畅捷通
Chanjet

暢捷通信息技術股份有限公司
CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED*
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 1588)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	2014	2013	Change
	RMB'000	*RMB'000*	
Revenue	**335,075**	311,929	7%
Profit attributable to owners of the parent	**101,640**	121,128	–16%
Basic earnings per share *(RMB cents/share)*	**53.3**	74.7	–29%

The board of directors (the "**Board**") of Chanjet Information Technology Company Limited (the "**Company**") recommended the distribution of final dividends for the year ended 31 December 2014 of RMB0.39 per share (tax inclusive), totaling RMB84.70 million. The profit distribution plan is subject to the approval by the shareholders of the Company at the 2014 annual general meeting.

The Board hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014 (the "**Reporting Period**") together with the comparative figures for the previous year as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**335,075**	311,929
Cost of sales and services provided	5	**(25,515)**	(27,013)
Gross profit		**309,560**	284,916
Other income and gains, net	4	**82,357**	72,802
Research and development costs	5	**(74,932)**	(61,264)
Selling and distribution expenses		**(119,369)**	(117,860)
Administrative expenses		**(91,201)**	(46,244)
Business tax and surcharges paid for interest on entrusted loans		**—**	(1,051)
Other expenses		**(180)**	(112)
Profit before tax	5	**106,235**	131,187
Income tax expense	6	**(9,310)**	(11,037)
Profit for the year		**96,925**	120,150
Attributable to:			
Owners of the parent	8	**101,640**	121,128
Non-controlling interests		**(4,715)**	(978)
		96,925	120,150
Earnings per share attributable to owners of the parent			
Basic *(cents)*	8	**53.3**	74.7
Diluted *(cents)*	8	**53.3**	74.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**15,893**	6,851
Intangible assets		**110,077**	83,016
Available-for-sale equity investments		**19,900**	10,000
Deferred tax assets	9	**4,470**	5,084
Total non-current assets		**150,340**	104,951
Current assets			
Inventories		**1,175**	567
Trade and bills receivables		**534**	1,001
Prepayments, deposits and other receivables		**13,140**	5,872
Due from related parties		**6,820**	—
Cash and cash equivalents		**1,171,430**	502,952
Available-for-sale investments		**—**	70,000
Total current assets		**1,193,099**	580,392
Current liabilities			
Trade payables		**5,539**	3,509
Other payables and accruals		**82,589**	70,568
Due to related parties		**—**	16,839
Tax payable		**10,455**	7,748
Deferred income		**—**	13,218
Provision		**—**	2,819
Total current liabilities		**98,583**	114,701

	Notes	31 December **2014** *RMB'000*	2013 *RMB'000*
Net current assets		**1,094,516**	465,691
Total assets less current liabilities		**1,244,856**	570,642
Non-current liabilities			
Deferred tax liabilities	9	**777**	—
Total non-current liabilities		**777**	—
Net assets		**1,244,079**	570,642
Equity attributable to owners of the parent			
Issued capital		**217,182**	162,182
Reserves		**922,989**	282,364
Proposed final dividend	7	**84,701**	102,174
		1,224,872	546,720
Non-controlling interests		**19,207**	23,922
Total equity		**1,244,079**	570,642

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

The Company, formerly known as Chanjet Software Company Limited, was established in the People's Republic of China (the "**PRC**") as a company with limited liability on 19 March 2010. The Company became a joint stock company with limited liability on 8 September 2011 in the PRC and changed its name to Chanjet Information Technology Company Limited. The registered office of the Company is located at Block D, Building 20, YONYOU Software Park, No. 68 Beiqing Road, Haidian District, Beijing, the PRC. The Company is principally engaged in the technical development, consulting, transfer, service and training of computer software, hardware and external devices, the sale of typing paper, computer consumables, computer software and hardware and external devices, and the provision of database service.

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 26 June 2014 (the "**Listing Date**").

In the opinion of the directors, the holding company of the Company is Yonyou Network Technology Co., Ltd. and the ultimate holding company of the Company is Beijing Yonyou Technology Co., Ltd., which is incorporated in the PRC.

2. Basis of Preparation and Principal Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for share options and available-for-sale investments, which have been measured at fair value. They are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

2. Basis of Preparation and Principal Accounting Policies *(Continued)*

2.1 Basis of preparation (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. Basis of Preparation and Principal Accounting Policies *(Continued)*

2.2 Impact of new and amended International Financial Reporting Standards

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2014.

The nature and the impact of each new standard and amendment is described below:

Investment Entities — Amendments to IFRS 10, IFRS 12 and IAS 27

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS13 on the recoverable amount of cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the Reporting Period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal.

2. Basis of Preparation and Principal Accounting Policies *(Continued)*

2.2 Impact of new and amended International Financial Reporting Standards (Continued)

New and amended standards and interpretations (Continued)

Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by the government under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The interpretation has had no impact on the Group.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

2. **Basis of Preparation and Principal Accounting Policies *(Continued)***

2.2 Impact of new and amended International Financial Reporting Standards (Continued)

New and amended standards and interpretations (Continued)

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided that either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group since the Group is an existing IFRS preparer.

2.3 Issued but not yet effective IFRSs

The Group has not applied the following new and amended IFRSs that have been issued but are not yet effective, in the financial statements.

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS11	*Accounting for Acquisitions of Interests in Joint Operation*[2]
IFRS 14	*Regulatory Deferral Accounts*[2]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortization*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27	*Equity Method in separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	*Amendments to a number of IFRSs*[1]
Annual Improvements 2011-2013 Cycle	*Amendments to a number of IFRSs*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]
Amendments to IAS 1	*Presentation of Financial Statements*[2]
Amendments to IFRS10, IFRS 12 and IAS 28	*Applying the Consolidation Exception*[2]

2. Basis of Preparation and Principal Accounting Policies *(Continued)*

2.3 Issued but not yet effective IFRSs (Continued)

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new and amended IFRSs upon initial application. So far, the Group considers that these new and amended IFRSs are unlikely to have a significant impact on the Group's results and financial position.

3. Operating Segment Information

For management purposes, the Group's operating activities are attributable to a single operating segment, the provision of software and services as well as other related products. Therefore, no analysis by operating segment is presented.

Information about geographical area

Since all of the Group's revenue was generated from the sale and service of software in Mainland China and 99% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with IFRS 8 Operating Segments.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during each year, no major customer segment information is presented in accordance with IFRS 8 Operating Segments.

4. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of software sold, after allowance for returns and trade discounts, and excludes sales taxes; it also includes the value of services rendered during the year:

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of software	**301,888**	291,475
Rendering of services	**31,088**	15,380
Sale of purchased goods	**2,099**	5,074
	335,075	311,929
Other income and gains		
Value-added tax refunds	**38,585**	43,683
Government grants	**18,106**	7,217
Interest income	**11,572**	1,252
Interest on entrusted loans	**—**	19,117
Interest on financial investments	**3,563**	627
Gains on financial investments	**3,925**	863
Others	**6,606**	43
Total	**82,357**	72,802

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Cost of software sold	**12,487**	13,204
Cost of service rendered	**11,625**	9,535
Cost of purchased goods sold	**1,403**	4,274
Total cost of sales	**25,515**	27,013
Depreciation	**3,879**	2,228
Amortisation of intangible assets	**10,295**	187
Research and development costs	**74,932**	61,264
Auditors' remuneration	**1,420**	25
Listing expenses	**24,138**	7,120
Employee benefits expenses (including directors', supervisors' and chief executive's remuneration other than below):	**182,379**	157,037
Pension schemes contribution	**15,344**	16,329
	197,723	173,366
Less: Employee benefit expenses being capitalised in intangible assets	**(31,786)**	(48,085)
	165,937	125,281

6. INCOME TAX

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Current tax		**7,919**	12,961
Deferred tax	9	**1,391**	(1,924)
Total tax charge for the year		**9,310**	11,037

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% are applied to the Group for the years ended 31 December 2013 and 2014.

The Company has been identified as a software enterprise since its establishment, and was entitled to an exemption from income tax for the two years commencing from its first profit-making year and a 50% relief for the three years thereafter. Therefore, the Company was exempted from income tax in the years 2010 and 2011 and enjoyed 50% relief in the years 2012, 2013 and 2014.

The Company was recognised as a key software enterprise in the state planning for the years 2013 and 2014. Therefore, the Company enjoyed a 10% corporate income tax rate during the years of 2013 and 2014.

The subsidiary incorporated in Hong Kong is subject to profits tax at the rates of 16.5% for the years ended 31 December 2013 and 2014. No provision for Hong Kong profits tax has been made as the Group did not have any assessable profit arising in Hong Kong for the years ended 31 December 2013 and 2014.

The subsidiary incorporated in USA is subject to income tax at the rates of 23.84% and 36.08% respectively for the years ended 31 December 2013 and 2014.

6. INCOME TAX *(Continued)*

A reconciliation of the income tax expense applicable to profit before tax at the respective applicable rates for the Company and its subsidiaries to the income tax expense at the effective tax rate are as follows:

	Year ended 31 December 2014							
	China		**Hong Kong**		**USA**		**Total**	
	RMB'000	***%***	***RMB'000***	***%***	***RMB'000***	***%***	***RMB'000***	***%***
Profit before tax	**104,789**		**(34)**		**1,480**		**106,235**	
Tax at the applicable tax rate	**26,197**	**25.0**	**(6)**	**16.5**	**534**	**36.1**	**26,725**	**25.2**
Expenses not deductible for tax *(note 1)*	**355**	**0.3**	**—**	**—**	**—**	**—**	**355**	**0.3**
Effect of tax incentives *(note 2)*	**(8,390)**	**(8.0)**	**—**	**—**	**—**	**—**	**(8,390)**	**(7.9)**
Effect of tax exemption *(note 3)*	**(14,120)**	**(13.5)**	**—**	**—**	**—**	**—**	**(14,120)**	**(13.3)**
Tax losses not recognised	**4,734**	**4.5**	**6**	**(16.5)**	**—**	**—**	**4,740**	**4.5**
Income tax expense for the year	**8,776**	**8.4**	**—**	**—**	**534**	**36.1**	**9,310**	**8.8**

	Year ended 31 December 2013							
	China		Hong Kong		USA		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Profit before tax	131,868		(200)		(481)		131,187	
Tax at the applicable tax rate	32,967	25.0	(33)	16.5	(115)	23.8	32,819	25
Expenses not deductible for tax *(note 1)*	1,748	1.3	—	—	—	—	1,748	1.3
Effect of tax incentives *(note 2)*	(7,444)	(5.7)	—	—	—	—	(7,444)	(5.7)
Effect of tax exemption *(note 3)*	(17,100)	(13.0)	—	—	—	—	(17,100)	(13.0)
Tax losses not recognised	981	0.7	33	(16.5)	—	—	1,014	0.8
Income tax expense for the year	11,152	8.5	—	—	(115)	23.8	11,037	8.4

Notes:

(1) Expenses not deductible for tax mainly comprised entertainment expenses exceeding the deductible limit and other non-qualified deductible expenses.

6. INCOME TAX *(Continued)*

(2) Effect of tax incentives represented income tax benefits on research and development expenditure.

In 2013 and 2014, the Company received the approval of enjoying an additional 50% deduction of research and development expenditure during the tax declaration.

(3) Effect of tax exemption represented amounts due to income tax exemption in the year. The Company has been identified as a software enterprise since its establishment in March 2010, which was entitled to an exemption from income tax for the two years commencing from its first profit-making year and a 50% relief for the three years thereafter. Therefore, the Company enjoyed 50% relief in 2013 and 2014. In addition, the Company was recognised as a key software enterprise in the state planning for the years 2013 and 2014, so the Company enjoyed a 10% income tax rate in the corresponding years. High-technology enterprises were also entitled to deduct qualifying research and development expenses from taxable profit.

7. DIVIDENDS

The dividends for the years ended 31 December 2013 and 2014 are set out below:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Proposed final		
— 2014: RMB39.0 cents/share		
— 2013: RMB63.0 cents/share		
	84,701	102,174

The proposed final dividend for the year 2014 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The proposed final dividends for the years ended 31 December 2013 and 2014 are based on the total numbers of ordinary shares of 162,182,666 and 217,182,666, respectively.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 162,181,666 and 190,661,118 in issue for the year ended 31 December 2013 and for the year ended 31 December 2014, respectively, as adjusted to reflect the new shares issued during the year 2014.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2013 and 2014.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**101,640**	121,128
Shares		
Weighted average number of ordinary shares in issue during the year used in the calculation of basic earnings per share	**190,661,118**	162,181,666

9. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Unreceived value-added tax refunds
	RMB'000
At 31 December 2013	—
Deferred tax charged to the statement of profit or loss during the year	777
At 31 December 2014	777

Deferred tax assets

	Accrued payroll	**Accrued expenses**	**Deferred revenue**	**Government grants**	**Tax losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	1,879	398	227	656	—	3,160
Deferred tax credited to the statement of profit or loss during the year	309	171	983	346	115	1,924
At 31 December 2013	2,188	569	1,210	1,002	115	5,084
Deferred tax credited/(charged) to the statement of profit or loss during the year	438	315	(250)	(1,002)	(115)	(614)
At 31 December 2014	2,626	884	960	—	—	4,470

9. DEFERRED TAX *(Continued)*

Deferred tax assets have not been recognised in respect of the following items:

	31 December	
	2014	2013
	RMB'000	*RMB'000*
Tax losses not recognised	**24,451**	5,481

The Group has tax losses of RMB34,000 which arose in Hong Kong in 2014 that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose (2013: RMB200,000).

The Group has tax losses of RMB18,936,000 which arose in Mainland China in 2014 that will expire in one to five years for offsetting against future taxable profits (2013: RMB3,926,000).

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries since the management considers that it is not probable that taxable profits will be available against which the tax losses can be utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Development trend of the industry

In terms of policy environment, the Central Internet Security and Informatization Leading Group (中央網絡安全和信息化領導小組) was established while a series of policies and plans were issued by the PRC government to promote the development of software industry, which also helped to reduce the taxation imposed upon and alleviate the burden of micro and small scale enterprises ("**MSEs**"). The favourable policy environment not only rendered development opportunities to the MSEs in the PRC but also brought about valuable opportunities to domestic software and information technology service industry for its development.

In terms of technology environment, the rapid evolution of emerging technologies such as cloud computing and mobile internet had material impact on the informatization of MSEs. As the core in the revolution of the new generation of information technology, cloud computing and mobile internet have driven the development of strategic emerging industries and will guide the MSEs to upgrade their operation and management, triggering a new wave of informatization upgrading.

In terms of scales of potential users, pursuant to the National Development Report on Small and Micro Scale Enterprises (《全國小型微型企業發展報告》) published by the State Administration for Industry and Commerce (國家工商行政管理總局) in 2014, there were a total of 15,278,400 enterprises nationwide, 11,698,700 of which were MSEs, representing 76.57% of the total enterprises. Such proportion would further extend to 94.15% when taking into account the 44,362,900 privately or individually-owned businesses. As the booming of MSEs and the influence of such emerging technologies as mobile internet on their consciousness of informatization, the MSEs' demand for software and information services will further increase.

Principal businesses and operating condition of the Company

During the Reporting Period, the Company firmly implemented its business development plan for strategic transformation. While consolidating its strength in MSEs management software market, the Company also speeded up the strategic transformation towards MSEs cloud services in its innovative development with breakthroughs in the development of enterprise cloud services. In particular, the newly registered enterprise users of its software products exceeded 150,000 while the new enterprise users of its cloud services surpassed 130,000.

1. *Development of Software products business*

During the Reporting Period, based on its existing T Series software products designed for MSEs management, the Company focused on the effective implementation of the "software and cloud" strategy for T^+ series products. The revenue from T^+ series products recorded a year-on-year growth of over 200% for two consecutive years, representing 35% of the total revenue of the Group. The increase in T^+ series products was mainly attributable to the fact that: T^+ series products were designed based on internet framework and targeted on the areas of commerce circulation, industry and trade integration and modern services market, which ran ahead of other products provided by its peers and thus gained high recognition among users; As the key product in the implementation of the "software and cloud" strategy, T^+ connected with Biz Chat (工作圈), a cloud application, which made the mobile application more convenient and formed an online and offline standard application resolution with software developed by E-commerce third party. These further increased the value of subscriber applications and built differentiation competitive strengths; The guidance on and support for T^+ series products were reinforced while trainings for channel partners were enhanced, by which the profitability of channel partner in sales of T^+ series products improved and sales of T^+ series products gradually became the principal product line of channel partners, facilitating the rapid development of such product business.

During the Reporting Period, the Company, under the guidance of the Department of Medium-sized and Small Enterprises under PRC Ministry of Industry and Information Technology (中國工業和信息化部中小企業司), launched the health examination tools for MSEs and carried out the "520 MSEs Health Examination Campaign(520我愛小微企業健康體檢行動)" nationwide, providing health check on the corporate operation for MSEs for free to assist them in improving competitiveness. By leveraging the favorable opportunity arising from the government's support for enterprises featured "specialization, in-depth research, uniqueness and innovation (專精特新)", the Company strengthened the marketing by carrying out thousands of marketing activities with its channel partners in different ways throughout the country including "Financial Literacy Programs (財務普及風暴)", "REDOCN Change Theme Campaign (紅動中國換裝行動)", "Lectures on MSEs' Informatization (小微企業信息化大講堂)", "MSEs' Informatization Forums (小微企業信息化座談會)" and "One-stop Services Experience Symposiums (一站式服務體驗交流會)". These activities covered all provinces and most prefecture-level cities and provided MSEs with enterprise informatization services to facilitate them in improving management standard and enhancing core competitiveness. The Company also organized sales contests and business training courses for its partners, which effectively stimulated their initiatives and thus enhanced their service support provided to users.

As at 31 December 2014, the software products of the Company had over 150,000 newly registered enterprise users and over 830,000 accumulated registered enterprise users.

2. *Development of enterprise cloud business*

(1) Development of Chanjet Cloud Service Platform (暢捷通雲服務平台)

Chanjet Cloud Service Platform is a public cloud platform that provides cloud services for enterprises. The platform supports the development and deployment of internet application services and provides such services to the ultimate users. For users, Chanjet Cloud Service Platform will provide enterprise cloud applications and related support services. By far, the cloud applications in service include Easy Accounting Agent (易代賬), Biz Chat, Customer Management (客戶管家) and Accountant Home (會計家園). For third-party developers, Chanjet Cloud Service Platform provides the necessary tools, environment and support to develop and deliver cloud applications. At the same time, Chanjet Cloud Service Platform will host online communities for third-party developers to communicate, engage with others and promote their services. The Company aims to leverage the key cloud applications introduced by the Company to attract many users, who are potential users for third-party applications, and to attract more third-party developers to create abundant cloud applications service for users based on Chanjet Cloud Service Platform, thereby creating a virtuous cycle.

An enterprise cloud application store that provides various cloud applications has been launched on the Chanjet Cloud Service Platform. At present, users can subscribe and use the existing cloud application services for free. In the future, the enterprise cloud application store will provide more cloud application services, among which, certain cloud application services will charge subscription fees according to the subscription period (monthly, quarterly, semi-annual or annual) and based on prevailing market conditions. As for the cloud application services developed by third-party developers on Chanjet Cloud Service Platform, the Company will share the revenue from subscription fee of such services provided to users through the enterprise cloud application store with such third-party developers according to the agreed mechanism in which the ratio will be determined based on the maturity and popularity of Chanjet Cloud Service Platform and cloud application services.

During the Reporting Period, the research and development of Chanjet Cloud Service Platform made historic progress while the cloud resource management system, operation platform, operation system and public service system were available online and operated smoothly. The introduction of the Company's public platform V1.0 and operation platform V1.2 effectively supported the launch and deployment of Customer Management and Easy Accounting Agent as well as their stable and efficient operation. The big data platform which has built a big data parallel processing cluster and set up a log data collection and analysis system, can support the storage of and search for document data of terabytes, and provides various log data collection and analysis services for such cloud applications as Biz Chat, Customer Management and Easy Accounting Agent. In order to maintain the data communication between applications and cloud platform, the Company developed intelligent cloud agent services which supported the connection between T^+ and Biz Chat while certain public services were newly added, including audio transcoding and storage, QR code conversion and conversion between long URLs and short URLs. In aspect of security protection, the Company established security team at corporate level and formulated detailed regulatory system and assessment criteria while the key data will backup locally, at another local server and at another non-local server respectively on a daily basis and the core data of users will be transmitted as encrypted data to ensure data security.

As at 31 December 2014, Chanjet Cloud Service Platform had over 130,000 MSEs users.

(2) Development of cloud applications

During the Reporting Period, the Company launched three cloud application products designed for MSEs, namely Easy Accounting Agent, Biz Chat and Customer Management. In addition, Accountant Home was upgraded with brand new functions and enhanced mobile client application.

Easy Accounting Agent

On 28 May 2014, the Company launched a beta version of Easy Accounting Agent. The application of the Company aimed at providing professional, practical, accurate and efficient services. The Company adequately considered the actual needs in the process of record keeping, settlement and reporting in accounting for micro enterprises, and carried out prompt iterations and updates. Currently, the application supports the use of the Internet anytime and anywhere, preparation and checking of accounts by mobile phones, and encourages bosses to read statements and helps accountants to improve efficiency of book-keeping and enhances the quality of service. After being online, Easy Accounting Agent promptly attracted many users through operating and marketing measures such as promotion among community in Accountant Home, cooperation with websites within the accounting industry and offline channels, and operating and marketing strategies for free services permanently.

Biz Chat

On 28 February 2014, the Company launched a beta version of Biz Chat. Such service of the Company aims at satisfying the business needs of enterprises, such as internal communication, sharing and collaboration, to help enterprises to achieve highly-effective operation and transparent management. Biz Chat provided third party applications with a strong open platform, successfully connected with T^+ products, facilitated the approval and checking of business receipts by T^+ users via Biz Chat mobile software, and genuinely provided users with an one-stop solution for business, which further promoted the implementation of “software and cloud” strategy of the Company.

Customer Management

In recent years, MSEs in the PRC have been increasingly concerned about customer relationship management ("**CRM**"), but the conventional CRM, which is complicated and hard to use, is unable to be promoted widely among MSEs. With the development of mobile Internet, mobile CRM gradually emerges. As the mobile CRM is user-friendly and it gives a pleasant experience for users, it is increasingly recognized by MSEs.

On 28 May 2014, the Company launched a beta version of Customer Management, which broke the bottle neck of the conventional CRM with "complicated, lengthy and clumsy" characteristics and emphasized on "simplicity", which thoroughly reconstructed the conventional CRM and turned down complicated insertions. Such application was human-centered, placing importance on users' experience, and integrating the idea of "users' participation and users' design" to continuously carry out optimization.

Accountant Home

In August 2014, the Company launched Accountant Home V3.0. Through the operating strategy of social interactions between accountants within the city, communications and interactions between accountants within the city were enhanced. Users of Accountant Home mainly worked in the accounting field, highly matching the target user groups of the application service of Easy Accounting Agent. The Company adopted precise marketing strategies for promoting Easy Accountant Agent to the community users of Accountant Home, giving a vigorous support for the speedy development of the application services of Easy Accountant Agent. Accountant Home insisted on the idea of community operation, focusing on the Q&A, lectures and seminars of the accounting professions in the city. The Q&A section was positioned on practical accounting, which was different from similar services in the market, allowing users to create contents and forming a self-operated community by adopting crowd-sourcing.

3. Development of payment business

During the Reporting Period, Beijing Chanjet Payment Technology Co., Ltd. ("**Chanjet Payment**"), a holding subsidiary of the Company, obtained a payment business license issued by the People's Bank of China and license for national acquiring and national internet payment, and received the qualification of national professional acquiring outsourcer awarded by China Union Pay. The transactions of Chanjet Payment have been included in China Union Pay. Chanjet Payment gradually commenced the businesses of bank card acquiring business and internet payment nationwide in accordance with the requirements of regulatory institutions, and it has been actively exploring the possibility of combining the payment service with the software system and cloud application services to provide the users with more diversified services.

4. R&D on products

During the Reporting Period, the Company made a breakthrough in the R&D on Chanjet Cloud Service Platform. Based on the cloud service platform, the Company launched a collaborating cloud application — Biz Chat, a financial cloud application — Easy Accounting Agent, a CRM cloud application — Customer Management, and continuously carried out optimization. After the upgrading of Accountant Home, an ancillary financial application, greater customer loyalty has been seen.

The Company launched T^+V11.6, which optimized several functions including management on bar codes and selling prices, continuously deepened the application in business trading and industrial trading, and improved users' experience and efficiency of performance. Through environmental factors, the service volume of the Company's partners was reduced, which further facilitated the large-scale sales of T^+ products.

During the Reporting Period, the Company applied for 15 new patents, of which three invention patents were authorized by the State Intellectual Property Office. As at 31 December 2014, a total of 35 patents were authorized by the State Intellectual Property Office.

5. Development of brands and the market

During the Reporting Period, the Company won the honors of "Highest Satisfaction from MSEs Management Software Users in the 2014 PRC IT Users Satisfaction Survey (2014中國IT用戶滿意度調查小微企業管理軟件用戶滿意度第一)" and "The Most Recommended Brand by MSEs Cloud Service Users in the 2014 PRC IT Users Satisfaction Survey (2014中國IT用戶滿意度調查小微企業管理雲服務用戶推薦品牌)" etc.

During the Reporting Period, the Company deeply learnt about the accounting user group from the start of the accounting industry and held "The Seminar for Cultural Sourcing and Innovation for the Accounting Industry in the PRC (中國會計文化溯源及創新研討會)" and "The Ceremony for Paying a Courtesy Call to Dayu — the Earliest Ancestor in Accounting (會計始祖大禹拜謁儀式)" on Kuaiji Mountain, Shaoxing City, Zhejiang Province to promote the construction of accounting culture. It was the first event held in the seventh session of the Accounting Cultural Festival, hundreds of representatives from the government, associations, research institutions, colleges, the media and enterprises of different industries were invited to participate in the activity. The Company took the initiative and organized the seventh session of the Accounting Cultural Festival — "China's Dream, Accountants' Dream (中國夢 • 會計夢)" with up to a thousand of partners in the country.

During the Reporting Period, the Company joined the alliance of data center under the China Communications Standards Association and became a director unit of the alliance. Since then, it participated in the establishment and drafting of various standards, including Trust Cloud Service Valuation (可信雲服務評估) and the Benchmark Test of Big Data Platform (大數據平台基準測試). Trust Cloud Service Authentication is an assessment system developed by the Trust Cloud Service Task Force (可信雲服務工作組), which is established by the alliance of data center, under the guidance of the Department of Communications and Development under PRC Ministry of Industry and Information Technology (中國工業和信息化部通信發展司). The core objective of the authentication is to build a safety and reliable assessment system for cloud service providers to provide support to users.

FINANCIAL REVIEW

	For the twelve months ended 31 December			
	2014	2013	Change in amount	Percentage change
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**335,075**	311,929	23,146	7%
Cost of sales and services provided	**(25,515)**	(27,013)	1,498	–6%
Gross profit	**309,560**	284,916	24,644	9%
Gross profit margin	**92%**	91%	1%	
Other income and gains, net	**82,357**	72,802	9,555	13%
R&D costs	**(74,932)**	(61,264)	(13,668)	22%
Selling and distribution expenses	**(119,369)**	(117,860)	(1,509)	1%
Administrative expenses	**(91,201)**	(46,244)	(44,957)	97%
Business tax and surcharges paid for interest on entrusted loans	**—**	(1,051)	1,051	–100%
Other expenses	**(180)**	(112)	(68)	61%
Profit before tax	**106,235**	131,187	(24,952)	–19%
Income tax expenses	**(9,310)**	(11,037)	1,727	–16%
Profit for the year	**96,925**	120,150	(23,225)	–19%
Profit attributable to:				
Owners of the parent	**101,640**	121,128	(19,488)	–16%
Non-controlling interests	**(4,715)**	(978)	(3,737)	382%

Operating Results

For the year ended 31 December 2014, the revenue of the Group was RMB335.08 million, representing an increase of 7% over the previous year. The profit before tax was RMB106.24 million, representing a decrease of 19% over the previous year and the profit for the year was RMB96.93 million, representing a decrease of 19% over the previous year; the profit attributable to the owners of the parent was RMB101.64 million, representing a decrease of 16% over the previous year. Earnings per share of the Group was RMB0.53, while it was RMB0.75 for the previous year.

For the year ended 31 December 2014, the listing and intermediary expenses accrued under the administrative expenses was RMB24.14 million, representing an increase of 239% over the previous year. After deducting the impact from the listing expenses, the Group's profit for the year amounted to RMB121.07 million, representing a decrease of 5% over the previous year. This was mainly due to the increased investment made by the Group in the cloud services business for this year, including an increase of RMB14.47 million in R&D costs for the cloud services business compared to that of the previous year, and an increase of RMB9.83 million for the amortized amount after conclusion of investment in R&D of capitalized projects for cloud service business over the previous year, and an increase of RMB9.46 million of the expenses in marketing, operation and maintenance for cloud service business over the previous year.

Revenue

For the year ended 31 December 2014, the revenue of the Group was RMB335.08 million, representing an increase of 7% as compared with the previous year. The increase of the revenue was mainly due to the increase in the software revenue and service revenue. In 2014, the Company strengthened the operation and promotion of T^+ series software products, representing an increase of 224% in revenue as compared with that of the previous year; since 2013, the Company provided the product support services of T6 and T^+ series software products to the users. With the significant increase in the revenue of T^+ series software, the revenue from the support services increased accordingly.

The following table sets forth a breakdown of revenue of the Group by products/types of service.

	For the twelve months ended 31 December					
	2014		2013		Change in amount	Percentage change
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
T1 series software products	**16,630**	**5**	16,597	5	33	0
T3 series software products	**106,132**	**32**	143,963	46	(37,831)	(26)
T6 series software products	**36,944**	**11**	59,533	19	(22,589)	(38)
T^+ series software products	**118,238**	**35**	36,498	12	81,740	224
Other software	**23,944**	**7**	34,884	11	(10,940)	(31)
Total software revenue	**301,888**	**90**	291,475	93	10,413	4
Product support services	**20,070**	**6**	7,951	2	12,119	152
Payment services	**4,226**	**1**	2,058	1	2,168	105
Other services	**6,792**	**2**	5,371	2	1,421	26
Total service revenue	**31,088**	**9**	15,380	5	15,708	102
Sales of purchased goods	**2,099**	**1**	5,074	2	(2,975)	(59)
Revenue	**335,075**	**100**	311,929	100	23,146	7

Cost of sales and services provided

For the year ended 31 December 2014, the Group's cost of sales and services provided was RMB25.52 million, representing a decrease of 6% over the previous year. The decrease was mainly attributable to the corresponding decrease in the commission paid to the third-party developers by the Group due to optimization of product lines and reduction in the software products developed by the third party.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2014, given the increase in its revenue, the Group achieved a gross profit of RMB309.56 million, representing a growth of 9% over the previous year. The gross profit margin of the Group was 92%, representing a growth of 1 percentage point over the previous year.

Other income and gains, net

For the year ended 31 December 2014, the Group's other income and gains, net was RMB82.36 million, representing a growth of 13% as compared with that of the previous year. The growth was mainly due to an increment of the government subsidy of RMB10.89 million as compared with that of the previous year. Due to the proceeds raised, the interest income received by the Group from banks increased by RMB10.32 million as compared with that of the previous year. The Group made contribution to principal-guaranteed wealth management products with its internal funds and the revenue increased by RMB6.00 million as compared with that of the previous year. The Group disposed of the Wang Pu Business, which realized a gain of RMB6.43 million. There was no disposal of assets in the corresponding period of previous year. In contrast, value-added tax refunds of the Group decreased by RMB5.10 million as compared with that of the previous year. The Group received interest income from entrusted loans of RMB19.12 million in 2013, while the Group did not engage in entrusted loans business this year and did not record any interest income accordingly.

Total R&D investment

The following table shows the breakdown of the R&D investment of the Group:

	For the twelve months ended 31 December			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
R&D costs of software	**39,700**	**36**	45,784	40
Costs of cloud R&D	**28,993**	**26**	14,518	13
Costs of Internet financial R&D	**6,239**	**6**	962	1
R&D costs	**74,932**	**68**	61,264	54
Costs of cloud R&D	**35,679**	**32**	52,685	46
Additions to deferred development costs	**35,679**	**32**	52,685	46
Total R&D investment	**110,611**	**100**	113,949	100

For the year ended 31 December 2014, R&D costs of the Group amounted to RMB74.93 million, representing an increase of 22% over the previous year, mainly due to the partial settlement of the R&D capitalization projects, resulting in more R&D and investment on cloud included in the R&D costs, which represented an increase of RMB14.47 million as compared with that of the previous year. The Group strived to put more resources on Internet financial R&D, and the relevant R&D costs represented an increase of RMB5.28 million as compared with that of the previous year. In contrast, the Group optimized its product lines and focused on its own business, leading to a decrease of RMB6.08 million in the R&D costs of software compared with that of the previous year.

For the year ended 31 December 2014, the Group achieved a total R&D investment of RMB110.61 million, representing a decrease of 3% as compared with that of the previous year, which was mainly due to the decrease in the R&D costs of software. In 2014, the Group continuously expanded the cloud service business and Internet financial R&D investment, which reached RMB70.91 million, representing an increase of 4% as compared with that of the previous year.

Selling and distribution expenses

For the year ended 31 December 2014, the selling and distribution expenses of the Group was RMB119.37 million, representing an increase of 1% as compared with that of the previous year. The increase was mainly due to the increase in the operation, maintenance and marketing expenditure on cloud services business made by the Group.

Administrative expenses

For the year ended 31 December 2014, the administrative expenses of the Group was RMB91.21 million, representing an increase of 97% as compared with that of the previous year. The increase was mainly due to the listing and intermediary expenses of RMB24.14 million incurred during the process of listing of the Company and the miscellaneous expenses related to listing of RMB3.10 million. With the settlement of R&D capitalization projects, the amount for amortization of intangible assets increased by RMB9.83 million as compared with that of the previous year. Advisory service fee, a newly created item after the listing of the Company, amounted to RMB5.13 million.

Income tax expenses

For the year ended 31 December 2014, the income tax expenses of the Group was RMB9.31 million, representing a decrease of 16% as compared with that of the previous year, which was mainly due to the decrease in the profit before tax.

Profit attributable to owners of the parent

For the year ended 31 December 2014, the profit attributable to owners of the parent of the Group was RMB101.64 million, representing a decrease of 16% as compared with that of the previous year.

Profit attributable to non-controlling interests

For the year ended 31 December 2014, the loss attributable to non-controlling interests of the Group was RMB4.72 million, representing an increase of 382% as compared with that of the previous year, which was mainly due to the higher investment in Chanjet Payment as it was at the initial stage since its establishment in July 2013.

Liquidity and financial resources

Condensed cash flow statements

	For the twelve months ended 31 December		
	2014	2013	Change in amount
	RMB'000	*RMB'000*	*RMB'000*
Net cash from operating activities	**98,251**	122,087	(23,836)
Net cash used in investing activities	**(51,860)**	(65,823)	13,963
Net cash from/(used in) financing activities	**554,685**	(67,418)	622,103

Net cash from operating activities

For the year ended 31 December 2014, net cash from operating activities of the Group was RMB98.25 million, representing a decrease of RMB23.84 million as compared with that of the previous year. The decrease was mainly attributable to the outstanding rentals and services fee for the previous years paid to the parent company by the Company and the increase in personnel expenditure.

Net cash used in investing activities

For the year ended 31 December 2014, net cash used in investing activities of the Group was RMB51.86 million, representing a decrease of RMB13.96 million as compared with that of the previous year. The decrease was mainly attributable to the decrease in the deferred development costs resulting from the settlement of R&D capitalization projects.

Net cash from/(used in) financing activities

For the year ended 31 December 2014, the net cash accrued from financing activities of the Group was RMB554.69 million, mainly due to newly raised gross proceeds of HK$900.90 million deducting paid dividend for 2013 amounting to RMB102.17 million and other listing expenses such as underwriting commission and intermediary expenses accrued from the listing of the Company. Last year, net cash used in financing activities of the Company mainly included the payment of dividend for 2012 of RMB87.58 million.

Working capital

	As at 31 December	
	2014	2013
Cash and cash equivalents at the end of the year (*RMB'000*)	**1,171,430**	572,952
Current ratio	**1,210%**	506%
Gearing ratio	**0%**	0%

As at 31 December 2014, the cash and cash equivalents of the Group was RMB1,171.43 million (31 December 2013: RMB572.95 million).

The current ratio (calculated based on total current assets divided by the total current liabilities) of the Group as at 31 December 2014 was 1,210% (31 December 2013: 506%). The increase in current ratio was mainly due to the increase in current assets resulting from the injection of the proceeds raised.

The Group's gearing ratio was nil. Gearing ratio was calculated based on net debt divided by total equity. The net debt was calculated by deducting the restricted bank balances and bank balances and cash from the total amount of interest-bearing debts. The Group had no interest-bearing debt.

With stable cash inflows generated in the day-to-day business operation, plus the proceeds raised from the listing, the Group has sufficient resources support for its future expansion.

Capital expenditures

As at 31 December 2014, the significant capital expenditure of the Group included deferred development costs of RMB35.68 million (2013: RMB52.69 million); office equipment, furniture and fittings of RMB13.73 million (2013: RMB4.23 million).

Contingent liabilities

During the Reporting Period, the Group did not have any contingent liabilities.

Charges on assets

As at 31 December 2014 or 31 December 2013, the Group did not have any charges on assets.

Material investments

During the Reporting Period, on 18 July 2014, the Company (i) subscribed for the Huaxia Bank Structural Deposit Product at a subscription amount of RMB100.00 million by internal funds in accordance with the Huaxia Bank structural deposit product sales agreement; and (ii) subscribed for the Tianjin Bank Wealth Management Product at a subscription amount of RMB101.00 million by internal funds in accordance with the Tianjin Bank wealth management-steady appreciation plan agreement. Please refer to the announcement published on the website of the Hong Kong Stock Exchange and the website of the Company on 18 July 2014 for details.

On 20 August 2014, the Company (i) subscribed for the Huaxia Bank Structural Deposit Product at a subscription amount of RMB40.00 million by internal funds in accordance with the Huaxia Bank structural deposit product sales agreement; and (ii) subscribed for the Tianjin Bank Wealth Management Product at a subscription amount of RMB100.00 million by internal funds in accordance with the Tianjin Bank wealth management-steady appreciation plan agreement. Please refer to the announcement published on the website of the Hong Kong Stock Exchange and website of the Company on 20 August 2014 for details.

Save as disclosed above, the Company did not have other material investments during the Reporting Period.

Material acquisition and disposal of assets

During the Reporting Period, the Group did not have any material acquisition and disposal of assets in relation to the relevant subsidiaries or associates.

Foreign exchange risks

The Group conducted primarily its domestic business in Renminbi, which was also its functional currency. Chanjet Information Technology Corporation and Chanjet Information Technology (Hong Kong) Limited (暢捷通信息技術(香港)有限公司), the subsidiaries of the Company, settled in foreign currencies (primarily US dollars and HK dollars). Most of the foreign currencies held by the Group were proceeds from the listing. The Group will proceed with exchange settlement according to the progress of the planned use of proceeds in order to alleviate the risk of exchange fluctuation.

Interest rate risks

The Group did not assume any debt obligations with a floating interest rate, and thus there was no interest rate risk related to the Group.

PROSPECT

In 2015, the Company will seize the opportunity of a new wave of informationalization upgrade brought by operating management upgrade of the MSEs. Adhering to the mission of "promoting improvement of MSEs by information technology", the Company will make use of new internet technology and broader intellectual resources, will follow the business direction of MSE management, collaboration and financial service, and will drive improvement and development of the MSEs through cloud services model including application services and application software, platform services and data services. The Company is committed to maintaining a leading position in the software industry among MSEs in the PRC and striving to become a leading cloud service provider for MSEs in the PRC.

The Company will further consolidate and expand its market shares of software business; cultivate the markets of commercial trading, service industry and small-scaled manufacturing industry; enhance the investment of T^+ series products in the market to further increase the revenue from T^+ series products. Through realizing cloud encryption of T^+ and combining mobile communication capability, Biz Chat, Customer Management and online payment of cloud applications, the Company will optimize the chain of T^+ series products. The Company will also push the promotion of small-sized experience-sharing seminars and construction of popularized base of commercial circle and sales field, give special support to major companions to grow, reinforce the guidance on companions to increase the number of employees, and develop a thorough biological chain of software service. The Company will continue to promote software product support service and optimize the Company's long-term profitable mode to ensure stable, sustainable and healthy development of business.

The MSEs will be regarded as the core, while the cloud service platform and core cloud applications will be treated as the foundations by the Company to build business ecosphere of Chanjet Cloud Service Platform. Through accelerating the development of the scale of cloud business and the marketing for our existing core application services and development of new core application services and putting more resources to promote cloud service platform, more third party service providers will be using the Chanjet Cloud Service Platform. On top of the core application and the cloud service platform, the Company is able to speed up the establishment of a biological chain for the cloud services provided by leading MSEs in the industry. Various cloud applications will be connected with T^{+} series products, further realizing the implementation of "software and cloud" strategy; the channel of subscription and payment with Chanjet Payment will be opened up; for online and offline interacting marketing, offline cloud business promotion will be developed by leveraging on the advantages of resources from the existing channels, and developing an effective cooperating mode with online B2B enterprises. By borrowing successful experience from a vertical community, the Company will vertically launch various fans club operations by interlocking communities and applications. City community of Accountant Home will spread to target cities nationwide, and diversity of import will be enhanced through multi-platform cooperation.

The Company will speed up the development of payment business. The Company will also optimize and develop existing businesses and put emphasis on the expansion of payment service among enterprises and perfect the service content of Chanjet Payment. It will accelerate the realization of integration with software systems and cloud services. Through integrating software and the data of cloud services and payment, clients' data integration service will be provided to financial institutions such as banks, while competitive advantages on the provision of services to clients of software and cloud services will be improved.

The Company will allocate more resources to R&D. The Company will also increase the investment in R&D of T^{+} series products, highlight the enhancement of integration of cloud application, and optimize mobile application. R&D of Chanjet Cloud Service Platform will be improved to support third-party developers to develop, release and operate their applications on the cloud platform so as to support third-party developers and complete the R&D of bulk data platform. By increasing the investment in R&D of cloud applications for procurement, sales and inventory ("**PSI**") of micro enterprises, simple cloud application service for management of PSI will be provided to the micro enterprises.

The Company will build a specialized team to match with the transformation of cloud service business. Through manpower development internally and head-hunting externally, the Company will promptly establish a talent structure tailor-made for the internet business of the enterprises, uphold opening-up, innovative, active and aggressive corporate culture and strengthen integration of external talents, reinforce the construction of internet brands, establish corporate culture to run after clients' experiences and help accelerate transformation of the Company; further optimize and streamline the management flow and improve the overall efficiency of the Company's operation; further optimize the long-term incentive mechanism and the remuneration package system in order to attract, retain and motivate talented persons necessary for the sustainable and rapid development of the Company.

DIVIDENDS AND TAXATION

The annual Board meeting of the Company was held on 19 March 2015 (Thursday) to propose a resolution in relation to the payment of a final dividend of RMB0.39 per share (tax inclusive) (2013: RMB0.63 per share (tax inclusive)) for the year ended 31 December 2014, totaling RMB84.70 million (2013: RMB102.17 million) based on the total number of 217,181,666 shares of the Company as at the end of 2014. The above profit distribution plan is subject to the approval by the shareholders at the 2014 annual general meeting.

As stipulated by the Notice on Issues relating to Enterprise Income Tax Withholding over Dividends Distributable to Their H-share Shareholders who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan [2008] No.897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》)(國税函[2008]897號), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-share shareholders who are overseas non-resident enterprises, enterprise income tax shall be withheld at a uniform rate of 10%. According to this, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appeared on the H share register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa [1993] No. 045 Document (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation, the dividend to be distributed by the PRC non-foreign invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders is subject to individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries where they are residing and Mainland China. Pursuant to the aforesaid Notice, when the final dividend is distributed to the individual shareholders of H shares whose names appear on the H share register of members of the Company, the Company will withhold 10% of the final dividend as individual income tax unless otherwise specified by the relevant tax regulations, tax agreements or notices.

An announcement containing information in relation to the last registration date and the period of closure of register of members for shareholders who are entitled to attend the 2014 annual general meeting of the Company to be convened in 2015 and for shareholders who are entitled to receive the proposed final dividend for the year ended 31 December 2014, will be published separately when the date of the 2014 annual general meeting of the Company is fixed.

CORPORATE GOVERNANCE

During the period from the Listing Date to 31 December 2014, the Company has fully complied with the code provisions of the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules, and requires directors and supervisors of the Company to deal with securities in accordance with the Model Code. The Model Code is also applicable to the senior management of the Company. After making specific enquiries by the Company, all directors and supervisors of the Company confirmed that they had fully complied with the Model Code during the period from the Listing Date to 31 December 2014.

THE AUDIT COMMITTEE

The Audit Committee of the Company consists of Mr. Chen, Kevin Chien-wen, Mr. Wu Zhengping and Mr. Lau, Chun Fai Douglas during the period from the Listing Date to 31 December 2014, among whom, Mr. Chen, Kevin Chien-wen was the chairman of the Committee. The Audit Committee and the management of the Company had reviewed the accounting principles and practices adopted by the Group and discussed matters on internal control and financial statements, etc., including the review of audited annual results for the year of 2014 without dissenting opinion.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date to 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the website of the Company (www.chanjet.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). The 2014 annual report and the notice on the annual general meeting will be dispatched to shareholders and published on the websites of the Company and the Hong Kong Stock Exchange within the stipulated time of the Listing Rules as required by the Hong Kong Stock Exchange.

By order of the Board
Chanjet Information Technology Company Limited
Wang Wenjing
Chairman

Beijing, the PRC
19 March 2015

As at the date of this announcement, the non-executive directors of the Company are Mr. Wang Wenjing and Mr. Wu Zhengping; the executive director of the Company is Mr. Zeng Zhiyong; and the independent non-executive directors of the Company are Mr. Liu Yunjie, Mr. Chen, Kevin Chien-wen and Mr. Lau, Chun Fai Douglas.