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)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board hereby informs the Company's shareholders and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected that the Group will record a loss for the six months ended 30 June 2021, with loss attributable to owners of the parent ranging from RMB120.00 million to RMB145.00 million, as compared to profit attributable to owners of the parent of approximately RMB17.50 million for the same period of 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Chanjet Information Technology Company Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") hereby informs the Company's shareholders and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected that the Group will record an increase in revenue of 3% to 8% for the six months ended 30 June 2021, as compared to that of the same period of 2020, while the Group will record a loss for the six months ended 30 June 2021, with loss attributable to owners of the parent ranging from RMB120.00 million to RMB145.00 million, as compared to profit attributable to owners of the parent of approximately RMB17.50 million for the same period of 2020.

The Board considers that the main reasons for the expected loss of the Group for the six months ended 30 June 2021 are that the Group has comprehensively promoted the cloud-first and subscription-first strategies, strategically dedicated more resources to its cloud service business and downsized its software business:

(i) expanded the size of research and development and sales personnel of cloud service business. As of 30 June 2021, the Group had 1,122 employees in total, representing an increase of 180 employees over the same period of last year;

(ii) intensified the promotion of Chanjet's cloud finance and taxation brand, and increased the direct cost and expenditure on sales promotion;

(iii) strategically downsized its software business, with revenue from the software business ranging from RMB26.00 million to RMB28.50 million, representing a decrease of approximately 77% to 79% as compared to RMB124.80 million for the same period of last year; and

(iv) adopted the long-term employee incentive point scheme, employee share ownership scheme, and long-term incentive bonus scheme in 2019 and 2020, which were included in the current profit and loss of approximately RMB46.54 million in total, representing an increase of approximately 779% from RMB5.29 million for the same period of last year. Upon deduction of the impact of these expenses, the Group's loss attributable to owners of the parent for the six months ended 30 June 2021 will range from RMB73.46 million to RMB98.46 million.

For the six months ended 30 June 2021, the Group focused on two major fields, namely digital intelligent finance and taxation and digital intelligent business for micro and small enterprises ("**MSEs**"). It dedicated more resources to its cloud service business and pursued larger-scale development. At the product level, in the field of digital intelligent finance and taxation, the Group expedited the development of products and market by comprehensively leveraging on the policy opportunities from invoice electronification and the "Golden Tax Phase IV (金税四期)". Chanjet Reimbursement（小暢報銷）being universally applied was optimized and integrated with Chanjet Good Accountant, which improved the management of the whole life cycle process of electronic invoices, from invoicing, receipt, forgery verification, duplicate checking, account entry, reimbursement, accounting, declaration to filing. As a result, the competitive advantages of the product were further enhanced. In the field of digital intelligent business, to meet the demand of MSEs for the management mode of customers online, business online and online and offline operations integration, the Group upgraded a new retail platform which integrated smart stores, private domain malls, O2O e-commerce, video e-commerce, and traditional e-commerce platforms. The new retail platform can be connected to two major product lines, namely T^{+}Cloud and Intelligent+, which promotes the extension of the business of the Company to front-end marketing, and helps customers realize the integrated management of online and offline, front-end and back-end, and business and finance. Chanjet Good Business realized full mobility, and the software and hardware integrated product designed for the low-end market was vigorously optimized to support use right out-of-the-box to speed up the scale development of customers. At the marketing level, we further strengthened channel coverage and diversified layout. The channel layout penetrated into markets at county and town level, with the number of channel partners increased to over 2,200. We actively participated in cloud adoption projects for enterprises in multiple regions, and strengthened marketing cooperation with ecological partners including manufacturers on Internet platform, fiscal and taxation training institutions, tax service providers, telecoms operators and banks. We signed a strategic cooperation agreement with a subsidiary of Meituan to jointly provide customers with comprehensive restaurant management system services, among which the Company would provide supply chain management system and financial management system. The Company creatively carried out the GOT (GOAL-OBJECTIVE-TASK) plan with partners and constantly conducted joint operations with partners, so as to improve their abilities to obtain business opportunities, perform customer operation, manage businesses, and motivate their employees, and achieve rapid growth in the revenue from cloud service business.

For the six months ended 30 June 2021, the Group's cloud service business had more than 57,000 newly added paying enterprise users, representing an increase of 79% over the same period of last year, and the number of accumulated paying enterprise users exceeded 275,000; the revenue from cloud service business will range from RMB184.00 million to RMB191.00 million, representing an increase of approximately 134% to 143% as compared to RMB78.66 million for the same period of last year; the proportion of revenue from cloud service business in the Group's revenue increased from 39% for the same period of last year to more than 80%.

The information contained in this announcement is based on a preliminary assessment with reference to the consolidated management accounts of the Group which are neither audited nor reviewed. Detailed financial information of the Group will be disclosed in the interim results announcement for the six months ended 30 June 2021 to be published by the end of August 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Chanjet Information Technology Company Limited
Wang Wenjing
Chairman

Beijing, the PRC
2 August 2021

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. Yang Yuchun; and the independent non-executive directors of the Company are Mr. Chen, Kevin Chien-wen, Mr. Lau, Chun Fai Douglas and Mr. Chen Shuning.

* *For identification purposes only*