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 2015

FINANCIAL HIGHLIGHTS

	2015	2014	Percentage Change
	RMB'000	*RMB'000*	
Revenue	**345,796**	335,075	3%
Profit/(Loss) attributable to owners of the parent for the year	**(72,617)**	101,640	-171%
Basic earnings/(loss) per share *(RMB cents/share)*	**(34.5)**	53.3	-165%

The board of directors (the "**Board**") of Chanjet Information Technology Company Limited (the "**Company**") did not recommend the distribution of final dividend for the year ended 31 December 2015.

* *For identification purposes only*

The Board hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**345,796**	335,075
Cost of sales and services provided	5	**(29,783)**	(25,515)
Gross profit		**316,013**	309,560
Other income and gains, net	4	**68,858**	82,357
Research and development costs	5	**(125,329)**	(74,932)
Selling and distribution expenses		**(153,347)**	(119,369)
Administrative expenses		**(194,984)**	(91,201)
Other expenses		**(32)**	(180)
Profit/(Loss) before tax	5	**(88,821)**	106,235
Income tax credit/(expense)	6	**8,619**	(9,310)
Profit/(Loss) for the year		**(80,202)**	96,925
Attributable to:			
Owners of the parent	8	**(72,617)**	101,640
Non-controlling interests		**(7,585)**	(4,715)
		(80,202)	96,925
Earnings/(Loss) per share attributable to ordinary equity holders of the parent			
Basic *(cents)*	8	**(34.5)**	53.3
Diluted *(cents)*	8	**(33.4)**	53.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit/(Loss) for the year	**(80,202)**	96,925
Other comprehensive income/(expense)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,983**	(76)
Other comprehensive income/(expense) for the year, net of tax	**1,983**	(76)
Total comprehensive income/(expense) for the year, net of tax	**(78,219)**	96,849
Attributable to:		
Owners of the parent	**(70,634)**	101,564
Non-controlling interests	**(7,585)**	(4,715)
	(78,219)	96,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**17,549**	15,893
Intangible assets		**116,277**	110,077
Available-for-sale equity investments		**23,650**	19,900
Deferred tax assets	9	**12,894**	4,470
Total non-current assets		**170,370**	150,340
Current assets			
Inventories		**662**	1,175
Trade receivables	10	**621**	534
Prepayments, deposits and other receivables		**12,854**	19,960
Customer reserves		**19,088**	–
Cash and bank balances		**825,282**	1,171,430
Total current assets		**858,507**	1,193,099
Current liabilities			
Trade payables	11	**3,091**	5,539
Other payables and accruals		**102,201**	82,589
Tax payable		**677**	10,455
Total current liabilities		**105,969**	98,583

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(Continued)***

		31 December	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
Net current assets		**752,538**	1,094,516
Total assets less current liabilities		**922,908**	1,244,856
Non-current liabilities			
Deferred tax liabilities	9	**–**	777
Total non-current liabilities		**–**	777
Net assets		**922,908**	1,244,079
Equity attributable to owners of the parent			
Issued capital		**217,182**	217,182
Treasury shares held under employee trust benefit scheme	12	**(310,136)**	–
Reserves		**979,340**	1,007,690
		886,386	1,224,872
Non-controlling interests		**36,522**	19,207
Total equity		**922,908**	1,244,079

NOTES TO FINANCIAL STATEMENTS

1. Corporate and Group Information

Chanjet Information Technology Company Limited, 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 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 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 Group is involved in the internet information services (excluding news, publication, education, medical care, medicine and medical devices, and including electronic bulletin service); 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; internet payment, and bank card receipt service.

In the opinion of the directors, the holding company of the Company is Yonyou Network Technology Co., Ltd. ("**Yonyou**") and the ultimate holding company of the Company is Beijing Yonyou Technology Co., Ltd. which is established in the PRC.

2. Basis of Preparation and Principal Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

They have been prepared under the historical cost convention, except for trust benefit units and available-for-sale investments, which have been measured at fair value. These financial statements 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 Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 comprehensive income are 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.

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

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

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.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

Annual Improvements to IFRSs 2010 – 2012 Cycle

Annual Improvements to IFRSs 2011 – 2013 Cycle

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

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

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

2.2 Changes in accounting policies and disclosures (Continued)

(b) The *Annual Improvements to IFRSs 2010 – 2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personal services) is a related party subject to related party disclosure requirements. In additional, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

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

2.2 Changes in accounting policies and disclosures (Continued)

(c) The *Annual Improvements to IFRSs 2011 – 2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the group as the Company is not joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property:* Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as none of investment properties acquired during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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

2.3 Issued but not yet effective International Financial Reporting Standards

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

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Asso-ciate or Joint Venture*[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operation*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
6 No mandatory effective date yet determined but is available for adoption

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

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

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

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018. During the year ended 31 December 2015, the Group performed a preliminary assessment on the impact of the adoption of HKFRS 15. The Group considers that the adoption of IFRS 15 is not expected to have any significant impact on the Group's financial statements.

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

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

(b) Impairment (Continued)

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

3. Operating Segment Information

For management purposes, the Group's operating activities are attributable to a single operating segment, which is 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 of software and related services 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 no revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer during the year, no major customer segment information is presented in accordance with IFRS 8 Operating Segments.

4. Revenue, Other Income and Gains

Revenue represents the net invoiced value of software sold, after allowances for returns and trade discounts, and excludes sales taxes; and the value of services rendered during the year.

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

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of software	**302,093**	301,888
Rendering of services	**42,986**	31,088
Sale of purchased goods	**717**	2,099
	345,796	335,075
Other income		
Value-added tax refunds	**41,663**	38,585
Government grants	**18**	18,106
Interest income	**16,832**	11,572
Interest on financial investments	**5,579**	3,563
Gains on financial investments	**4,639**	3,925
Others	**127**	6,606
	68,858	82,357

5. Profit/(Loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2015	2014
	RMB'000	*RMB'000*
Cost of software sold	**11,406**	12,487
Cost of service rendered	**17,552**	11,625
Cost of purchased goods sold	**825**	1,403
Total cost of sales	**29,783**	25,515
Depreciation	**8,378**	3,879
Amortisation of intangible assets	**23,040**	10,295
Research and development costs	**125,329**	74,932
Auditors' remuneration	**1,420**	1,420
Listing expenses	**–**	24,138
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration other than below):	**220,203**	182,379
Equity-settled share-based expense	**126,985**	–
Pension schemes contribution	**20,354**	15,344
	367,542	197,723
Less: Employee benefit expenses being capitalised in intangible assets	**(28,179)**	(31,786)
	339,363	165,937

6. Income Tax

	2015	2014
	RMB'000	*RMB'000*
Current tax	**582**	7,919
Deferred tax	**(9,201)**	1,391
Total tax charge/(credit) for the year	**(8,619)**	9,310

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% is applied to the Group for the years ended 31 December 2014 and 2015.

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 for the year ended 31 December 2014. The recognition of key software enterprise in the state planning has been cancelled by the State Council in 2015.

The Company, as a qualified high and new technology enterprise, was subject to income tax at the rate of 15% during year ended 31 December 2015. The Company, as a high and new technology enterprise, was also entitled to deduct qualifying research and development ("**R&D**") expense from taxable profit during the years ended 31 December 2014 and 2015.

The subsidiary incorporated in Hong Kong is subject to profits tax at the rate of 16.5% for the years ended 31 December 2014 and 2015. 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 2014 and 2015.

The subsidiary incorporated in United States is subject to income tax at the rates of 36.08% and 33.02% respectively for the years ended 31 December 2014 and 2015.

6. Income Tax *(Continued)*

A reconciliation of the income tax expense/(credit) applicable to profit/(loss) before tax at the respective applicable rates for the Group to the income tax expense at the effective tax rate is as follows:

	Year ended 31 December 2015							
	China		Hong Kong		USA		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss before tax	(73,317)		(34)		(15,470)		(88,821)	
Tax at the applicable tax rate	(18,329)	25.0	(6)	16.5	(5,108)	33.0	(23,443)	26.4
Expenses not deductible for tax *(note 1)*	10,696	(14.6)	–	–	5,690	(36.8)	16,386	(18.4)
Effect of tax incentives *(note 2)*	(15,184)	20.7	–	–	–	–	(15,184)	17.1
Effect of tax exemption *(note 3)*	7,619	(10.4)	–	–	–	–	7,619	(8.6)
Effect on opening deferred tax of increase in rates *(note 3)*	(1,846)	2.5	–	–	–	–	(1,846)	2.1
Tax losses not recognised	7,843	(10.7)	6	(16.5)	–	–	7,849	(8.8)
Income tax expense/(credit) for the year	(9,201)	12.5	–	–	582	(3.8)	(8,619)	9.7

6. Income Tax *(Continued)*

	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	8.3	–	–	534	36.1	9,310	8.8

Notes:

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

(2) Effect of tax incentives represented income tax benefits on research and development expenditure. High-technology enterprises were also entitled to deduct qualifying research and development expense from taxable profit.

During 2014 and 2015, 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 the reduced amount of tax payment due to income tax exemption in the year. The Company enjoyed a 10% income tax rate for the year ended 31 December 2014 as the Company was recognised as a key software enterprise in the state planning. The Company, as a qualified high and new technology enterprise, was subject to income tax at the rate of 15% during the year ended 31 December 2015.

7. Dividend

	2015	2014
	RMB'000	*RMB'000*
Proposed final	**–**	84,701

The Board does not recommend the distribution of final dividend for the year ended 31 December 2015 (2014: RMB0.39 per share (tax inclusive)). The final dividend for the year ended 31 December 2014 was based on the total number of ordinary shares of 217,181,666.

8. Earnings/(Loss) per share attributable to ordinary equity holders of the Parent

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 210,445,073 (2014: 190,661,118) in issue during the year, as adjusted to reflect the new shares issued during the year ended 31 December 2014 and the target shares purchased by the trustees under employee trust benefit scheme (the "**Scheme**" or "**Employee Trust Benefit Scheme**") during the year ended 31 December 2015.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) 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 or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings/(Loss)		
Profit/(Loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation	**(72,617)**	101,640

8. Earnings/(loss) per share attributable to ordinary equity holders of the Parent *(Continued)*

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**210,445,073**	190,661,118
Adjustments for the Scheme	**6,736,593**	–
Weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share calculation	**217,181,666**	190,661,118

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 2014	**777**
Deferred tax charged to profit or loss during the year	**(777)**
At 31 December 2015	**–**

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

9. Deferred Tax *(Continued)*

Deferred tax assets

	Accrued payroll	Accrued expenses	Deferred revenue	Employee Trust Benefit Scheme	Government grants	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	2,188	569	1,210	–	1,002	115	5,084
Deferred tax credited/ (charged) to profit or loss during the year	438	315	(250)	–	(1,002)	(115)	(614)
At 31 December 2014	2,626	884	960	–	–	–	4,470
Deferred tax credited/ (charged) to profit or loss during the year	(2,311)	(753)	(865)	7,792	–	4,561	8,424
At 31 December 2015	315	131	95	7,792	–	4,561	12,894

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

	2015	2014
	RMB'000	*RMB'000*
Tax losses not recognised	**55,862**	24,451

The Group has tax losses of RMB35,000 which arose in Hong Kong in 2015 that are available indefinitely for offsetting against future taxable profits of a company in which the losses arose (2014: RMB34,000).

The Group has tax losses of RMB31,376,000 which arose in Mainland China in 2015 that will expire in one to five years for offsetting against future taxable profits (2014: RMB18,936,000).

Deferred tax assets have not been recognised in respect of these losses 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.

10. Trade Receivables

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**621**	534

Only a very small portion of the Group's customers could enjoy the credit policy and the average trade credit period is approximately 90 days. Other customers are required to make payments in advance. In view of the fact that the balances of trade receivables are immaterial and the above balances related to receivables for which there was no recent history of default, there is no significant concentration of credit risk.

Trade receivables are non-interest-bearing. Amounts included in trade receivables were denominated in RMB.

An ageing analysis of the trade receivables based on the invoice date is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**621**	534

The movements in provision for impairment of trade receivables are as follows:

	31 December	
	2015	2014
	RMB'000	*RMB'000*
At beginning of year	**–**	20
Impairment losses recognised	**–**	–
Amount written off as uncollectible	**–**	(20)
	–	–

10. Trade Receivables *(Continued)*

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	31 December	
	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**621**	534

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11. Trade Payables

An ageing analysis of the trade payables as at 31 December 2014 and 2015, based on the invoice date, is as follows:

	31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**2,635**	5,519
90 days to 1 year	**401**	8
Over 1 year	**55**	12
	3,091	5,539

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

12. Share-Based Payment

The Company operates an Employee Trust Benefit Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme (including certain directors and supervisors) shall be employees of the Company and its subsidiaries including mid-level and senior management, experts and core personnel who are essential for realising the strategic goal of the Company. The Scheme became effective on 8 June 2015 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date.

The Company engaged and through its subsidiary engaged three separate qualified agents which are independent from each other to act as the trustees under the Scheme to set up three trusts, which include a connected trust that holds domestic shares only for the benefit of the Scheme participants who are connected persons of the Company and two non-connected trusts (one for mainland China Scheme participants and one for overseas Scheme participants) that hold domestic shares and/or H shares for the benefit of the Scheme participants who are not connected persons of the Company.

The trust fund paid by the Company and through its subsidiary to each trustee for setting up the connected trust and non-connected trusts comes from the internal funds as well as its initial public offering proceeds that can be used in this regard.

The total number of the target shares to be purchased by the trustees under the Scheme shall be 10% of the total share capital of the Company in issue as at the date of approval of the Scheme at the 2014 annual general meeting (the "**AGM**"), being 21,718,166 shares out of 217,181,666 shares. Trust benefit units subject to the effective conditions will be granted to the Scheme participant through initial grant, subsequent grant(s) and re-grant(s). Initial grant and subsequent grant(s) shall be completed by 31 December 2016 and re-grant(s) shall be completed within two years from the date of approval of the Scheme at the AGM.

During the term of the Scheme, the total number of the target shares will be subject to adjustment in accordance with the adjustment mechanisms stated in the rules of Scheme following capitalising the common reserves, bonus issues, share sub-divisions, share consolidation, etc. In the event of rights issue, the board of directors of the Company will be authorised by the general meeting to decide whether actions shall be taken by the Company to adjust the total number of target shares under the Scheme to 10% of the enlarged total share capital of the Company so that the ratio of target shares in the total share capital of the Company under the Scheme remains unchanged.

12. Share-Based Payment *(Continued)*

For each grant, there are three unlocking dates, being the expiry dates of the first anniversary, second anniversary and third anniversary of the grant date, subject to the unlocking conditions and upon expiry of which, 30%, 30% and 40% of the trust benefit units granted to each Scheme participant shall be unlocked. The lock-up period is from the grant date to each of the aforesaid unlocking dates, during which the disposal of the trust benefit units is prohibited.

The exercise period for the Scheme participants excluding directors, supervisors and senior management of the Company is within one year after the unlocking date, during which they have the right to apply for exercising their trust benefit units. The Scheme participants who are directors, supervisors and senior management of the Company can apply for exercising the trust benefit units from the unlocking date to the date of liquidation of the trusts as prescribed in the trust deeds between the Company and the trustees.

On 16 June 2015, the board of directors of the Company approved the initial grant of trust benefit units subject to effective conditions to 182 Scheme participants, including one director, two supervisors, mid-level and senior management, experts and core personnel of the Group, at nil consideration under the Scheme. The total number of the target shares under the initial grant is 17,370,000, representing approximately 8% of the issued share capital of the Company as at 16 June 2015.

In addition to the above initial grant, the board also authorised the presidents of the Company to grant trust benefit units subject to effective conditions to several Scheme participants of Chanjet Information Technology Corporation ("**Chanjet U.S.**"). During the Reporting Period, the total number of the target shares under the grant is 120,000. During the Reporting Period, the grantees of the trust benefit units in Chanjet U.S. do not include any directors, supervisors or their respective spouses or children aged 18. The total number granted increased to 17,490,000.

17,490,000 target shares purchased by the trustees from domestic shareholders or on the open market are held in trusts for the relevant participants until such shares are vested with the relevant participants in accordance with the provisions of the Scheme. The target shares granted and held by the trustees until vesting are referred to as the treasury shares and each treasury share shall represent one ordinary share of the Company.

12. Share-Based Payment *(Continued)*

The Scheme participants are entitled to the dividends attached to the target shares.

The fair value at the initial grant date is estimated using the Black-Scholes Model and the Monte Carlo method, taking into account the terms and conditions upon which the shares were granted. During the year ended 31 December 2015, the fair value of shares granted at the initial granted date was RMB427,285,000 and was estimated on the date of grant using the following assumptions:

Dividend yield *(%)*	0.00%
Expected volatility *(%)*	51.50%-63.20%
Risk-free interest rate *(%)*	0.157%-1.815%
Expected life *(years)*	1–10
Weighted average share price *(RMB per share)*	24.60

The fair value of the shares granted to several participants of Chanjet U.S was calculated based on the market price of the Company's shares at the grant date, which is HKD12.7 per share. The fair value of the shares granted to several participants of Chanjet U.S was RMB1,251,000.

During the year ended 31 December 2015, the total amount of share-based payment expense was RMB126,985,000 of which an amounts of RMB119,407,000 was recognised in profit or loss, and an amount of RMB7,578,000 was capitalised into deferred development costs.

During the year, the trustees entrusted by the Company acquired 6,500,000 domestic shares and 10,990,000 H shares of the Company's shares through domestic shareholders and from the open market. The aggregate consideration is RMB310,136,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Development trend of the industry

In terms of policy environment, the state attached great importance to the development of small and micro scale enterprises ("**MSEs**") and took powerful measures to encourage "Business Startups and Creativity for the Public (大眾創業、萬眾創新)". A series of policies and measures in terms of financial support, fiscal and tax concessions, construction of entrepreneurial base and promotion of interconnection of enterprise information have been launched to support the healthy development of MSEs.

With the further progress of business system reform, the continued improvement of market access environment facilitated the rapid growth of market entities. According to the statistical data of the State Administration for Industry and Commerce (國家工商行政管理總局), as at the end of 2015, there were 77,469,000 newly registered market entities nationwide, representing an increase of 11.8% over the same period of 2014, 4,439,000 of which were newly registered enterprises, representing an increase of 21.6%, and over 90% of the newly registered enterprises were MSEs. In addition to the increase in the total number of market entities, the participation level of enterprises continuously enhanced. In the fourth quarter of 2015, the opening rate at the anniversary of newly established MSEs reached 70.1%.

In terms of industry environment, "Internet Plus" further penetrated into various industries to promote the reform of traditional industries; the enhancement of basic hardware level of Internet provided basic guarantee for cloud application services; the threshold of informatization for MSEs was lowered down due to the popularization of intelligent terminal and rapid development of mobile internet; thanks to the widespread use of consumer-level cloud applications, enterprise-level cloud applications were more acceptable by MSEs; the lower cost and higher efficiency enterprise-level cloud applications could better satisfy the management demands of MSEs.

The above factors will facilitate the rapid development of financial and management service market of MSEs.

Business Review *(Continued)*

Main risks and uncertain factors

In respect of industry, economic structural adjustment in the PRC and more economic downturn pressure may bring adverse impact on the industry, business and operating results of the Group. As the industrial competition in the market of enterprise cloud services (B2B Internet) becomes fiercer, in addition to the existing IT service providers for enterprises, internet companies and start-ups supported by venture investment have joined the rivalry with aggressive stances.

In terms of human resources, competition in soliciting internet talents has become intensified with the rapid development of "Internet plus", as a result of which, the Group will probably record an increase in the costs of human resources for attracting and retaining core talents.

In term of finance, in order to realise the transformation of internet business, the Group has implemented the Employee Trust Benefit Scheme and increased its investment in cloud services, which will exert positive influence on the business development of the Group despite of short-term adverse effects on the Group's profitability.

Principal businesses and operating condition

1. *Development of software products business*

   During the Reporting Period, for software products business, the Group cultivated the markets of commercial trading service and small-scaled manufacturing industry and increased investment in market campaigns for T^+ series software products while strengthening the promotion of the market strategy of small-sized experience-sharing seminars and financial software popularization. In addition, the Group gave special support to major companions for growth and reinforced the guidance on and support for companions to increase the number of employees; through realising the cloud encryption verification mode and sharing a user account system with the Chanjet cloud service platform for T^+, T^+ users were able to use all cloud application services; and an ecological chain of T^+ series software products has been preliminarily established by developing over 40 third party developers and a number of T^+ based cloud applications. The Group continued to provide product support services and optimised its long-term profit model to ensure stable, sustainable and healthy development of software product business.

Business Review *(Continued)*

Principal businesses and operating condition (Continued)

1. *Development of software products business (Continued)*

During the Reporting Period, the revenue of T^+ series software products increased by 32% as compared with the same period of the previous year, representing 45% of the Group's revenue, and such increase offset the decrease in revenue from traditional software products with client/server ("**C/S**") structure, i.e. T1, T3 and T6, resulting in a slight year-on-year increase in revenue from software products business of the Group. The increase in revenue from T^+ series software products was mainly due to the following reasons: as Chinese economy was in the stage of industrial structure adjustment and the commercial trading industry experienced rapid development, the T^+ series software products added with the function of commercial trading management could better satisfy the demands of users in the commercial trading industry; since "Internet Plus" further penetrated into various industries, the T^+ series software products designed with the browser/server ("**B/S**") structure enjoyed competitive advantages and high user acceptance as compared with other similar products; the Company increased investment in market campaigns for T^+ series software products and improved product functions and user experience. Moreover, it strengthened product training and enhanced the product promotion and delivery capacity of channel partners, thus winning more users.

During the Reporting Period, T^+ series software products were connected with Biz Chat (工作圈) and Accountant Home (會計家園) and other cloud applications as well as Internet B2C e-commerce and B2B ordering as provided by third party developers, gradually enriching the application fields of T^+ series software products. The T^+ series software products won the "2015 Award for Preferred Product for Informatization in China (2015中國信息化首選產品獎)" awarded by China Computer Users Association.

During the Reporting Period, the Group continued to make more efforts in promoting the "Financial Literacy Programs (財務普及風暴)", "Internet plus Management: New Opportunities for MSEs' Development (互聯網+管理：小微企業發展新機遇)", "The Eighth Session of the Accounting Cultural Festival (第八屆會計文化節)" and other large scale market activities to enhance corporate brand influence and promote sales of software products.

As at 31 December 2015, the software products of the Group had over 980,000 accumulated registered enterprise users, representing an increase of 17% as compared with that of the previous year.

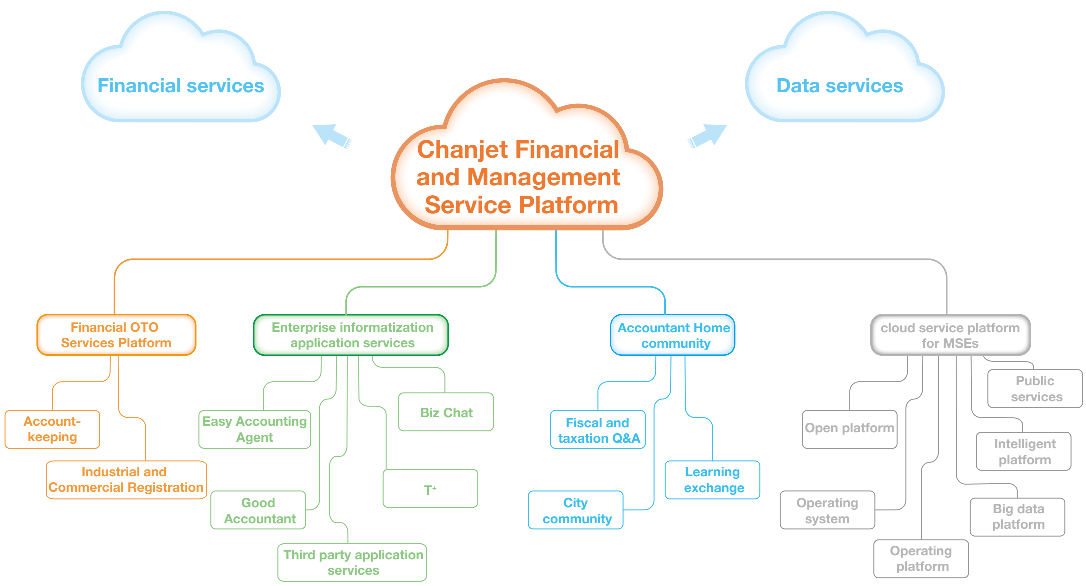
Business Review ***(Continued)***

Principal businesses and operating condition (Continued)

2. *Development of cloud service business*

Chanjet Financial and Management Service Platform is a one-stop service platform that provides services which are mainly financial services for MSEs. With the financial OTO services provided by the platform, MSEs can select service suppliers to obtain professional services including account-keeping and industrial and commercial registration; the platform provides enterprise informatization application services for MSEs to assist them to improve management efficiency; for accounting groups, the platform offers an online community for learning exchange, Q&A on fiscal and taxation knowledge, city-wide accounting association; in addition, the platform is also open to third party developers, allowing them to develop and deploy cloud applications on the cloud service platform for MSEs and finally provide services for MSE users.

The Group can obtain revenue from enterprise informatization application services as prescribed by MSEs on a yearly basis, from services provided to service providers such as account-keeping service supplies by the company version of Easy Accounting Agent (易代賬), an internet account keeping tool, as prescribed by service providers on a yearly basis, and from profit-splitting through providing development tools to third party developers and promoting their application services. In the future, on the basis of accumulating a lot of user resources, the Group will provide data services and financial services to gain more value-added revenue.



Business diagram of Chanjet Financial and Management Service Platform

Business Review ***(Continued)***

Principal businesses and operating condition (Continued)

2. *Development of cloud service business (Continued)*

During the Reporting Period, the Group continuously performed iterative optimization for Easy Accounting Agent, Biz Chat and other cloud application services. On the basis of continued accumulation of users, the Group launched the company version of Easy Accounting Agent and Good Accountant, a cloud application service for MSEs, and the cloud application services started to record revenue.

During the Reporting Period, the Company was awarded the "2015 Preferred Service Provider for Informatization in China (2015中國信息化首選服務商)" by the China Computer Users Association. Easy Accounting Agent and Biz Chat passed the certification of trusted cloud service by Data Center Alliance (數據中心聯盟) and were officially certified as "Trusted Cloud Service (TRUCS) (可信雲服務(TRUCS))".

As at 31 December 2015, the accumulated enterprise users of cloud service business of the Group exceeded 600,000, representing an increase of 338% as compared with that of the previous year.

(1) Financial OTO Service Platform (財務OTO服務平台)

On 28 October 2015, the Group officially released the Financial OTO Service Platform to provide a business management platform and account keeping tool for service providers such as account-keeping service supplies and trading matchmaking services for MSEs and service providers. The Group charges service fee from accounting agent companies on a yearly basis on account of providing them the company version of Easy Accounting Agent.

During the Reporting Period, the Financial OTO Service Platform won the "2015 Award for Innovative Product of Industrial Internet in China (二零一五年度中國產業互聯網創新產品獎)" awarded by CCW and the "2015 Award for Internet + Innovative Enterprise in Software and Information Service and Financial Service Fields in China (二零一五年度中國軟件和信息服務財務服務領域互聯網+創新企業獎)" jointly awarded by China Center of Information Industry Development, Chinese Software Testing Center, CCID Institute of Think-tank Software and Information Service Industry and the periodical office of "Software and Integrated Circuit".

Business Review *(Continued)*

Principal businesses and operating condition (Continued)

2. *Development of cloud service business (Continued)*

(2) Easy Accounting Agent

Easy Accounting Agent is a cloud application service oriented at individual accounting agents and accounting agent companies. It helps MSEs with financial account keeping and rapid preparation of accounting statements and consists of personal version and company version. The personal version of Easy Accounting Agent continues to support personal account keeping for free; the company version of Easy Accounting Agent adopts the mode of subscribing and charging on a yearly basis. Account keeping, tax declaration and other basic applications have been improved in the company version of Easy Accounting Agent. In respect of the business of agent companies, collection management, customer management, order review, organizational role authorization and other functions have been realised.

During the Reporting Period, Easy Accounting Agent won the "2015 Award for Best Product in the Internet Industry of China (二零一五年度中國互聯網行業最佳產品獎)" jointly awarded by China Center of Information Industry Development, CCID Think Tank Internet Institute, the periodical office of "Internet Economy" and CCID Net.

(3) Good Accountant

Good Accountant is a simple, convenient and maintenance-free cloud application service for MSEs with full time accountants and its main functions include invoice management, cash journal, accounting, etc. The application, officially launched in November 2015, adopts the mode of subscribing and charging on a yearly basis. The application conducts business promotion through online Internet user operation, content operation, etc. and offline cooperation with service providers and other means.

Business Review ***(Continued)***

Principal businesses and operating condition (Continued)

2. *Development of cloud service business (Continued)*

(4) Biz Chat

Biz Chat is a cloud application service for mobile collaborative office and is for mobile office of MSEs. Biz Chat provides a number of means of communication for enterprises including business contacts, multi-party communication service, instant message, circle, etc. to achieve more efficient communication between enterprises and employees. It integrates announcement, approval, attendance registration, working reports, missions, and other office applications, which can solve the problems with daily work management of enterprises and achieve seamless connection with T^+ series software products, allowing software users to complete business process in more efficient and convenient way on the mobile terminal. Users have to pay for use of multi-party communication service, T^+ statement subscription, file cabinet and other value-added applications of Biz Chat.

During the Reporting Period, Biz Chat won the "2015 Award for the Best Application in the Field of Collaborative Management of Software and Information Service in China (二零一五年度中國軟件和信息服務協同管理領域最佳應用獎)" jointly awarded by China Center of Information Industry Development, Chinese Software Testing Center, CCID Institute of Think-tank Software and Information Service Industry and the periodical office of "Software and Integrated Circuit".

(5) Accountant Home

Accountant Home focuses on the field of fiscal and taxation services of enterprises and mainly provides fiscal and taxation Q&A, fiscal and taxation application tools, and other services. It can improve the work efficiency of fiscal and taxation personnel and enhance the informatization management level of MSEs. Through the operating strategy of social interactions between accountants within the city, communications and interactions between accountants within the city and user loyalty are enhanced, and new customers are introduced for Easy Accounting Agent, Good Accountant and other cloud application services.

Business Review ***(Continued)***

Principal businesses and operating condition (Continued)

3. *Development of Payment business*

During the Reporting Period, Beijing Chanjet Payment Technology Co., Ltd. ("**Chanjet Payment**"), a controlled subsidiary of the Company, underwent development of all businesses in an all-around way, and focused on expanding payment service among enterprises as well as its business integration with software system and cloud application services, giving rise to the "software + payment" business solutions. The number of contracted merchants and trading volume of offline acquiring business recorded a year-on-year growth of 431% and 471%, respectively. A marketing network and a partner system have been established for payment business, laying a foundation for the rapid development of payment business.

4. *R&D on products*

(1) Chanjet cloud service platform for MSEs

During the Reporting Period, Chanjet cloud service platform for MSEs was further optimised. For the public platform, relevant integrated development tools were introduced to improve the development efficiency of developers; the introduction of a service management framework into the public service system optimised the public service architecture and improved the development efficiency and stability of public services; an error correction model for speech recognition results oriented at the accounting, financial and economic fields was constructed in the intelligent platform to support voice account keeping of Easy Account Keeping and voice ordering of T^+; with the continuous improvement of the operating system, an enterprise management workbench was launched and an whole process management covering subscription, payment, access to application and profit-splitting of service providers was achieved; a big data system of behavioural analysis and operation analysis was also developed for the big data platform, besides, the application management specifications were popularized and improved in all applications, enabling multi-dimension analysis of user registration, retention, number of active users, etc. of all applications and platforms; and the resource management and load balancing mechanism was optimised for the operating platform, thus improving the utilization rate of resources and the stability of operation. A self-service test system for third party developers was released, significantly shortening the release time of cloud applications.

Business Review ***(Continued)***

Principal businesses and operating condition (Continued)

4. *R&D on products (Continued)*

   (2) Software products

   During the Reporting Period, the Group issued three versions of T+ V12.0 products including popular version, standard version, and professional version to meet the different management demands of MSEs. T+ V12.0 strengthened the combination with cloud applications, and integrated T+ invoice examination and approval service and report subscription service into cloud application Biz Chat; besides, T+ V12.0 integrated Baidu big data technology, which assisted enterprise users with market analysis, and provided more conveniences for the management members of MSEs; furthermore, B2B ordering, B2C e-commerce order processing and other internet functions were increased to improve the operating efficiency of enterprises.

   (3) Patents

   During the Reporting Period, the Company applied for 13 new patents, of which 5 invention patents were authorized by the State Intellectual Property Office. As at 31 December 2015, a total of 40 patents were authorized by the State Intellectual Property Office.

5. *Employee and organization guarantee*

   As at 31 December 2015, the Group had 861 employees in total. During the Reporting Period, the Group optimized its organizational structure and allocation of resources in order to support the development of cloud service business. In terms of talent development, the Group facilitated the internal talents transform into new business talents by oriented training and communication within industry. Meanwhile, the Group further expanded talent recruitment channels and accelerated the introduction of middle and high-end technical talents so as to establish talent structure that meets the demands of development of enterprises' internet business. In terms of talent motivation, the Group adopted creative incentive tool to establish Employee Trust Benefit Scheme, and started to implement the same after being approved at the annual general meeting of the Company dated 8 June 2015. The implementation of the Scheme will provide competitive salary levels in the market for the key talents needed for the Company, and have positive effect on attraction, reservation and motivation of employees to develop jointly with the Company in the long run. In terms of talent retaining, the Group continued to implement the dual-channel talent development strategy, enhance employees' sense of belonging by means of culture wall and employee activities, and purposefully implemented new employee retaining scheme.

Financial Review

	For the year ended 31 December			
	2015	2014	Change in amount	Percentage change
	RMB'000	*RMB'000*	*RMB'000*	
Revenue	**345,796**	335,075	10,721	3%
Cost of sales and services provided	**(29,783)**	(25,515)	(4,268)	17%
Gross profit	**316,013**	309,560	6,453	2%
Gross profit margin	**91%**	92%	-1%	
Other income and gains, net	**68,858**	82,357	(13,499)	-16%
R&D costs	**(125,329)**	(74,932)	(50,397)	67%
Selling and distribution expenses	**(153,347)**	(119,369)	(33,978)	28%
Administrative expenses	**(194,984)**	(91,201)	(103,783)	114%
Other expenses	**(32)**	(180)	148	-82%
Profit/(Loss) before tax	**(88,821)**	106,235	(195,056)	-184%
Income tax credit/(expense)	**8,619**	(9,310)	17,929	-193%
Profit/(Loss) for the year	**(80,202)**	96,925	(177,127)	-183%
Attributable to:				
Owners of the parent	**(72,617)**	101,640	(174,257)	-171%
Non-controlling interests	**(7,585)**	(4,715)	(2,870)	61%

Financial Review ***(Continued)***

Operating results

For the year ended 31 December 2015, the revenue of the Group was RMB345.80 million, representing an increase of 3% over the previous year. The loss before tax was RMB88.82 million and the profit before tax for the previous year was RMB106.24 million; the loss for the year was RMB80.20 million and the profit for the previous year was RMB96.93 million; the loss attributable to the owners of the parent was RMB72.62 million and the profit attributable to the owners of the parent for the previous year was RMB101.64 million; the basic loss per share of the Group was RMB0.35 and the earnings per share of the Group for the previous year was RMB0.53.

The loss for the year of the Group was mainly attributable to the additional cost of Employee Trust Benefit Scheme and the increased operation and R&D costs in relation to cloud service business. For the year ended 31 December 2015, the cost of Employee Trust Benefit Scheme accrued under the administrative expenses was RMB119.41 million, and there were no such expenses in the previous year; after deducting such expenses, the profit attributable to the owners of the parent was RMB46.79 million, representing a decrease of 54% over the previous year, mainly due to that the costs of R&D for the cloud service business represented an increase of RMB48.51 million as compared with that of the previous year which was mainly driven by increased resources on cloud service business by the Group; the amortized amount after settlement of R&D capitalization projects relating to the cloud service business represented an increase of RMB12.41 million as compared with that of the previous year; and the listing and intermediary expenses of the Group accrued in the administrative expenses was RMB24.14 million for the previous year, as compared with nil for this year, which partly narrowed the decrease in profit attributable to owners of the parent.

Revenue

For the year ended 31 December 2015, the revenue of the Group was RMB345.80 million, representing an increase of 3% as compared with the previous year. The increase of the revenue was mainly due to the increase in service revenue. With the increase in the revenue of T^+ series software, the revenue from the product support services increased by 29% as compared with the previous year. As the Group strengthened the promotion of cloud service business and payment business, the revenue from cloud service business increased by 1,139% as compared with the previous year and the revenue from payment business increased by 108% as compared with the previous year.

Financial Review ***(Continued)***

Revenue (Continued)

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

	For the year ended 31 December					
	2015		2014		Change in amount	Percentage change
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
T1 series software products	**13,694**	**4**	16,630	5	(2,936)	(18)
T3 series software products	**96,981**	**28**	106,132	32	(9,151)	(9)
T6 series software products	**18,710**	**5**	36,944	11	(18,234)	(49)
T^+ series software products	**155,500**	**45**	118,238	35	37,262	32
Other software	**17,208**	**5**	23,944	7	(6,736)	(28)
Total software revenue	**302,093**	**87**	301,888	90	205	0
Product support services	**25,903**	**7**	20,070	6	5,833	29
Cloud service business	**5,664**	**2**	457	0	5,207	1,139
Payment services	**8,796**	**3**	4,226	1	4,570	108
Other services	**2,623**	**1**	6,335	2	(3,712)	(59)
Total service revenue	**42,986**	**13**	31,088	9	11,898	38
Sales of purchased goods	**717**	**0**	2,099	1	(1,382)	(66)
Revenue	**345,796**	**100**	335,075	100	10,721	3

Cost of sales and services provided

For the year ended 31 December 2015, the Group's cost of sales and services provided was RMB29.78 million, representing an increase of 17% over the previous year. The increase was mainly attributable to the increase in the cost of payment service as a result of the increase in the revenue from payment service of the Group.

Financial Review ***(Continued)***

Gross profit and gross profit margin

For the year ended 31 December 2015, given the increase in its revenue, the Group achieved a gross profit of RMB316.01 million, representing a growth of 2% over the previous year. The gross profit margin of the Group was 91%, representing a decrease of 1 percentage point over the previous year.

Other income and gains, net

For the year ended 31 December 2015, the Group's other income and gains, net was RMB68.86 million, representing a decrease of 16% as compared with that of the previous year. The decrease was mainly due to a decrease in the government subsidy by RMB18.09 million as compared with that of the previous year.

Total R&D investment

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

	For the year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
R&D costs of software	**37,221**	**24**	39,700	36
R&D costs of cloud service business	**77,506**	**50**	28,993	26
R&D costs of payment business	**10,602**	**7**	6,239	6
R&D costs	**125,329**	**81**	74,932	68
Additions to deferred development costs of cloud service business	**28,830**	**19**	35,679	32
Additions to deferred development costs	**28,830**	**19**	35,679	32
Total R&D investment	**154,159**	**100**	110,611	100

Financial Review *(Continued)*

Total R&D investment (Continued)

For the year ended 31 December 2015, R&D costs of the Group amounted to RMB125.33 million, representing an increase of 67% over the previous year, mainly due to the increase in the Group's investment in R&D of cloud service business, resulting in an increase in the R&D costs of cloud service business of RMB48.51 million as compared with that of the previous year. The Group strived to put more resources on R&D of payment business, and the relevant R&D costs represented an increase of RMB4.36 million as compared with that of the previous year.

For the year ended 31 December 2015, the Group achieved a total R&D investment of RMB154.16 million, representing an increase of 39% as compared with that of the previous year, which was mainly due to the increase in the Group's investment in R&D of cloud service business which amounted to RMB106.34 million, representing an increase of 64% over the previous year.

Selling and distribution expenses

For the year ended 31 December 2015, the selling and distribution expenses of the Group was RMB153.35 million, representing an increase of 28% 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 2015, the administrative expenses of the Group was RMB194.98 million, representing an increase of 114% as compared with that of the previous year. The increase was mainly due to the incurrence of the cost of Employee Trust Benefit Scheme amounting to RMB119.41 million during the year.

Income tax credit/expenses

For the year ended 31 December 2015, the income tax credit of the Group was RMB8.62 million, representing a decrease of 193% as compared with the income tax expenses of RMB9.31 million of the previous year, which was mainly due to the fact that the Group recorded loss before tax during the year.

Financial Review *(Continued)*

Profit/Loss attributable to owners of the parent

For the year ended 31 December 2015, the loss attributable to owners of the parent of the Group was RMB72.62 million, and the profit attributable to owners of the parent of the previous year was RMB101.64 million, mainly due to the additional cost of Employee Trust Benefit Scheme and more operation and R&D costs in relation to cloud service business in the year.

Loss attributable to non-controlling interests

For the year ended 31 December 2015, the loss attributable to non-controlling interest of the Group was RMB7.59 million, representing an increase of 61% as compared with the same period of last year, which was mainly due to the increased R&D as well as operation and management input made by the Group in the payment business as the Group continued to expand payment business.

Liquidity and financial resources

Condensed cash flow statement

	For the year ended 31 December		
	2015	2014	Change in amount
	RMB'000	*RMB'000*	*RMB'000*
Net cash from operating activities	**54,304**	98,251	(43,947)
Net cash used in investing activities	**(215,047)**	(51,860)	(163,187)
Net cash (used in)/from financing activities	**(369,937)**	554,685	(924,622)

Net cash from operating activities

For the year ended 31 December 2015, net cash from operating activities of the Group was RMB54.30 million, representing a decrease of RMB43.95 million as compared with that of the previous year. The decrease was mainly attributable to the increase in the Group's investment in operation and R&D of cloud service business.

Financial Review ***(Continued)***

Liquidity and financial resources (Continued)

Net cash used in investing activities

For the year ended 31 December 2015, net cash used in investing activities of the Group was RMB215.05 million, representing an increase of RMB163.19 million as compared with that of the previous year. The increase was mainly attributable to the fact that the Group's non-pledged time deposit with the maturity of three months or more amounting to RMB184.00 million was not yet due; that the additions to deferred development costs decreased by RMB12.01 million as compared with that of the previous year resulting from the settlement of R&D capitalization projects; and that the investment in Xi'an Rongke Communication Technology Co., Ltd. (西安融科通信技術有限公司) amounted to RMB3.75 million, representing a decrease of RMB6.15 million as compared with the similar investments in the previous year.

Net cash used in/from financing activities

For the year ended 31 December 2015, the net cash flow used in financing activities of the Group was RMB369.94 million, representing the Group's payment of RMB310.14 million for share purchase pursuant to the Employee Trust Benefit Scheme and payment of RMB84.70 million as the dividend for 2014; while Chanjet Payment, a subsidiary of the Company, attracted investment of RMB24.90 million from Yonyou. The net cash flow generated from financing activities of the last year mainly included the injected proceeds raised from listing of the Company and the payment of dividend for 2013.

Financial Review *(Continued)*

Working capital

	As at 31 December	
	2015	2014
Cash and bank balances *(RMB'000)*	**825,282**	1,171,430
Current ratio	**810%**	1,210%
Gearing ratio	**0%**	0%

As at 31 December 2015, the cash and bank balances of the Group was RMB825.28 million (31 December 2014: RMB1,171.43 million).

The current ratio (calculated based on total current assets divided by the total current liabilities) of the Group as at 31 December 2015 was 810% (31 December 2014: 1,210%). The decrease in current ratio was mainly due to the decrease in total current assets resulting from the Group's payment of RMB310.14 million for share purchase pursuant to the Employee Trust Benefit Scheme.

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

With stable cash inflows generated in the daily business operation, plus the proceeds raised from listing, the Group has sufficient resources for future expansion.

Capital expenditure

For the year ended 31 December 2015, the significant capital expenditure of the Group included deferred development costs of RMB28.83 million (2014: RMB35.68 million); expenditure on office equipment, furniture and fittings of RMB10.19 million (2014: RMB13.73 million); during the year, the Group did not have any expenditure on software license (2014: RMB1.13 million).

Financial Review ***(Continued)***

Contingent liabilities

As at 31 December 2015 and 31 December 2014, the Group did not have any contingent liabilities, nor have any proposal on contingent liabilities issue.

Charges on assets

As at 31 December 2015 and 31 December 2014, the Group did not have any charges on assets.

Material investments

During the Reporting Period, the Group did not have any material investment.

Material acquisition and disposal of assets

During the Reporting Period, the Group did not have any material acquisition or disposal of assets in relation to subsidiaries, associated companies or joint ventures.

Foreign exchange risks

The Group conducted its domestic business primarily in RMB, which was also its functional currency. Chanjet U.S. and Chanjet Information Technology (Hong Kong) Limited, the subsidiaries of the Company, settled in foreign currencies (primarily US dollars and HK dollars). In 2015, most of proceeds from the listing were converted into RMB by the Group for the convenience of use of proceeds and alleviation of exchange fluctuation risk.

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 2016, as China intensifies its efforts to support the rapid and healthy development of MSEs, the Group will leverage on the opportunities arising therefrom, continue to innovate and make solid progress. Meanwhile, it will continually and vigorously speed up the "software and cloud" strategy to further consolidate and maintain its leading position in the area of finance and management service for MSEs.

The Group will further consolidate the leading position of its software business in the market. The Group will adapt to the needs of market and the internet-enabled development of the industry, and continue to consolidate its leading position in management software market. Meanwhile, the Group will increase marketing expenditure, deeply integrate with Biz Chat and expand mobile application. In addition, it will deeply tap the markets of commercial trading service, explore the market of e-commerce enterprises and service industry, improve users' satisfaction and operating performance. It will also continually promote product support service to optimize its revenue structure.

The Group will focus on financial and management services of MSEs, and speed up efforts to achieve breakthrough growth of cloud services revenue and user scale. It will also integrate online and offline resources, improve operational efficiency, intensify marketing efforts in the existing core application services and launch new cloud application services. Further, it will continue to promote the full integration of cloud applications with T^+ series software products, increase the number of third-party developers, so as to enhance the value of Chanjet cloud service platform for MSEs in a continuous manner to build an exospheres of financial and management services of MSEs.

The Group will speed up the development of payment business. The Group will accelerate the development of enterprise Internet payment products and e-bank products, strengthen the building of advertising and marketing team on a nationwide basis and realize the economies of scale of enterprise payment business. Further, it will hasten the online and offline integration of POS acquiring business to achieve rapid growth in transaction volume, boost comprehensive operational capacity and reinforce risk and compliance management.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Prospect *(Continued)*

The Group will continue to optimize its products and cloud service platform for MSEs. For T^+ series software products, the Group will put its focus on the mobility and deep integration with Biz Chat. Meanwhile, it will optimize cloud service platform for MSEs to facilitate the third-party developers in development of applications. In addition, the Group will increase investment in R&D of big data platform to lay a solid foundation for data and financial services to be provided in future.

The Group will improve the team's professionalism and tap their potentials to achieve the operation objectives. Being talents-oriented, the Group will focus on the improvement of recruitment quality, classify management of performance, devote more efforts in training, and deepen innovation in construction of culture. It will speed up appointment of a full-time human resource manager (HRBP) for its core business, implement hierarchical management and personalized services, enhance and explore the value of talents. Meanwhile, the long-term incentive policy will be adopted to attract, retain and motivate capable talents with huge potentials.

DIVIDENDS AND TAXATION

The Board did not recommend the distribution of final dividend for the year ended 31 December 2015 (2014: RMB0.39 per share (tax inclusive)).

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 (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稅有關問題的通知》) (國稅函[2008]897號) published by the State Administration of Taxation, 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.

DIVIDENDS AND TAXATION *(Continued)*

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.

CORPORATE GOVERNANCE

During the Reporting Period, 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 Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**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 Reporting Period.

THE AUDIT COMMITTEE

The Audit Committee of the Company consists of Mr. Chen, Kevin Chien-wen, an independent non-executive director of the Company, Mr. Wu Zhengping, a non-executive director of the Company and Mr. Lau, Chun Fai Douglas, an independent non-executive director of the Company during the Reporting Period, 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 2015 without dissenting opinion.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of holding the AGM, the register of members of shares of the Company will be closed from Monday, 18 April 2016 to Wednesday, 18 May 2016 (both days inclusive), during which period no transfer of shares will be registered.

In order to be qualified to attend and vote at the AGM to be convened on 18 May 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, 183 Queens Road East, Wan Chai, Hong Kong (for holders of H Shares), or to the Board Office of the Company in PRC at Unit D, Building 20, Yonyou Software Park, 68 Beiqing Road, Haidian District, Beijing, the PRC (for holders of Domestic Shares) no later than 4:30 p.m. on Friday, 15 April 2016.

The shareholders whose names appear on the register of members of the Company on Monday, 18 April 2016 are entitled to attend and vote at the AGM.

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 2015 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
18 March 2016

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.