loss attributable to the owners of the parent of approximately RMB7,773,000) and the weighted average number of shares during the period (three months ended 31 March, 2019: 480,000,000 shares; three months ended 31 March, 2018: 480,000,000 shares).

Diluted loss per share is not presented for the three months ended 31 March, 2019 as there were no potential ordinary shares in issue during the relevant periods.

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March, 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March, 2019, the Group recorded a turnover of approximately RMB5,352,000, representing an increase of approximately RMB3,119,000 or 139.68% (2018: approximately RMB2,233,000) as compared to the corresponding period in 2018. The gross profit increased by approximately 3,165.52% to RMB947,000 as compared to the corresponding period in last year (2018: approximately RMB29,000). The Company continued to make loss for the first quarter of 2019 and recorded a loss of approximately RMB9,016,000. The loss has increased by approximately RMB1,243,000 as compared with approximately RMB7,773,000 for the three months ended 31 March, 2018.

BUSINESS REVIEW AND FUTURE PROSPECTS

In the sales review, income is mainly generated from the sales of electrical products and accessories. The sales amounted to RMB2,296,000. In terms of the sales of electrical products and accessories, the Company mainly engages in the sales of branded notebook computers as an agent in the past. In recent years, major agents withdrew from the market successively in the PRC due to the impact of e-commerce market. In view of long-term development, the Company made adjustments to the sales business of electrical products. At the beginning of last year, we closed down the sales business of notebook computers. Currently, we mainly sell electrical products through making ancillary sales of related electrical products such as display devices, audio equipments and network equipments when conducting the business of multimedia design and service.

Besides, for the sales of the business application solution and application software, its sales increased from RMB1,593,000 to RMB2,124,000, representing an increase of 33.33% over the corresponding period of last year. The increase was mainly due to the increase of RMB480,000 in the sales of the application software business over the corresponding period of last year arising from the enhancement of the business exploration efforts and the increase of new markets in Northern China by the Company during the last year.

In terms of the sales of installation and maintenance of network and data security products, its sales increased from RMB640,000 to RMB932,000, representing an increase of 45.63% over the corresponding period of last year. In terms of the sales of business application solutions and application software, the Company provides corresponding installation and maintenance services for the customers on a continuous basis. The revenue from installation and maintenance also grows with the growth of the sales of business application solutions and application software.

For the expenses management and control, administrative expenses amounted to RMB4,161,000, represented an increase of RMB2,788,000 over the corresponding period of last year; and the expenses of marketing and sales amounted to RMB6,060,000, represented an increase of RMB2,018,000 over the corresponding period of last year. The increase of the administrative expenses, the expenses of marketing and sales was mainly due to the increase of salary. The expenses of research and development amounted to RMB1,090,000, representing a decrease of RMB330,000 over the corresponding period of last year.

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

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

As at 31 March, 2019, none of the Directors, the supervisors of the Company (as if the requirements applicable to the Directors under the Securities and Futures Ordinance (“SFO”) had applied to the supervisors) or chief executives of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the Company’s register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 March, 2019, none of the Directors, supervisors and chief executives of the Company was granted options to subscribe for H shares of the Company. As at 31 March, 2019, none of the Directors, supervisors and chief executives of the Company had any rights to acquire H shares in the Company.

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

A. Substantial shareholders

As at 31 March, 2019, 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. Shareholder of Jiaoda Industrial is Shanghai Jiaotong University (100%). 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 31 March, 2019, 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 31 March, 2019, 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 31 March, 2019, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the Stock Exchange's required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the three months ended 31 March 2019.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 7 July, 2002 with written terms of reference for the purpose of reviewing and supervising the Group's financial reporting, risk management and internal control system. The Audit Committee comprises three independent non-executive Directors, Mr. Yuan Shumin, Dr. Ni Jing and Dr. Chan Yan Chong. The Audit Committee has reviewed the unaudited results of the Company for the three months ended 31 March, 2019.

