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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 2021

FINANCIAL HIGHLIGHTS

	2021	2020	Percentage Change
	RMB'000	*RMB'000*	*%*
Revenue	**590,324**	509,418	16
(Loss)/profit attributable to owners of the parent	**(185,070)**	33,392	(654)
Basic (loss)/earnings per share *(RMB)*	**(0.622)**	0.104	(698)

The board (the "**Board**") of directors (the "**Directors**") of Chanjet Information Technology Company Limited (the "**Company**" or "**Chanjet**") did not recommend the distribution of a final dividend for the year ended 31 December 2021.

The Board hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	4	**590,324**	509,418
Cost of sales and services provided	5	**(179,972)**	(83,434)
Gross profit		**410,352**	425,984
Other income and gains	4	**61,930**	73,542
Research and development costs	5	**(242,557)**	(161,688)
Selling and distribution expenses		**(304,462)**	(189,173)
Administrative expenses		**(88,403)**	(65,280)
Impairment losses on financial assets		**(522)**	(31,110)
Other expenses		**(26,637)**	(23,355)
Finance costs		**(610)**	(1,404)
Share of loss of an associate	9	**(2,319)**	(3,897)
(Loss)/profit before tax	5	**(193,228)**	23,619
Income tax credit	6	**8,158**	9,773
(Loss)/profit for the year		**(185,070)**	33,392
Attributable to:			
Owners of the parent		**(185,070)**	33,392
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic *(RMB cents)*	8	**(62.2)**	10.4
Diluted *(RMB cents)*	8	**(62.2)**	10.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(185,070)**	33,392
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(58)**	(192)
Other comprehensive loss for the year, net of tax	**(58)**	(192)
Total comprehensive (loss)/income for the year	**(185,128)**	33,200
Attributable to:		
Owners of the parent	**(185,128)**	33,200

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**7,578**	2,300
Right-of-use assets		**2,037**	5,740
Intangible assets		**12,973**	21,065
Investment in an associate	*9*	**32,710**	57,627
Equity investments at fair value through profit or loss	*10*	**42,222**	53,463
Deferred tax assets		**18,485**	11,514
Prepayments, other receivables and other assets	*12*	**60,806**	5,982
Total non-current assets		**176,811**	157,691
Current assets			
Inventories		**723**	895
Trade receivables	*11*	**45,188**	5,184
Prepayments, other receivables and other assets	*12*	**104,904**	62,734
Financial assets at fair value through profit or loss	*13*	**100,618**	102,278
Cash and bank balances	*14*	**1,196,100**	1,281,241
Total current assets		**1,447,533**	1,452,332
Current liabilities			
Trade payables	*15*	**18,198**	7,191
Contract liabilities	*16*	**274,341**	173,323
Other payables and accruals	*17*	**270,178**	97,077
Lease liabilities		**1,055**	5,599
Total current liabilities		**563,772**	283,190
Net current assets		**883,761**	1,169,142
Total assets less current liabilities		**1,060,572**	1,326,833

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Non-current liabilities			
Lease liabilities		**906**	304
Contract liabilities	*16*	**97,596**	60,023
Long-term liabilities	*18*	**38,681**	405
Total non-current liabilities		**137,183**	60,732
Net assets		**923,389**	1,266,101
Equity			
Equity attributable to owners of the parent			
Issued capital		**325,772**	217,182
Treasury shares held under the employee trust benefit scheme and employee share ownership scheme		**(169,700)**	(28,519)
Reserves		**767,317**	1,077,438
Total equity		**923,389**	1,266,101

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the parent								
	Issued capital	Capital reserve (i)	Statutory reserve (ii)	Treasury shares held under the employee trust benefit scheme (iii)	Merge reserve	Share-based payment reserve (iv)	Exchange fluctuation reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	217,182	920,380	73,496	(34,848)	(4)	10,618	1,877	130,187	1,318,888
Profit for the year	–	–	–	–	–	–	–	33,392	33,392
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(192)	–	(192)
Total comprehensive income for the year	–	–	–	–	–	–	(192)	33,392	33,200
Final 2019 dividend declared	–	–	–	–	–	–	–	(86,161)	(86,161)
Share-based payments	–	–	–	–	–	174	–	–	174
Shares vested under the employee trust benefit scheme	–	(3,406)	–	6,329	–	(2,923)	–	–	–
Transfer from retained profits	–	–	3,319	–	–	–	–	(3,319)	–
At 31 December 2020	217,182	916,974*	76,815*	(28,519)	(4)*	7,869*	1,685*	74,099*	1,266,101

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

Year ended 31 December 2021

	Attributable to owners of the parent								
	Issued capital *RMB'000*	Capital reserve (i) *RMB'000*	Statutory reserve (ii) *RMB'000*	Treasury shares held under the employee trust benefit scheme and employee share ownership scheme (iii) *RMB'000*	Merge reserve *RMB'000*	Share-based payment reserve (iv) *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At 1 January 2021	**217,182**	**916,974**	**76,815**	**(28,519)**	**(4)**	**7,869**	**1,685**	**74,099**	**1,266,101**
Loss for the year	–	–	–	–	–	–	–	(185,070)	(185,070)
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(58)	–	(58)
Total comprehensive loss for the year	–	–	–	–	–	–	(58)	(185,070)	(185,128)
Final 2020 dividend declared (note 7)	–	–	–	–	–	–	–	(17,232)	(17,232)
Capitalisation of capital reserve	108,590	(108,590)	–	–	–	–	–	–	–
Share-based payments	–	–	–	–	–	829	–	–	829
Shares purchased for employee share ownership scheme	–	–	–	(141,181)	–	–	–	–	(141,181)
At 31 December 2021	**325,772**	**808,384***	**76,815***	**(169,700)**	**(4)***	**8,698***	**1,627***	**(128,203)***	**923,389**

* These reserve accounts comprise the consolidated reserves of RMB767,317,000 (2020: RMB1,077,438,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

Year ended 31 December 2021

Notes:

(i) Capital reserve represents the amount in excess of the par value paid by investors. On 27 September 2021, pursuant to capitalisation issue proposal approved at the extraordinary general meeting, the Company issued shares to all shareholders by way of capitalisation of capital reserve, on the basis of five(5) capitalisation shares for every ten(10) existing shares. After the capitalisation issue, the total issued shares of the Company increased from 217,181,666 shares to 325,772,499 shares.

(ii) In accordance with the People's Republic of China (the "**PRC**") applicable corporation law and regulations, the Company and one of its subsidiaries is required to make appropriations to the Statutory Reserve Fund ("**SRF**"). At least 10% of the statutory after-tax profits of each of these entities as determined in accordance with the PRC applicable corporation law and regulations is required to be allocated to the SRF until the cumulative total of the SRF reaches 50% of the its registered capital. Subject to approval from the relevant authorities of the PRC, the SRF may be used to offset any accumulated losses or increase the registered capital. The SRF is not available for dividend distributions to shareholders.

(iii) Treasury shares held under employee trust benefit scheme (the "**Employee Trust Benefit Scheme**") represent the shares held by the trustees for the implementation of the Employee Trust Benefit Scheme which the Company entrusted the trustees to successively purchase from domestic shareholders or open market. Treasury shares held under employee share ownership scheme (the "**Employee Share Ownership Scheme**") represent the shares held by the limited partnerships for the implementation of the Employee Share Ownership Scheme.

(iv) The share-based payment reserve represents the cost of equity-settled transactions under the schemes.

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company, formerly known as Chanjet Software Company Limited, was established in 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 Floor 3, Building 3, Yard 9, Yongfeng Road, Haidian District, Beijing, the PRC.

During the year, the Group was involved in the technical development, consulting, transfer, service and training of computer software, hardware and external devices, the sale of typing paper, computer consumables, computer software and hardware and external devices, and the provision of database service; design, manufacturing, agency and publication of advertisement; internet information service; agency bookkeeping.

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

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities	Legal category
Chanjet Information Technology Corporation ("**Chanjet U.S.**") *(note (a))*	California, the United States 5 November 2012	USD15,500,000	100.00	–	Technical development of computer software	Limited liability corporation
Beijing Chanjet Yunhui Information Technology Co., Ltd. ("**Chanjet Yunhui**") *(note (b))*	Beijing, China 12 April 2019	RMB10,000,000	100.00	–	Technical development, transfer and service of computer software	Limited liability corporation

Notes:

(a) The paid-in capital of Chanjet U.S. as at 31 December 2021 was USD10,300,000.

(b) Chanjet Yunhui was incorporated with registered capital of RMB10,000,000. The paid-in capital of Chanjet Yunhui as at 31 December 2021 was RMB500,000.

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 accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. 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 above. 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 following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The amendments did not have any impact on the financial position and performance of the Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

(b) Amendment to IFRS 16 issued in February 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 25 February 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Software business segment engages in the sales of software, and the provision of post-contract support services; and

- Cloud service business segment engages in the rendering of cloud services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that other income and gains, research and development costs, selling and distribution expenses, administrative expenses, impairment losses on finance assets, other expenses, financial costs, as well as share of loss of an associate are excluded from such measurement.

Segment assets and liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2021

	Software business *RMB'000*	Cloud service business *RMB'000*	Total *RMB'000*
Segment revenue ***(note 4)***			
Sales to external customers	**84,955**	**505,369**	**590,324**
Segment cost ***(note 5)***			
Cost of sales and services provided	**(6,829)**	**(173,143)**	**(179,972)**
Segment results	**78,126**	**332,226**	**410,352**
Reconciliation:			
Other income and gains			**61,930**
Research and development costs			**(242,557)**
Selling and distribution expenses			**(304,462)**
Administrative expenses			**(88,403)**
Impairment losses on financial assets			**(522)**
Other expenses			**(26,637)**
Finance costs			**(610)**
Share of loss of an associate			**(2,319)**
Loss before tax			**(193,228)**

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2020

	Software business *RMB'000*	Cloud service business *RMB'000*	Total *RMB'000*
Segment revenue ***(note 4)***			
Sales to external customers	270,243	239,175	509,418
Segment cost ***(note 5)***			
Cost of sales and services provided	(16,943)	(66,491)	(83,434)
Segment results	253,300	172,684	425,984
Reconciliation:			
Other income and gains			73,542
Research and development costs			(161,688)
Selling and distribution expenses			(189,173)
Administrative expenses			(65,280)
Impairment losses on financial assets			(31,110)
Other expenses			(23,355)
Finance costs			(1,404)
Share of loss of an associate			(3,897)
Profit before tax			23,619

Geographical information

Since all of the Group's revenue was generated from the sale of products and the provision of related services in Mainland China and 99% of the Group's identifiable non-current assets were located in Mainland China, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

Since no revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer during the year, including sales to a group of entities which are known to be under common control with any customer, no major customer information in accordance with IFRS 8 *Operating Segments* is presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of products	**230,252**	297,646
Rendering of services	**358,215**	210,810
Sale of purchased goods	**1,857**	962
	590,324	509,418

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

Segments	**Software business**	**Cloud service business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Types of goods or services			
Sales of products	**48,111**	**182,141**	**230,252**
Rendering of services	**34,987**	**323,228**	**358,215**
Sale of purchased goods	**1,857**	**–**	**1,857**
Total revenue from contracts with customers	**84,955**	**505,369**	**590,324**
Geographical market			
Mainland China	**84,955**	**505,369**	**590,324**
Total revenue from contracts with customers	**84,955**	**505,369**	**590,324**
Timing of revenue recognition			
Goods/services transferred at a point in time	**49,968**	**238,848**	**288,816**
Services transferred over time	**34,987**	**266,521**	**301,508**
Total revenue from contracts with customers	**84,955**	**505,369**	**590,324**

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

For the year ended 31 December 2020

Segments	Software business *RMB'000*	Cloud service business *RMB'000*	Total *RMB'000*
Types of goods or services			
Sales of products	207,326	90,320	297,646
Rendering of services	61,955	148,855	210,810
Sale of purchased goods	962	–	962
Total revenue from contracts with customers	270,243	239,175	509,418
Geographical market			
Mainland China	270,243	239,175	509,418
Total revenue from contracts with customers	270,243	239,175	509,418
Timing of revenue recognition			
Goods/services transferred at a point in time	208,288	120,324	328,612
Services transferred over time	61,955	118,851	180,806
Total revenue from contracts with customers	270,243	239,175	509,418

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2021

Segments	**Software business** *RMB'000*	**Cloud service business** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers			
External customers	**84,955**	**505,369**	**590,324**
Total revenue from contracts with customers	**84,955**	**505,369**	**590,324**

For the year ended 31 December 2020

Segments	Software business *RMB'000*	Cloud service business *RMB'000*	Total *RMB'000*
Revenue from contracts with customers			
External customers	270,243	239,175	509,418
Total revenue from contracts with customers	270,243	239,175	509,418

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 *RMB'000*	2020 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of services	**128,399**	84,553

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of products

The performance obligation is satisfied upon delivery of products and payment in advance is normally required. No contract provides customers with a right of return which gives rise to variable consideration subject to constraint.

Rendering of services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

The amount of contract liabilities included in the current portion is approximately RMB274,341,000 (2020: RMB173,323,000). The amounts expected to be recognised as revenue within one year are affected when the end customer starts to use.

An analysis of other income and gains is as follows:

	2021	2020
	RMB'000	*RMB'000*
Other income		
Value-added tax refunds	**24,392**	29,216
Government grants	**616**	1,779
Interest income	**42,536**	31,495
Others	**781**	567
	68,325	63,057
Gains, net		
Fair value (losses)/gains, net:		
Financial assets at fair value through profit or loss	**(6,866)**	9,958
Others	**471**	527
	(6,395)	10,485
	61,930	73,542

5. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2021 RMB'000	2020 RMB'000
Cost of software sold		**2,692**	5,671
Cost of services provided		**176,126**	77,311
Cost of purchased goods sold		**1,154**	452
Cost of sales and services provided		**179,972**	83,434
Depreciation of property, plant and equipment		**2,730**	1,345
Depreciation of right-of-use assets		**6,017**	6,913
Amortisation of intangible assets *(note 1)*		**8,637**	14,980
Lease payments not included in the measurement of lease liabilities		**2,985**	2,343
Research and development costs *(note 2)*		**242,557**	161,688
Auditor's remuneration		**1,440**	1,460
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages and salaries		**460,389**	298,510
Equity-settled share-based payment expense		**829**	174
Pension scheme contributions *(note 3)*		**35,564**	17,119
		496,782	315,803
Foreign exchange differences, net		**3,445**	8,415
Impairment of an investment in an associate	*9*	**22,598**	13,510
Impairment of financial assets		**522**	31,110
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss	*4*	**6,866**	(9,958)

Note 1: During the year ended 31 December 2021, amortisation of intangible assets of approximately RMB7,177,000 (2020: RMB7,354,000) was included in "Cost of sales and services provided" in the consolidated statement of profit or loss.

Note 2: During the year ended 31 December 2021, research and development costs of approximately RMB226,995,000 (2020: RMB150,609,000) were included in employee benefit expenses.

Note 3: There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

	2021	2020
	RMB'000	*RMB'000*
Current tax	**(1,187)**	11
Deferred tax	**(6,971)**	(9,784)
Total tax credit for the year	**(8,158)**	(9,773)

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% was applied to the Company and its subsidiary which is in Mainland China for the years ended 31 December 2020 and 2021.

The Company was subject to income tax at the rate of 15% as a qualified high and new technology enterprise and entitled to deduct qualifying research and development expense from taxable profit during the years ended 31 December 2020 and 2021.

The subsidiary incorporated in the United States was subject to income tax at the rate of 21% for the years ended 31 December 2020 and 2021.

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:

2021	**Mainland China**		**USA**		**Total**	
	RMB'000	***%***	***RMB'000***	***%***	***RMB'000***	***%***
Loss before tax	**(192,946)**		**(282)**		**(193,228)**	
Tax at the applicable tax rate	**(48,237)**	**25.0**	**(59)**	**20.9**	**(48,296)**	**25.0**
Effect of different income tax rates *(note 1)*	**4,648**	**(2.4)**	**–**	**–**	**4,648**	**(2.4)**
Effect of tax incentives *(note 2)*	**(35,857)**	**18.6**	**–**	**–**	**(35,857)**	**18.6**
Loss attributable to an associate	**580**	**(0.3)**	**–**	**–**	**580**	**(0.3)**
Expenses not deductible for tax *(note 3)*	**10,362**	**(5.4)**	**5**	**(1.8)**	**10,367**	**(5.4)**
Tax losses and deductible temporary differences not recognised	**61,532**	**(31.9)**	**59**	**(20.9)**	**61,591**	**(31.9)**
Others	**(1,191)**	**0.6**	**–**	**–**	**(1,191)**	**0.6**
Tax credit at the Group's effective rate	**(8,163)**	**4.2**	**5**	**(1.8)**	**(8,158)**	**4.2**

6. INCOME TAX *(Continued)*

2020	Mainland China *RMB'000*	*%*	USA *RMB'000*	*%*	Total *RMB'000*	*%*
Profit/(loss) before tax	24,196		(577)		23,619	
Tax at the applicable tax rate	6,049	25.0	(121)	21.0	5,928	25.1
Effect of different income tax rates *(note 1)*	6,523	27.0	–	–	6,523	27.6
Effect of tax incentives *(note 2)*	(27,012)	(111.6)	–	–	(27,012)	(114.3)
Losses attributable to an associate	974	4.0	–	–	974	4.1
Expenses not deductible for tax *(note 3)*	3,682	15.2	11	(1.9)	3,693	15.6
Tax losses and deductible temporary differences not recognised	–	–	121	(21.0)	121	0.5
Tax credit at the Group's effective rate	(9,784)	(40.4)	11	(1.9)	(9,773)	(41.4)

Notes:

(1) The effect of different income tax rates represented the reduced amount of tax payment due to income tax exemption in the year. The Company was subject to a 15% income tax rate for the years ended 31 December 2020 and 2021.

(2) The 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 expenses from taxable profits.

During each of the years of 2020 and 2021, upon approval, the Company was entitled to an additional 75% of deduction of research and development expenditure for tax declaration.

(3) The 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.

The share of tax attributable to an associate amounting to RMB580,000 (2020: RMB974,000) is included in "Share of loss of an associate" in the consolidated statement of profit or loss.

7. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Proposal final dividend – Nil (2020: RMB0.08) per ordinary share	**–**	17,375

The final 2020 and 2019 dividend declared attributable to the forfeited shares held by the trustees under the Employee Trust Benefit Scheme of RMB143,000 and RMB712,000 will be collected by the Group when the Employee Trust Benefit Scheme expires and the trust is liquidated.

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2021.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss (2020: earnings) per share amount is based on the loss (2020: profit) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 299,637,075 (2020: 322,256,682) in issue during the year, as adjusted to reflect the target shares purchased by the trustees and target shares vested under the Employee Trust Benefit Scheme and Employee Share Ownership Scheme.

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

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2021 in respect of a dilution because the impact of the shares under Employee Share Ownership Scheme had an anti-dilutive effect on the basic loss per share amount presented.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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

	2021	2020
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent used in the basic and diluted (loss)/earnings per share calculation	**(185,070)**	33,392
Adjustment of the dividend for the holders of target shares under the Employee Share Ownership Scheme	**(1,233)**	–
Adjusted (loss)/profit attributable to ordinary equity holders of the parent	**(186,303)**	33,392

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**299,637,075**	322,256,682
Weighted average number of ordinary shares for the purpose of the diluted (loss)/earnings per share calculation	**299,637,075**	322,256,682

Note:

During the year ended 31 December 2021, the Group completed the capitalisation of capital reserve. Therefore, the (loss)/earnings per share for each reporting period are recalculated according to the adjusted number of shares.

9. INVESTMENT IN AN ASSOCIATE

On 1 September 2017, Beijing Chanjet Payment Technology Co., Ltd. ("**Chanjet Payment**") ceased to be a subsidiary of the Company and has been treated as an investment in an associate in the consolidated statement of financial position of the Group.

	2021	2020
	RMB'000	*RMB'000*
Investment in an associate	**68,818**	71,137
Provision for impairment	**(36,108)**	(13,510)
	32,710	57,627

The Group had no trade receivable and payable balances with the associate.

Particulars of the associate is as follows:

Name	**Nominal value of registered share capital**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Chanjet Payment	RMB 200,000,000	Beijing, China	19.28	Internet payment, bank card receipt and technical development

The Group's shareholding in the associate comprises equity shares held by the Company.

The amounts of current assets, non-current assets, current liabilities and net assets as at 31 December 2021 of Chanjet Payment adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements were RMB425,961,000 (2020: RMB507,687,000), RMB1,664,000 (2020: RMB4,276,000), RMB309,867,000 (2020: RMB381,467,000) and RMB117,758,000 (2020: RMB130,495,000), respectively.

As at 31 December 2021, the Group's share of net assets of the Chanjet Payment was 22,704,000 (2020:RMB25,024,000) and the carrying amount of the investment after the fair value adjustments made at the time of disposal and provision for impairment was RMB32,710,000 (2020: RMB57,627,000).

The amount of revenue for the year ended 31 December 2021 of Chanjet Payment adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements was RMB296,896,000 (2020: RMB744,821,000).

The share of Chanjet Payment's loss and total comprehensive loss for the year ended 31 December 2021 were RMB2,319,000 (2020: RMB3,897,000) and RMB2,319,000 (2020: RMB3,897,000), respectively.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value		
Beijing Yonyou Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	**11,628**	26,653
Yonyou Mobile Telecommunications Technology Service Co., Ltd.	**28,918**	25,246
Xi'an Rongke Telecommunications Technology Co., Ltd.	**1,676**	1,564
	42,222	53,463

The above equity investments as at 31 December 2021 were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

11. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**45,671**	5,184
Impairment	**(483)**	–
	45,188	5,184

Except for a few of the clients who are granted an average trade credit term around 90 days by the Group, main customers are required to make payments in advance. For Strategic and key customers, the Group's trading credit terms could be extended appropriately. The Group seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. Amounts included in trade receivables were denominated in RMB.

11. TRADE RECEIVABLES *(Continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**32,860**	5,184
90 days to 180 days	**8,786**	–
Over 180 days	**3,542**	–
	45,188	5,184

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At beginning of the year	**–**	–
Impairment losses	**(483)**	(472)
Amount written off as uncollectible	**–**	472
At end of year	**(483)**	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Less than 1 year
Expected credit loss rate	1.06%
Gross carrying amount *(RMB'000)*	45,671
Expected credit losses *(RMB'000)*	483

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021	2020
	RMB'000	*RMB'000*
Staff advances	**322**	592
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2)*	**6,318**	5,982
Prepayments	**101,292**	33,566
Contract costs	**46,251**	19,682
Deposits, other receivables and other assets	**11,793**	9,127
	165,976	68,949
Impairment allowance	**(266)**	(233)
	165,710	68,716
Less: Non-current portion		
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2):*		
Long-term receivables	**6,318**	5,982
Prepayments	**27,582**	–
Contract costs	**21,465**	–
Other assets	**5,441**	–
	60,806	5,982
Current portion	**104,904**	62,734

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

Notes:

(1) The share purchase fund held by the trustee for share-based payments was paid to Hwabao Trust Co., Ltd. in order to purchase the target shares under the Employee Trust Benefit Scheme. As at 31 December 2021, the share purchase fund has been deposited with an agreed deposit rate and will be collected when the Employee Trust Benefit Scheme expires and the trust is liquidated.

(2) The dividend paid for the forfeited shares held by the trustees under the Employee Trust Benefit Scheme will be collected by the Group when the Employee Trust Benefit Scheme expires, and the trust is liquidated.

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The credit risk exposure and expected credit losses for the amount due from the share purchase fund held by the trustee for share-based payments and deposits and other receivables were immaterial as at 31 December 2021 and 2020.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	RMB'000	*RMB'000*
Wealth management products	**100,618**	102,278

The Group purchases various wealth management products issued by banks in Mainland China. As at 31 December 2021, the Group purchased wealth management products at the cost of RMB100,000,000 (2020: RMB100,000,000) from commercial banks. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The details and breakdown of each of the financial assets at fair value through profit or loss as at the 31 December 2021 are as follows:

Name of bank	**Nature of products**	**Commencement date**	**Expiry date**	**Principal amount of deposit investment**	**Carrying value**
				RMB'000	*RMB'000*
Industrial and Commercial Bank of China Limited	Structured deposits	6 July 2021	6 January 2022	50,000	50,346
Bank of Ningbo	Structured deposits	30 November 2021	31 May 2022	50,000	50,272
				100,000	**100,618**

The details and breakdown of the financial assets at fair value through profit or loss as at the 31 December 2020 are as follows:

Name of bank	**Nature of products**	**Commencement date**	**Expiry date**	**Principal amount of deposit investment**	**Carrying value**
				RMB'000	*RMB'000*
Bank of Construction	Structured deposits	11 May 2020	11 May 2021	70,000	71,210
Bank of Communications	Structured deposits	13 January 2020	14 January 2021	30,000	31,068
				100,000	**102,278**

14. CASH AND BANK BALANCES

	2021	2020
	RMB'000	*RMB'000*
Cash on hand	**18**	36
Bank balances	**165,535**	226,648
Time deposits	**1,021,699**	1,074,599
Cash equivalents	**8,848**	10,350
	1,196,100	1,311,633
Provision for impairment	**–**	(30,392)
Cash and bank balances	**1,196,100**	1,281,241
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**378,833**	650,771
Cash and bank balances and interest receivables restricted from being used	**253,916**	316,311
Unrestricted interest receivables	**23,918**	18,876
Cash and cash equivalents as stated in the consolidated statement of cash flows	**539,433**	295,283

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

14. CASH AND BANK BALANCES *(Continued)*

Cash and bank balances and interest receivables included restricted deposits related with Baoshang Bank Co., Ltd. ("**Baoshang Bank**"), the details are as follows:

	2021	2020
	RMB'000	*RMB'000*
Guaranteed *(note 1)*	**334,723**	316,311
Non-guaranteed *(note 2)*	**–**	30,392
Total	**334,723**	346,703
Less: Cash and bank balance unrestricted	**80,816**	–
Restricted balance	**253,907**	346,703
Provision for impairment *(note 2)*	**–**	(30,392)
Net restricted balance	**253,907**	316,311

Note 1: The deposits were guaranteed by the People's Bank of China (the "**PBoC**"), China Banking and Insurance Regulatory Commission and Deposit Insurance and Fund Management Company Limited shortly subsequent to the took over of Baoshang Bank by various government authorities in May 2019. Such guaranteed deposits are not available for the Company's use until the completion of the transition of the deposits from Baoshang Bank to Huishang Bank Co., Ltd. and Mengshang Bank Co., Ltd.. As at 31 December 2021, the transition has been completed and the guaranteed deposits in Mengshang Bank are unrestricted from being used.

Note 2: Pursuant to the above takeover arrangement, the non-guaranteed deposits shall participate in subsequent compensation claim in accordance with laws. Subsequently, in August 2020, the PBoC announced that Baoshang Bank will go into bankruptcy and in November 2020, Baoshang Bank entered into liquidation process. Hence, full impairment provision of RMB30,392,000 was made against the non-guaranteed deposits placed with Baoshang Bank as at 31 December 2020. During the year ended 31 December 2021, the provision for impairment were written off.

14. CASH AND BANK BALANCES *(Continued)*

The Group's cash and bank balances are denominated in the following currencies:

	2021	2020
	RMB'000	*RMB'000*
RMB	**1,120,522**	1,142,938
HK$	**69,797**	132,144
US$	**5,781**	6,159
	1,196,100	1,281,241

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**15,470**	5,837
90 days to 1 year	**1,371**	1,120
Over 1 year	**1,357**	234
	18,198	7,191

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

16. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2021	2020
	RMB'000	*RMB'000*
Rendering of services	**371,937**	233,346
Analysed into:		
Current portion	**274,341**	173,323
Non-current portion	**97,596**	60,023

17. OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB'000	*RMB'000*
Tax payable (other than income tax)	**19,043**	16,661
Staff payroll and welfare payables	**72,140**	51,852
Advances from customers	**16,278**	12,139
Treasury shares repurchase obligation *(note)*	**141,181**	–
Other payables	**21,536**	16,425
	270,178	97,077

Other payables and accruals are non-interest-bearing and have no fixed terms of repayment.

Note: Treasury shares repurchase obligation arises from the Employee Share Ownership Scheme.

18. LONG-TERM LIABILITIES

	2021	2020
	RMB'000	*RMB'000*
Accrued bonus	**38,681**	405

On 28 December 2020, the board of directors approved the adoption of the long-term incentive bonus scheme (the "**Bonus Scheme**") to motivate the enthusiasm and creativity of the management team members and the core and key employees of the Company.

The appraisal dates are the first working day after the expiry of the second anniversary, third anniversary and fourth anniversary of the date of determination of the Bonus Scheme participants. Subject to the satisfaction of the appraisal conditions, the Bonus Scheme participants shall receive the bonus. The bonus shall be paid in three tranches within three months after the respective appraisal dates.

On 28 December 2020, the Board has considered and approved the list of the Bonus Scheme participants under the Bonus Scheme, which comprises Mr. Yang Yuchun, the executive director and the president of the Company, and 157 members of other mid to senior level management personnel, experts and key personnel of the Group.

During the year ended 31 December 2021, the total amount of the long-term incentive bonus expenses recognised in profit or loss under the Bonus Scheme was RMB38,276,000 (2020: RMB447,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Development Trend of the Industry

According to the data of the State Administration for Market Regulation, 28.872 million new market entities were established nationwide in 2021, representing a year-on-year increase of 15.4%, of which 9.04 million new enterprise entities were established, representing a year-on-year increase of 12.5%; the total number of market entities of different types exceeded 150 million nationwide, among which, there were 48.423 million enterprise entities. Market players of different types maintained a steady growth, and the quality of such players were improved as a whole. In 2021, the active enterprises remained at around 70%.

During the Reporting Period, in order to reduce the operating pressure of micro and small scale enterprises ("MSEs"), the Chinese government further increased tax incentives for MSEs, and supported the development of MSEs with an additional tax reduction of RMB295.1 billion. The People's Bank of China issued the Notice on In-depth Undertaking of the Projects to Raise Micro, Small and Medium-sized Enterprises Financial Services Capability (《關於深入開展中小微企業金融服務能力提升工程的通知》) to increase credit extension to micro, small and medium-sized enterprises and reduce their respective comprehensive financial cost. Favorable policy support has played an important role in stabilizing market players, boosting their vitality, and stabilizing economic fundamentals.

During the Reporting Period, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Further Deepening the Reform of Tax Collection and Administration (《關於進一步深化稅收徵管改革的意見》), proposing the transformation of tax supervision from "tax administration through invoices" to data-driven, segmented and precise supervision. Four departments, namely the Office of the National Archives Administration, the General Office of the Ministry of Finance, the General Office of the Ministry of Commerce and the General Office of the State Taxation Administration, jointly issued the Notice on Further Expanding the Pilot Program of Electronic Reimbursement, Recording and Filing of Electronic Invoices of Value-added Tax (《關於進一步擴大增值稅電子發票電子化報銷、入賬、歸檔試點工作的通知》) to further accelerate the application and promotion of the electronic value-added tax invoices. The first phase of the "Golden Tax Phase IV (金稅四期)" was officially launched with focus on implementing a fully digitized electronic invoice ("**all-electronic invoice**") platform. Some areas in Shanghai, Guangdong, and Inner Mongolia have launched pilot projects for all-electronic invoices. Relying on the national unified electronic invoice service platform, taxpayers could be provided with free services such as 24 hours online issuance, delivery, and inspection of all-electronic invoices. Such actions have promoted the upgrading of corporate finance and taxation management to the integration of invoice, finance and taxation. The Ministry of Finance issued the Accounting Informatization Development Plan (2021-2025) (《會計信息化發展規劃(2021-2025年)》) to accelerate the digital transformation of accounting management, promote the in-depth integration of business and finance, make full use of various information technologies to improve the level of data governance, and solidly promote accounting informatization to a higher level. In addition, the development of digital technology, the transformation of consumption patterns, and the catalysis of ongoing pandemic control have continued to promote MSEs to carry out business and management on cloud. Online business and online invoice, finance and taxation have gradually become a normal operation of MSEs' business, driving MSEs to transform into online operation and integration of business and finance.

The above development trends of industry have played a positive role in promoting the rapid development of the Group in the fields of digital intelligent finance and taxation, and digital intelligent business for MSEs, and have provided a broad market space for the Group to grow.

Major Risks and Uncertainties

In terms of industry competition, SaaS vendors in various fields and industries are emerging one after another, the market activity of enterprise cloud services continues to rise, and the market competition in the field of MSEs' digital intelligent finance and taxation, and digital intelligent business is relatively fierce. All of them may adversely affect the pace and cost of the Group's acquisition of large-scale customers. Relying on the deep understanding of cloud services for MSEs and the leading position in SaaS products, the Group will continue to innovate in the fields of digital intelligent finance and taxation, and digital intelligent business, offer first-class products, and continuously enhance product competitiveness. The Group will also take advantage of channels to quickly penetrate into the county-level market, accelerate diversified ecological cooperation, increase the resource investment in direct sales business and promote the successful operation of customers so as to rapidly increase market coverage, and actively respond to industry challenges.

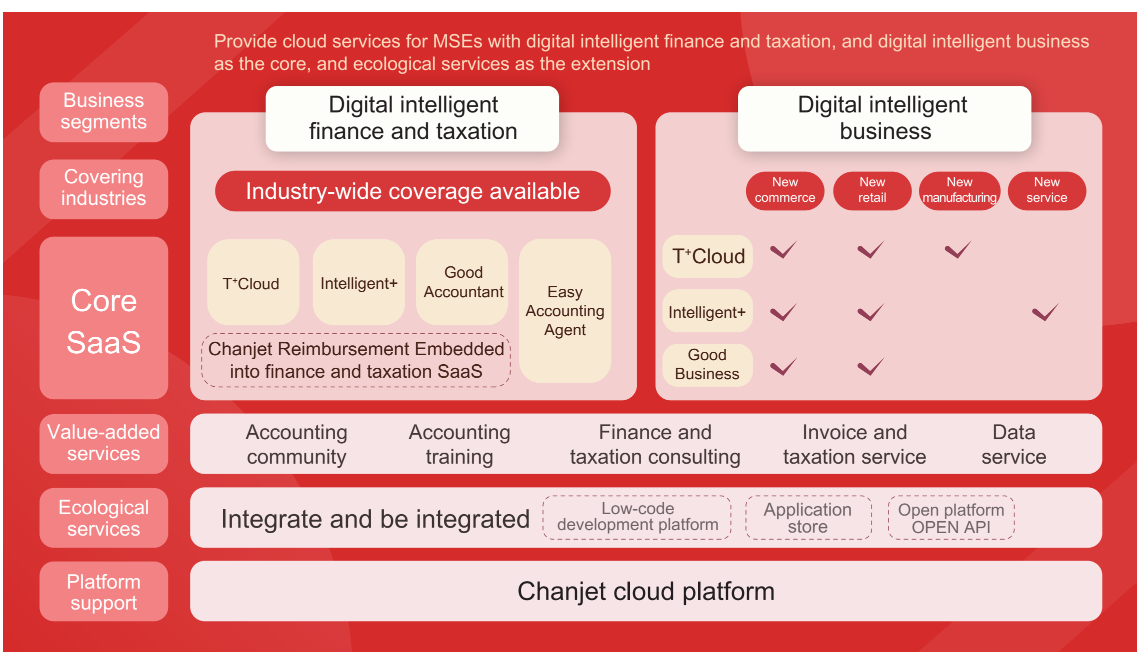
In terms of human resources, the rising market activity of enterprises providing enterprise cloud services has led to intensified competition for talents with core competitiveness in the industry, and the cost of attracting and retaining core talents has continued to increase. The Group will continue to deepen the building of employer brand and culture while strengthening the training and promoting of skills of existing talents, implement long-term incentive measures, and continuously enhance the introduction and retention of core talents.

Principal Business and Operating Conditions

During the Reporting Period, the Group firmly implemented the development strategy of giving priority to cloud service business and subscription service, and strategically increased resource investment in cloud service business. The Group achieved innovation, development and made breakthroughs in key cloud products, and strengthened the field characteristics and industry characteristics of products to further improve the product layout. The Group's sales channels and sales corporation with business partners developed rapidly. Social media and online marketing were applied to accelerate the acquisition of new users to adopt cloud services. Continued efforts were made to promote software users to integrate with and migrate to the cloud, which contributed to a high growth of revenue from cloud service business. During the Reporting Period, the revenue from cloud service business was RMB505.37 million, representing an increase of 111% over the previous year, and an increase in its proportion to the Group's revenue from 47% in the previous year to 86%, of which revenue from SaaS subscriptions was RMB258.68 million, representing an increase of 123% over the previous year; contract liabilities from SaaS subscriptions were RMB354.70 million, representing an increase of 72% from the end of the previous year. During the Reporting Period, the number of new paying enterprise users of the Group's cloud service business reached 180,000, representing an increase of 201% over the previous year; by the end of the Reporting Period, the number of accumulated paying enterprise users of cloud service business reached 397,000.

During the Reporting Period, the Group achieved a total revenue of RMB590.32 million, representing an increase of 16% over the previous year; the loss attributable to owners of the parent was RMB185.07 million, as compared to profit attributable to owners of the parent of RMB33.39 million for the previous year; the basic loss per share of the Group was RMB0.622, as compared to basic earnings per share of RMB0.104 for the previous year. During the Reporting Period, the Group accelerated its strategic transformation from a licensed software business with one-off revenue recognition at the time of sales to a subscription-based public cloud services. The subscription-based business recognized accrual revenue in installments by user's usage period, which will have an impact on the revenue and profit during the Reporting Period in the business transformation stage, but it is expected to have a positive impact on the Company's future business development and revenue growth.

1. *Development of cloud service business*



The Group focuses on two major fields, namely digital intelligent finance and taxation, and digital intelligent business for MSEs. It takes financial and taxation capabilities as its core advantages, the business-finance integration as effective means for field and industrial application to develop and operate the Group's core SaaS products on the basis of the self-developed cloud-native platform. Chanjet Good Accountant is a digital intelligent finance and taxation SaaS product that integrates invoice, finance, tax, fee, bank, and filing for MSEs with full-time accountants. Chanjet Easy Accounting Agent is a digital intelligent finance and taxation SaaS product for account agencies. Chanjet Reimbursement (小暢報銷) is a new reimbursement SaaS product that is applied to all MSEs, and can be integrated with Good Accountant, Intelligent+ and T+Cloud to facilitate the whole process of reimbursement, payment and bookkeeping. Chanjet Good Business is a marketing-based purchase-sale-stock SaaS product for micro-commerce and retail enterprises. T+Cloud is an integrated SaaS product with "people, finance, goods, customers and data" for small enterprises in industry, integrated operation of industry and trade, commerce wholesale, and chain retail. It helps MSEs achieve refined, digital and intelligent management, reduce costs, and increase efficiency. Chanjet Intelligent+ is a SaaS product for small enterprises in commerce, retail and service industries. With digital and intelligent operation and management as the core, it helps enterprises realize the integration of business, invoice, finance and taxation. Through omni-channel and omni-scenario mobile management, online and offline marketing collaboration, it enhances the competitiveness of enterprises. Focusing on the operating characteristics of MSEs in wholesale and retail, manufacturing and service industries, digital intelligent business products focus on strengthening the characteristics of fields and industries, and accelerate the large-scale development of business-finance integration. For the wholesale and retail industry, Good Business and Intelligent+ have strengthened new retail and new commerce functions; for the manufacturing industry, "T+Cloud new manufacturing" has launched intelligent process management and quality inspection management; for the productive service industry, "Intelligent+ new service" has launched project-based business-finance integrated management. Meanwhile, by carrying out a series of marketing activities such as "One of the Best Enterprises in Business Innovation (數一數二企業商業創新行)", we have developed and promoted a batch of best customer practice cases. While providing SaaS tools, we practice the service concept of customer success, and help MSEs quickly realize digital transformation.

Based on the micro-service structure of cloud-native platform, the functions and features of the above-mentioned core SaaS products of the Group can be quickly assembled and reused, and support integration and being integrated, laying a good foundation for customers to flexibly choose products, as well as future upgrades and additional purchases of products, as a way to support the increase of customer unit prices. The low-code development platform and integrated open platform attract ISV in the field of enterprise services and partners with secondary development capabilities to continuously enrich product application scenarios through the cloud platform as a way to meet the personalized needs of customers, and broaden the cooperation with ecological partners. It also creates room for profit improvement for traditional channel partners, which is conducive to the win-win development of the Group and its partners. As of the end of the Reporting Period, Chanjet open platform settled 530 ISV partners, and released more than 200 applications on an accumulative basis. The applications developed and created by ISV partners were connected with APIs such as T+Cloud, Intelligent+, Good Accountant, Good Business, etc. to co-create cloud service solutions for e-commerce, logistics, manufacturing, advertising and other industries. Such efforts have effectively met the management needs of MSEs.

During the Reporting Period, in terms of marketing, the Group continued to strengthen channel coverage and diversified layout, and the number of partners increased by 33% compared to the end of the previous year. The Group innovated the GOT (GOAL-OBJECTIVE-TASK) partner co-creation plan and joint operation activities to strengthen the on-site support for partners to develop cloud business capabilities and sales, improve their capabilities to acquire business opportunities, operate customers and manage business, and help them quickly improve operational capabilities. Combined with the operation characteristics of cloud service business, we provided systematic and comprehensive methodologies of cloud business operation for partners in different development stages, helped new partners quickly develop cloud service business, and guided existing partners to transform to cloud service business operation. We actively strengthened ecological cooperation and improved industry influence and coverage. The Group's own and co-constructed SaaS products have achieved a leading position in the field of digital intelligent finance and taxation, and digital intelligent business for MSEs in Alibaba Cloud market and Huawei Cloud market. During the Reporting Period, the order amount exceeded RMB60 million, and we won Alibaba Cloud's "Best Co-Creation Award (最佳共創獎)" and the title of "Top Ten Benchmark Partners of Huawei Cloud Starlight Plan 2021 (2021華為雲星光計劃十大標桿夥伴)". Meanwhile, continued efforts were made to explore large-scale marketing models in various ecological partner channels. In terms of customer acquisition through direct sales, actions were taken to optimize search engine placement, and promote social marketing and the growth model of "short video marketing for customer acquisition + community transformation" to improve the conversion efficiency of customer acquisition by way of tele-sales. Private domain operations were comprehensively carried out. User connections were increased through WeCom and social groups to activate existing software users. In terms of user operation, users were stratified according to their industry and business characteristics, and the high-quality content of Service Wiz (服寶) intelligent service, community in Accountant Home (會計家園), service community and other platforms was integrated to provide users with personalized, scene-based content and knowledge services, increase user stickiness, and improve the conversion efficiency of new purchases.

During the Reporting Period, at the market level, by virtue of the promotion of electronic invoices and the "Golden Tax Phase IV", and the favorable opportunity from the state's supporting policies for "Specialized, Fined, Peculiar and Innovative (專精特新)" small- and medium-sized enterprises, the Group successively launched online and offline digital marketing activities for MSEs. The online "One of the Best Enterprises in Business Innovation" focused on the promotion of the best digital practices and application scenarios of MSEs, and was well acclaimed by corporate customers and partners. The offline activity themed "Small and Beautiful MSEs Innovation Practice Sharing (小而美小微企業創新實踐分享)" focused on the innovation and development cases of MSEs in sub-sectors, which played an exemplary role in the digitization of enterprises. Some cases were selected into the 2021 China Big Data Application Model 100 Cases (2021中國大數據應用樣板100例) by the China Information Industry Association Big Data Branch. Through online live broadcasts, offline salons and other forms, the "520 MSEs Care Day (520小微企業關愛日)", "Accounting Culture Festival (會計文化節)" and other series of activities were conducted to attract hundreds of thousands of accounting practitioners, which played a positive role in promoting the transformation of MSEs to digital and intelligent operation.

(1) Digital intelligent finance and taxation realizes the integration of invoice, finance, tax, fee, bank and filing, and consolidates the core advantages of cloud finance and taxation

During the Reporting Period, thanks to industry development opportunities brought by policies regarding invoice electronification, electronic archives and the "Golden Tax Phase IV", the demand of MSEs for SaaS products with the integration of invoice, finance and taxation further increased. Through electronic invoices, bank-enterprise interconnection, Chanjet Reimbursement, individual tax declaration, national tax declaration, and electronic file management, Good Accountant has realized the integrated management of invoice, finance, tax, fee, bank, and filing. Easy Accounting Agent has strengthened the intelligent features, and has been comprehensively improved in the aspects of intelligent bill collection, intelligent accounting, intelligent tax declaration, and intelligent filing. It focuses on the development of one-click tax declaration, and through RPA and direct connection to the tax declaration interface, it also supports the national tax declaration in multiple provinces and cities to improve the tax declaration efficiency of account agencies. T^+Cloud and Intelligent+ have deepened the integration of business management processes in the integration of invoice, finance, tax, fee, bank and filing.

During the Reporting Period, digital intelligent finance and taxation strengthened the first brand of cloud finance and taxation for MSEs, focused on strengthening ecological cooperation, and enhanced the capability to integrate and be integrated. The financial and taxation capabilities in the product were integrated with various ecological partners in a scenario-based manner to facilitate rapid integration with partners, realize cooperation and guide traffic, and expand market coverage. According to the characteristics of accountants in MSEs, it strengthened community operations, cultivated accountants' usage habits, and provided more than 100 competency enhancement programs around financial management, tax management and other scenarios to enhance user stickiness.

(2) Digital intelligent business achieves innovative breakthroughs in new manufacturing and new service fields

With the promotion of "three waves (三疊浪)", namely technological upgrading, consumption upgrading, business model innovation, and the ongoing pandemic control, it will gradually become the instinct of survival and development for MSEs to get business online. During the Reporting Period, the Group focused on improving the new commerce, new retail, new manufacturing and new service features of products, and achieved breakthroughs and development in products of digital intelligent business.

In response to the needs of consumption upgrading and digital transformation of retail enterprises, the Group optimized offline smart stores and online micro-malls, connected with new consumption channels such as Douyin and Kuaishou, and built an online and offline integrated membership operation model. The combination of front-end retail scenarios and back-end business-finance integration helped further enhance product competitiveness in the retail field.

For manufacturing enterprises, "T+Cloud new manufacturing" has released a function module of intelligent workshop to solve the problems of intelligent process dispatch, dynamic inventory management, and refined labor and material cost accounting; released a function module of quality inspection management to automatically collect quality inspection data and generate quality inspection report. At the same time, combined with the goal of establishing one million innovative small- and medium-sized enterprises, 100,000 "Specialized, Fined, Peculiar and Innovative" small- and medium-sized enterprises, and 10,000 Specialized, Fined, Peculiar and Innovative "little giant (小巨人)" enterprises during the "14th Five-Year Plan" period, informatization solutions were released for manufacturing to promote MSEs to "adopt cloud, use digital platform, and be empowered with intelligence".

The "14th Five-Year Plan" clearly proposes to promote the prosperity and development of the service industry. The Group has launched a new "Intelligent + new service" for the productive service industry, which can meet the needs of project-based business-finance integrated management requirements for construction and installation, commercial services, information technology, scientific research and other industries to achieve integrated project management such as project progress, contract management, material management, cost control, finance and taxation management.

For catering enterprises, the Group continued to deepen the strategic cooperation with Meituan, and released the T+Cloud Meituan special version product. The Group provided supply chain management and financial management systems to support data connection with the Meituan catering system as a way to jointly provide customers with comprehensive catering management system services.

As for the popular purchase-sale-stock market, Good Business has realized full mobility. The Group optimized the low-end market-oriented Kaidanbao (開單寶) and PDA, Changdanbao (唱單寶), Xiaoyi Cloud Printing (小易雲打印) and other software and hardware integrated products. Taking into account characteristics of food, clothing, fresh fruits and vegetables and other industries, and through the prefabrication of industrialized solutions, we offered out-of-the-box products for customers as a way to further penetrate into the markets in lower-tier cities, and accelerate the large-scale development of customers.

2. *Development of software business*

During the Reporting Period, the Group implemented a maintainable development strategy for software products, and continued to incorporate digital and intelligent cloud service capabilities into software products; actively discontinued sales of popular financial software products, launched a favorable strategy for software migration to the cloud, and accelerated cloud integration and migration of existing software enterprise users to promote the transformation of software users to digital and intelligent operation and management.

3. *Development of brand and market*

During the Reporting Period, according to the "2021 Special Analysis on Cloud Finance and Taxation Market for MSEs in China (中國小微企業雲財稅市場專題分析2021)" released by Analysys, Chanjet ranked first in the comprehensive strength of cloud finance and taxation service providers in terms of comprehensive score. Chanjet Good Accountant ranked first in terms of coverage in the cloud finance and taxation market.

During the Reporting Period, the Company has obtained the ISO27001 certification of the information security management system (ISMS) standard, which indicates that the Company meets the requirements of international advanced standards in information security management. The Company's "MSEs one-stop service platform project (小微企業一站式服務平台項目)" has passed the official evaluation of the "Research, Development and Operation Integration (DevOps) Capability Maturity Model (研發運營一體化(DevOps)能力成熟度模型)" security and risk management (DevSecOps standard) of the China Academy of Information and Communications Technology, representing that the Company's security delivery and operation capabilities in this business system have reached the advanced level in China.

During the Reporting Period, the Company was successfully selected into the "National Public Service Demonstration Platform for Small-and-Medium-sized Enterprises (國家中小企業公共服務示範平台)" by the Ministry of Industry and Information Technology of China, and the list of "Specialized, Fined, Peculiar and Innovative" small-and-medium-sized enterprises in Beijing (北京市「專精特新」中小企業認定名單); and was awarded the "Best MSEs Cloud Finance and Taxation Service Provider of the Year (年度最佳小微企業雲財稅服務廠商)" at the 8th Global Internet Economic Conference of GIEC 2021; and was selected into the "2021 Pioneer Practice Case of Enterprise Digital Governance (2021企業數字化治理先鋒實踐案例)" by China Academy of Information and Communications Technology; was awarded the "Top Ten Benchmark Partners of Huawei Cloud Starlight Plan 2021 (2021華為雲星光計劃十大標桿夥伴)" at the "Huawei China Ecological Conference 2021 (華為中國生態大會2021)" held by Huawei, and also won the "Huawei Cloud Kunpeng Best Practice Partner Award (華為雲鯤鵬最佳實踐夥伴獎)"; won the Alibaba Cloud's "Best Co-Creation Award (最佳共創獎)" and "Cloud Cooperation Plan 2021 Excellent Partner Technology Pioneer Award (雲合計劃2021年度優秀夥伴技術先鋒獎)"; and won the "Best SaaS Service Provider of the Year (年度最佳SaaS服務商)" at the 6th SaaS Application Conference held by Top Zhihui and co-sponsored by Shanghai Software Industry Association and Shanghai Chief Information Officer Alliance (上海首席信息官聯盟). Chanjet Good Accountant won the award of "Outstanding Innovative Product of Digital Transformation in 2020-2021 (2020-2021年度數字轉型傑出創新產品)" at the "2021 IT Market Annual Conference (2021 IT市場年會)" hosted by CCID Consulting.

FINANCIAL REVIEW

	For the year ended 31 December		Change in	Percentage
	2021	2020	amount	change
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**590,324**	509,418	80,906	16
Cost of sales and services provided	**(179,972)**	(83,434)	(96,538)	116
Gross profit	**410,352**	425,984	(15,632)	(4)
Gross profit margin	**70%**	84%	(14)%	
Other income and gains	**61,930**	73,542	(11,612)	(16)
R&D costs	**(242,557)**	(161,688)	(80,869)	50
Selling and distribution expenses	**(304,462)**	(189,173)	(115,289)	61
Administrative expenses	**(88,403)**	(65,280)	(23,123)	35
Impairment losses of financial assets	**(522)**	(31,110)	30,588	(98)
Other expenses	**(26,637)**	(23,355)	(3,282)	14
Finance costs	**(610)**	(1,404)	794	(57)
Share of loss of an associate	**(2,319)**	(3,897)	1,578	(40)
(Loss)/profit before tax	**(193,228)**	23,619	(216,847)	(918)
Income tax credit	**8,158**	9,773	(1,615)	(17)
(Loss)/profit for the year	**(185,070)**	33,392	(218,462)	(654)
Attributable to:				
Owners of the parent	**(185,070)**	33,392	(218,462)	(654)

Operating Results

During the Reporting Period, the Group recorded a revenue of RMB590.32 million, representing an increase of 16% as compared to last year, mainly due to the revenue from cloud service business of RMB505.37 million, representing an increase of 111% as compared to last year. Loss for the year of the Group was RMB185.07 million, while the profit for the year was RMB33.39 million last year. Loss attributable to owners of the parent was RMB185.07 million while profit attributable to owners of the parent was RMB33.39 million last year. The basic loss per share of the Group was RMB0.622, while the basic earnings per share was RMB0.104 last year.

The main reasons for the loss for the year of the Group are that the Group has comprehensively promoted the strategies of cloud-service-business-first and subscription-first, strategically dedicated more resources to its cloud service business and downsized its software business: (i) the Group expanded the size of research and development and sales personnel of cloud service business, and as of 31 December 2021, the Group had 1,289 employees in total, representing an increase of 289 employees over the end of last year; (ii) the scale of revenue from cloud service business expanded, contract operation costs and expenditure on sales promotion increased correspondingly; (iii) the SaaS subscription-based business recognized accrual revenue in installments by user's usage period, which will have an impact on the revenue and profit of the Reporting Period in the business transformation stage; and (iv) the expenses incurred by the Long-term Employee Incentive Point Scheme (the "**Point Scheme**"), the Employee Share Ownership Scheme, and the Long-term Incentive Bonus Scheme (collectively, the "**Long-term Incentive Scheme**") of approximately RMB84.21 million in total were included in the current statement of profit or loss, representing an increase of approximately 510% from RMB13.81 million last year. Upon deduction of the impact of expenses of the aforesaid Long-term Incentive Scheme, the Group's loss attributable to owners of the parent was approximately RMB100.86 million.

Revenue

For the year ended 31 December 2021, the revenue of the Group was RMB590.32 million, representing an increase of 16% as compared to last year: (i) revenue from cloud service business was RMB505.37 million, representing an increase of 111% as compared to last year, and its proportion in the revenue of the Group increased from 47% in the last year to 86%, of which revenue from SaaS subscriptions was RMB258.68 million, representing an increase of 123% as compared to last year; and (ii) revenue from software business was RMB84.96 million, representing a decrease of 69% as compared to last year.

The following table sets forth a breakdown of revenue of the Group by operating segment:

	For the year ended 31 December				Change in	Percentage
	2021		2020		amount	change
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue from software business	**84,955**	**14**	270,243	53	(185,288)	(69)
Revenue from cloud service business	**505,369**	**86**	239,175	47	266,194	111
Revenue	**590,324**	**100**	509,418	100	80,906	16

Cost of Sales and Services Provided

For the year ended 31 December 2021, the Group's cost of sales and services provided was RMB179.97 million, representing a year-on-year increase of 116%, which was mainly due to an increase of RMB92.18 million in contract operation costs of cloud service business, and an increase of RMB6.93 million of labour costs.

The following table sets forth a breakdown of cost of sales and services provided of the Group by operating segment:

	For the year ended 31 December				Change in	Percentage
	2021		2020		amount	change
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Software business	**6,829**	**4**	16,943	20	(10,114)	(60)
Cloud service business	**173,143**	**96**	66,491	80	106,652	160
Cost of sales and services provided	**179,972**	**100**	83,434	100	96,538	116

The following table sets forth a breakdown of cost of sales and services provided of the Group by nature:

	For the year ended 31 December				Change in amount	Percentage change
	2021		2020			
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Contract operation costs	**126,380**	**70**	34,199	41	92,181	270
Labour costs	**20,329**	**11**	13,400	16	6,929	52
Service costs	**10,322**	**6**	11,876	14	(1,554)	(13)
Operation and maintenance costs	**10,500**	**6**	8,039	10	2,461	31
Amortisation of intangible assets	**7,177**	**4**	7,354	9	(177)	(2)
Software development and production costs	**2,692**	**2**	5,687	7	(2,995)	(53)
Other costs	**2,572**	**1**	2,879	3	(307)	(11)
Cost of sales and services provided	**179,972**	**100**	83,434	100	96,538	116

Gross Profit and Gross Profit Margin

For the year ended 31 December 2021, the Group achieved a gross profit of RMB410.35 million, representing a decrease of 4% as compared to last year. The gross profit margin of the Group was 70%, representing a decrease of 14 percentage points as compared to last year. The decrease in gross profit and gross profit margin was mainly attributable to the decrease of revenue from software business, the decrease of the gross profit margin from cloud service business, and the increase in the proportion of revenue from cloud service business. The gross profit margin from software business was 92%, representing a decrease of two percentage points as compared to last year; the gross profit margin from cloud service business was 66%, representing a decrease of six percentage points as compared to last year, which was mainly attributable to the significant increase of contract operation costs of cloud service business.

The following table sets forth a breakdown of gross profit of the Group by operating segment:

	For the year ended 31 December				Change in amount	Percentage change
	2021		2020			
	RMB'000	**%**	*RMB'000*	%	*RMB'000*	%
Software business	**78,126**	**19**	253,300	59	(175,174)	(69)
Cloud service business	**332,226**	**81**	172,684	41	159,542	92
Gross profit	**410,352**	**100**	425,984	100	(15,632)	(4)

The following table sets forth a breakdown of gross profit margin of the Group by operating segment:

	For the year ended 31 December		Change in amount
	2021	2020	
	%	%	%
Software business	**92**	94	(2)
Cloud service business	**66**	72	(6)
Gross profit margin	**70**	84	(14)

Other Income and Gains

For the year ended 31 December 2021, the Group's other income and gains were RMB61.93 million, representing a decrease of 16% as compared to last year, mainly due to the decrease of RMB11.44 million in fair value change of unlisted equity investments financial assets.

R&D Costs

For the year ended 31 December 2021, R&D costs of the Group amounted to RMB242.56 million, representing an increase of 50% as compared to last year, which was mainly attributable to the increase in the investment in R&D of cloud service business and carrying out structural optimisation, and the number of R&D personnel increased by 29% as compared to the end of last year.

The following table sets forth a breakdown of R&D costs of the Group:

	For the year ended 31 December				Change in amount	Percentage change
	2021		2020			
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
R&D costs of software business	**4,092**	**2**	5,210	3	(1,118)	(21)
R&D costs of cloud service business	**238,465**	**98**	156,478	97	81,987	52
R&D costs	**242,557**	**100**	161,688	100	80,869	50

Selling and Distribution Expenses

For the year ended 31 December 2021, the selling and distribution expenses of the Group were RMB304.46 million, representing an increase of 61% as compared to last year, which was mainly attributable to the increase in the number of sales personnel by 33% as compared to the end of last year; the intensified promotion of Chanjet's brand, leading to the increase of the expenditure on sales promotion for cloud service business.

Administrative Expenses

For the year ended 31 December 2021, the administrative expenses of the Group was RMB88.40 million, representing an increase of 35% as compared to last year, which was mainly attributable to the increase of RMB18.61 million in Long-term Incentive Scheme expenses that were included in administrative expenses.

Other Expenses

For the year ended 31 December 2021, other expenses of the Group were RMB26.64 million, mainly included a provision for impairment of RMB22.60 million made by the Group in respect of the investment in an associate of the Company, and an exchange loss of RMB3.45 million due to the exchange rate changes. The provision for impairment made by the Group on Beijing Chanjet Payment Technology Co., Ltd. ("**Chanjet Payment**"), an associate of the Company, which was mainly attributable to the relevant business transformation of Chanjet Payment based on the industry environment and development trend.

Income Tax Credit

For the year ended 31 December 2021, the income tax credit of the Group was RMB8.16 million, which was mainly the deferred income tax credit recognized for uncovered tax losses.

Loss/Profit Attributable to Owners of the Parent

For the year ended 31 December 2021, the loss attributable to owners of the parent of the Group was RMB185.07 million, and the profit attributable to the owners of the parent last year was RMB33.39 million.

Liquidity

Condensed cash flow statement

	For the year ended 31 December		Change in
	2021	2020	amount
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows (used in)/from operating activities	**(90,732)**	90,516	(181,248)
Net cash flows from/(used in) investing activities	**364,258**	(214,761)	579,019
Net cash flows used in financing activities	**(27,835)**	(95,414)	67,579

Net cash flows used in/from operating activities

For the year ended 31 December 2021, net cash flows used in operating activities of the Group was RMB90.73 million, while net cash flows from operating activities of the Group was RMB90.52 million for the last year, which was mainly due to the increase in cash paid to and for the benefit of employees, contract operation costs prepaid by the Group for cloud service business and expenditure on sales promotion.

Net cash flows from/used in investing activities

For the year ended 31 December 2021, net cash flows from investing activities of the Group was RMB364.26 million, which was mainly due to the fact that some of the Group's time deposits matured during the Reporting Period.

Net cash flows used in financing activities

For the year ended 31 December 2021, net cash flows used in financing activities of the Group was RMB27.84 million, which was mainly due to the distribution of the 2020 final dividend during the Reporting Period and the payment of lease principal and interest under the application of "IFRS 16 – Lease".

Capital Structure and Financial Resources

	As at 31 December	
	2021	2020
Cash and bank balances *(RMB'000)*	**1,196,100**	1,281,241
Current ratio	**257%**	513%
Gearing ratio	**0%**	0%

As at 31 December 2021, the cash and bank balances of the Group was RMB1,196.10 million (31 December 2020: RMB1,281.24 million). The decrease in cash and bank balances was mainly due to the increase in cash paid to and for the benefit of employees, contract operation costs prepaid by the Group for cloud service business and expenditure on sales promotion. Cash and bank balances of the Group was mainly denominated in RMB, with certain amount denominated in Hong Kong dollars and small amount denominated in United States dollars, details of composition of the currency form are set out in note 14 to the financial statements. Cash and bank balances of the Group was mainly used for business development and daily operations, acquisitions and capital expenditure, and dividend payments and so on. With stable cash inflows generated from the daily business operations, together with the proceeds raised from listing, the Group has sufficient resources for future development.

The Funds Management Policy of the Group is to maintain the continuity of funding and maintain an optimal capital structure to reduce the cost of capital and ensure the sustainable operation of the Group with an aim to provide returns for shareholders and benefits for other stakeholders.

The current ratio (calculated based on total current assets divided by total current liabilities) of the Group as at 31 December 2021 was 257% (31 December 2020: 513%). The decrease in current ratio was mainly due to the significant increase in current liabilities, which caused by the recognition of other payables of RMB141.18 million as a result of the Group's treasury share repurchase obligations arising from the implementation of the Employee Share Ownership Scheme and the increase in contract liabilities brought about by rising receipts in advance for cloud services business.

The Group had no borrowings and interest-bearing liabilities. As of 31 December 2021, the Group's gearing ratio was nil. Gearing ratio was calculated based on the net debt divided by total equity. Net debt was calculated as the total amount of interest-bearing liabilities less cash and bank balances.

Capital Expenditure

For the year ended 31 December 2021, the capital expenditure of the Group mainly included: the additional expenditure on property, plant and equipment of RMB8.19 million (2020: RMB1.03 million); the additional expenditure on right-of-use assets (mainly refers to leased office buildings) of RMB2.32 million (2020: RMB1.05 million); and the additional expenditure on intangible assets of RMB0.55 million (2020: RMB0.49 million).

Contingent Liabilities

As at 31 December 2021 and 31 December 2020, the Group did not have any contingent liabilities, nor did it have any proposal on contingent liabilities issue.

Charges on Assets

As at 31 December 2021 and 31 December 2020, the Group did not have any charges on assets.

Significant Investments

During the Reporting Period, the Group did not have any significant investment. The Board did not approve any other major investment or plan on acquisition of capital assets as at the date of this announcement.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisition and disposal in relation to subsidiaries, associates and joint ventures.

The Impact of the Novel Coronavirus Pandemic on Business Operation

In 2021, the Chinese government firmly implemented the prevention and control strategy of "Defense of External Input and Internal Spread (外防輸入、內防擴散)", continued to insist the Pandemic prevention policies and measures of the "dynamic zero-case" and "normalization". The domestic Pandemic was characterized by multiple transmission chains, sporadic outbreaks and small-scale concentration, but there was no large-scale spread of the Pandemic, and the overall situation of the Pandemic was stable in the PRC. The sporadic outbreaks and small-scale concentration of the Pandemic had a short-term and periodical adverse impact on the offline promotion business of a small number of first-line offices of the Group. However, at the same time, the Pandemic has continuously prompted the MSEs to increase the demand for intelligent online operation. MSEs were increasingly accepting the Group's SaaS cloud products, which accelerated the Group's transformation into cloud service business. The Group has continuously improved the SaaS cloud product layout, strengthened social media and online marketing, and continued to reinforce ecological cooperation and channel coverage layout by strategically increasing resource investment in cloud service business, so as to mitigate the short-term and periodical adverse impact of the Pandemic. With funds generated from previous operating activities and stable cash inflows generated from daily business operations, the Group had relatively sufficient working capital and was in good condition in terms of current assets. The management concluded that during the Reporting Period, the Pandemic had no significant adverse impact on the Group's business through a comprehensive assessment.

Foreign Exchange Fluctuation Risks

The Group conducted its domestic business primarily in RMB, which was also its functional currency. Chanjet U.S., a subsidiary of the Company, settled in US dollars. No currency hedging arrangement has been made by the Group. The Group, mainly through closely focusing on the foreign exchange fluctuation, conducted foreign exchange settlement and foreign exchange for the balance of proceeds raised when appropriate to alleviate foreign exchange fluctuation risks.

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.

PROSPECTS

In 2022, the Group will focus on two major fields, namely digital intelligent finance and taxation, and digital intelligent business for MSEs. Continued efforts will be made to innovate and iterate product application, expand sales channels, and adhere to ecological co-prosperity so as to further enhance market coverage. The Group will maintain rapid growth in the revenue of SaaS subscriptions, strive for a breakthrough in the growth of total revenue, and seize the leading position in the cloud service market for MSEs.

The Group will accelerate product innovation and development with the integration of business and finance, and intelligent finance and taxation as the core. In terms of digital intelligent finance and taxation, the Group will further improve the integrated development of invoice, finance, tax, fee, bank and filing of Good Accountant by virtue of the advancement of "Golden Tax Phase IV (金稅四期)". The one-click tax declaration function of RPA will be developed for Easy Accounting Agent to build a self-service, intelligent finance and taxation model. The capacity building for ecological openness and integration will be expedited to improve adaptability to various ecological channels. In terms of digital intelligent business, the Group will continue to optimize products in new commerce, new retail, new manufacturing, and new service. For new commerce, the integrated coordination mechanism between dealers and brand owners will be intensified to deepen the coverage of dealer groups. For new retail, the industry characteristics will be strengthened in fresh food, clothing, maternal and infant industries, and the franchise chain model will be improved to advance the transformation of traditional enterprises to an online and offline integrated operation model. For new manufacturing, the Internet-based and IoT-based production and management process will be enhanced to elevate the digital and intelligence level of small and micro manufacturing enterprises. New service will advance product malleability, enhance delivery capability and improve industry adaptability.

The Group will adhere to the principle of customer success, and help MSEs realize digital and intelligent operation and online business. With channel partners, direct sales channels, and ecological cooperation as three driving forces, the Group implements categorized and classified operations for customers. The "Ten Hundred Million (十百千萬)" plan is released with focus on ten major sub-sectors to achieve large-scale customer acquisition. 100 ecological integration applications and best practice cases will be forged around the platform of cloud products. Thousands of professional digital value-added service providers will be developed in different industries and fields among channel partners. The Group will expand the social marketing model, vigorously develop industry vertical traffic agencies as well as individual traffic for cooperation, and continue to deploy new marketing channels such as new media and short videos to obtain a market coverage of one million enterprises. The Group will continue to expand and extend partners, develop new ecological partners, and enlarge county-level market coverage. It will strategically and structurally strengthen online direct sales business, carry out inbound marketing model, and attach great importance to the combined development effect of product-driven growth, marketing-driven growth, and sales-driven growth. The Group will apply social group operation, community operation, in-product operation and other means to promote payment conversion rate. It will integrate enterprise service resources in the industry, and enrich value-added services. While providing SaaS tools for the digital transformation of MSEs, the Group also provides customers with financial and tax consulting, accounting practice training and other services to improve customer satisfaction. The Group will continue to upgrade the customer success system, strengthen customer operation, and improve the life cycle value of customers.

The Group will continue to build strong organizational capabilities, stimulate the vitality of the organization, and promote the efficient operation of the organization. While continuously optimizing the personnel structure, it will continue to strengthen the building of expert teams and senior talent teams; conduct talent review periodically, and select, use, train, and retain core talents in core positions; implement the mentoring system to strengthen cadre capacity and build up talent reserve. The Group will carry out an empowerment plan that is classified and categorized according to professional sequences and employee categories; practice corporate cultural values, and accelerate business development with corporate culture so as to secure the sound development of the Group in the long run.

Significant Events after the Reporting Period

As of 31 December 2021, the Company's audited undistributed profit was RMB-137,695,407, and the Company's audited statutory surplus reserve was RMB76,373,544. In order to reduce the accumulated losses of the Company and at the same time increase the possibility of successfully implementing the Company's profit distribution policy in the future, in accordance with the Company Law of the People's Republic of China, the Articles of Association and relevant accounting policies, on 18 March 2022, the Board proposed to make up for part of the accumulated losses with the statutory surplus reserve, with a total amount of RMB76,373,544. After the losses were made up for, the accumulated losses of the Company would reduce to RMB61,321,863, the statutory surplus reserve balance of the Company would reduce to 0, and the undistributed profit of the Company would be RMB-61,321,863. The proposal is still subject to be considered and approved by the general meeting of the Company.

Save as disclosed above, as at the date of this announcement, the Group had no significant events after the Reporting Period which need to be disclosed.

EMPLOYEE AND ORGANIZATION GUARANTEE

As at 31 December 2021, the Group had 1,289 employees in total (31 December 2020: 1,000 employees). During the Reporting Period, the Group mainly introduced talents for R&D, sales and operation. The Group optimized organizational structure, comprehensively improved organizational capabilities and built its cultural values, so as to make a solid fundation for the rapid development of the cloud service business. On the basis of improving the talent system, we matched the corresponding training programs for cadres and employees, created a comprehensive empowerment system, and comprehensively improved the ability of employees. And we set up a team of experts in various aspects to solidate the construction of a senior talent team. In terms of talent retention and employee motivation, we implemented long-term incentive measures, to stimulate the enthusiasm and creativity of the members of operation and management team and core backbone employees, so as to continuously improve their organizational competitiveness.

TRAINING PROGRAMS

In pursuance with Chanjet Training Employees Management System (暢捷通員工培訓管理制度), Chanjet Lecturers and Course Management Measures (暢捷通講師與課程管理辦法), the Group has established and implemented an annual training plan. By taking into account the applicability of the training needs, the Group has communicated with each department on the training needs in a timely manner, and established a matching training course system based on those needs. Through the development mechanism of double channels of cadres and experts, training projects are produced alternately to meet the training needs of employees at each department, level and different development channels.

The Group regarded employee development as the foundation of the Company's development, and constantly improved the professionalism and comprehensive skills of employees to help employees better realize their own value at work. In 2021, the Group carried out a number of professional competence trainings, and launched training projects such as the "Samurai Camp" (虎賁營), the "P-M Project" (P-M計劃), the "Star Plan" (星宿計劃) and the "Beidou Project" (北斗計劃) to improve the comprehensive capabilities of new and reserve cadres. We have introduced excellent training courses from Yonyou University (用友大學) and external institutions, developed several courses online and offline independently and held internal sharing activities regularly. In order to comprehensively improve organizational ability and strengthen the training and improvement of cadres and employees, we have carried out product learning and examination activities for all employees, requiring all employees to learn the Company's product knowledge online and complete the product knowledge examination. In order to strengthen the understanding and mastery of the Company's products by the marketing personnel and improve the empowerment efficiency and quality of the front-line marketing personnel to partners, the channel operations centre carried out the product knowledge advanced learning and practical operation examination for all employees. The Group valued training results and issued training satisfaction questionnaires after each training. Through analyzing the questionnaires and listening to employees' feedbacks, we continuously improved the training system.

REMUNERATION POLICY

A Remuneration and Appraisal Committee was established under the Board, which is mainly responsible for reviewing the appraisal on and remuneration of the Directors and senior management, and providing advice and recommendations. Directors (other than independent non-executive Directors) and supervisors (other than independent Supervisors) do not receive any remuneration from the Company for their directorships or supervisorships. Mr. Yang Yuchun (an executive Director), Ms. Ren Jie and Ms. Xia Yuhan (the employee representative Supervisors) are in charge of management or business of the Company and receive remuneration from the Company for their positions of management or business leader of the Company. The allowances of independent non-executive Directors and independent Supervisors are determined by taking into account, among other things, the remuneration paid by similar companies, time commitment and responsibilities and determined at the general meeting of the Company. Each independent non-executive Director is entitled to receive an allowance of RMB150,000 (tax inclusive) per year while each independent Supervisor is entitled to receive an allowance of RMB80,000 (tax inclusive) per year. The Remuneration and Appraisal Committee will consider the remuneration policy of senior management and then proposed to the Board for approval. Such remunerations are determined mainly based on the position value, remuneration condition in the market, individual ability as well as the operating results and performance target of the Company.

Remuneration of the staff of the Company is determined by taking into consideration their respective rank of positions, segment, business line, region, etc. Remuneration of the staff includes basic salary, performance-based bonus and allowance. In particular, basic salary is payable monthly while performance-based bonus is payable in appropriate forms based on each appraisal period and specific management requirements of the Company pursuant to the relevant laws and regulations of the PRC. Allowance comprises work allowance, public welfare and statutory welfare, etc. The Company has paid housing fund and social insurance for its employees on a monthly basis in compliance with relevant national and local laws and regulations regarding labor and social insurance which includes pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance, etc. During the Reporting Period, details of the remuneration of the staff charged of the Group were set out in the note 5 to the financial statements. In order to attract, retain and motivate key talents needed for the achievement of the Company's strategic objectives, the Company has adopted the Employee Trust Benefit Scheme, the Point Scheme, the Employee Share Ownership Scheme and the Long-term Incentive Bonus Scheme. For details, please refer to "Employee Trust Benefit Scheme", "Long-term Employee Incentive Point Scheme", "Employee Share Ownership Scheme" and "Long-term Incentive Bonus Scheme".

EMPLOYEE TRUST BENEFIT SCHEME

The Company adopted the Employee Trust Benefit Scheme at the annual general meeting convened on 8 June 2015. The Employee Trust Benefit Scheme is a long-term incentive scheme designed for the Scheme participants of the Company and its subsidiaries, with Domestic Shares and/or H Shares as target shares, trust beneficial right subject to effective conditions as incentive tool and trust benefit units determined by the trustees as unit of measurement. The Employee Trust Benefit Scheme has been amended at the annual general meeting convened by the Company on 18 May 2016. For details about the specific terms of and amendments to the Employee Trust Benefit Scheme, please refer to the announcements of the Company dated 13 April 2015, 8 June 2015, 31 March 2016 and 18 May 2016, and the circulars of the Company dated 23 April 2015 and 29 April 2016.

As at 31 December 2021, trust benefit units granted to Directors and Supervisors are set out as follows:

Name	Position	Proportion of the trust benefit unit granted to the total trust benefit units granted in the fourth grant
Yang Yuchun	Executive Director, President	47.55%

As at the end of the Reporting Period, the actual amount of proceeds used by the Company for the Employee Trust Benefit Scheme was approximately HK$74.93 million.

LONG-TERM EMPLOYEE INCENTIVE POINT SCHEME

In order to motivate the enthusiasm and creativity of the management team members and the core and key employees of the Company, promote the strategic transformation of the Company, and build a global leading financial and management service platform for MSEs, the Board has approved the adoption of the Point Scheme on 29 March 2019. In order to give a full play to realise the continuous incentivise of the Point Scheme, the Board has, pursuant to the Point Scheme, considered and approved the resolution on 25 May 2020 to amend a term of the Point Scheme in relation to the limit on the number of points to be granted. According to the amended Point Scheme, a certain number of points will be granted by the Company to the participants annually over a three-year period during the validity period of the Point Scheme. After the effective conditions for the points have been satisfied, the number of points actually becoming effective shall be determined in accordance with annual performance, the point proceeds shall be calculated, the points shall be redeemed in cash and the point proceeds shall be distributed to the participants in installments. The total number of points that can become effective after being granted during the validity period of the Point Scheme shall not exceed 150,000 points. In principle, the points that can be granted for each point granting year during the point granting period shall not exceed the annual quota for that point granting year, being 70,000 points, 40,000 points and 40,000 points, respectively. The exact number shall be considered and approved by the Board based on the actual operations and incentive requirements of the Company during the point granting year. If, as a result of the total number of points granted in a point granting year not exceeding the abovementioned annual quota, and if the granted points become ineffective due to changes in circumstances of the participants, the grant of the remainder and the ineffective portion may be deferred to the next point granting year (i.e. increasing the annual quota for the next point granting year), but those points which have not been completely granted in the third point granting year cannot be granted in such deferred manner. For details about the specific terms of and amendments to the Point Scheme, please refer to the announcements of the Company dated 29 March 2019 and 25 May 2020, respectively.

On 25 May 2021, the Board considered and approved the resolution in relation to 49,174.28 points granted under the 2020 Initial Point Grant and the 2020 Supplemental Point Grant becoming effective.

In light of the adoption of the Employee Share Ownership Scheme and the Long-term Incentive Bonus Scheme by the Company on 28 December 2020, the Board considered and approved the cancellation of the granting of points to the participants in 2021 (the **"Cancellation of 2021 Point Grant"**). The Cancellation of 2021 Point Grant will not affect the validity of the points granted pursuant to the Point Scheme. For the 60,655 points granted under the 2019 Initial Point Grant and the 2019 Supplemental Point Grant which have become effective, and the 49,174.28 points granted under the 2020 Initial Point Grant and the 2020 Supplemental Point Grant which have become effective, the corresponding point proceeds that are not yet distributed shall continue to be distributed to the participants in installments in accordance with the provisions of the Point Scheme.

For details of the 2020 Initial Point Grant and the 2020 Supplemental Point Grant becoming effective and the Cancellation of 2021 Point Grant, please refer to the announcements of the Company dated 25 May 2021 and 28 December 2020.

EMPLOYEE SHARE OWNERSHIP SCHEME

In order to improve the incentive constraint mechanism of the Company to attract, retain and inspire the mid-level and senior management and key personnel, who are essential for the Company in realizing its strategic goal, to motivate the initiative, enthusiasm and creativity of the existing employees of the Company, and to facilitate the alignment of the understanding of the employees and the Company in relation to the medium and long-term strategic goals and the capital plan of the Company and jointly promote sustainable, healthy, rapid growth of the business of the Company, the Company adopted the Employee Share Ownership Scheme at the extraordinary general meeting held on 28 December 2020. For details of the Employee Share Ownership Scheme, please refer to the announcements of the Company dated 23 November 2020, 28 December 2020 and the circular of the Company dated 10 December 2020.

On 28 December 2020, the Board has considered and approved the grant of the Incentive Shares under the Employee Share Ownership Scheme, being 15,412,716 Domestic Shares, representing approximately 7.10% of the Company's total issued share capital as at 28 December 2020, to 158 Employee Share Ownership Scheme participants. Further details of the grant of the Incentive Shares under the Employee Share Ownership Scheme are set out as follows:

No.	Name	Position	Number of the Incentive Shares granted	Approximate percentage of the number of the Incentive Shares granted to the total number of the Incentive Shares granted under the Employee Share Ownership Scheme *(%)*	Approximate percentage of the number of the Incentive Shares granted to the total issued share capital of the Company as at 28 December 2020 *(%)*
1.	**Director and Supervisor**				
	Yang Yuchun	Executive Director and President	1,427,716 *Note*	9.26	0.66
2.	**Mid to senior level management personnel, experts and other key personnel**				
	157 other Employee Share Ownership Scheme participants		13,985,000 *Note*	90.74	6.44
TOTAL			**15,412,716** *Note*	**100.00**	**7.10**

Note: The Company issued five (5) capitalization shares to all shareholders of the Company for every ten (10) shares being held by way of the transfer from capital reserve to share capital in October 2021, therefore the number of the Incentive Shares granted above will increase correspondingly.

The abovementioned Incentive Shares have been transferred by Yonyou, the controlling shareholder, to the shareholding platforms at the price of RMB9.16 per share on 23 November 2020 and will be subject to the lock-up provisions under the Employee Share Ownership Scheme. The funds involved in the holding of the Incentive Shares shall be contributed in cash and paid in one lump sum by the Employee Share Ownership Scheme participants in accordance with the terms of the Employee Share Ownership Scheme, and the source of which shall be their lawful salaries, self-raised funds and other methods as permitted under the laws and regulations.

LONG-TERM INCENTIVE BONUS SCHEME

In order to improve the incentive constraint mechanism of the Company to attract, retain and inspire the mid-level and senior management and key personnel, who are essential for the Company in realizing its strategic goal, to motivate the initiative, enthusiasm and creativity of the existing employees of the Company, and to facilitate the alignment of the understanding of the employees and the Company in relation to the medium and long-term strategic goals and the capital plan of the Company and jointly promote sustainable, healthy, rapid growth of the business of the Company and realize the comprehensive transformation of cloud business, to achieve the planned strategic goal, the Company approved and adopted a Long-term Incentive Bonus Scheme at the extraordinary general meeting of the Company held on 28 December 2020. For details of the Long-term Incentive Bonus Scheme, please refer to the announcements of the Company dated 23 November 2020, 28 December 2020 and the circular of the Company dated 10 December 2020.

On 28 December 2020, the Board has considered and approved the list of the Long-term Incentive Bonus Scheme participants under the Long-term Incentive Bonus Scheme, which comprises Mr. Yang Yuchun, the executive Director and the president of the Company, and 157 other mid to senior level management personnel, experts and key personnel of the Group. For details, please refer to the announcement of the Company dated 28 December 2020.

USE OF PROCEEDS

The Company's H Shares were listed and commenced trading on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 26 June 2014, from which the Company raised proceeds totaling HK$900.90 million. After deducting relevant expenses of issuance, the net proceeds was HK$854.96 million. The Company disclosed in the prospectus of the Company dated 16 June 2014 (the "**Prospectus**") that the net proceeds raised from the listing had been planned to be used for the following purposes within two years. To the extent that the net proceeds are not immediately applied to the purposes below, the Company intends that such proceeds will be placed in short-term interestbearing instruments or money market funds with licensed banks or financial institutions in the PRC or the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**").

According to the intended use of proceeds disclosed in the Prospectus of the Company, the actual usage and intended timetable for the use of the unutilized proceeds as at 31 December 2021 are detailed as follows:

Planned use	**Budgeted amount** *HK$*	**Amount used during the Reporting Period** *HK$*	**Accumulated amount used** *HK$*	**Unutilized amount** *HK$*	**Intended timetable for use of the unutilized amount**
For the R&D and marketing of the T^+ series software products	Approximately 290.69 million	Approximately 4.98 million	Approximately 281.34 million	Approximately 9.35 million	On or before 31 December 2023 [Note]
For the R&D of our cloud platform and innovative application products	Approximately 194.08 million	Approximately 0.75 million	Approximately 194.08 million	–	N/A
To support the marketing and operation of our cloud services	Approximately 199.21 million	Approximately 50.82 million	Approximately 192.37 million	Approximately 6.84 million	On or before 31 December 2022
To acquire relevant business and assets compatible with our business strategies	Approximately 85.49 million	–	Approximately 4.66 million	Approximately 80.83 million	On or before 31 December 2022 and subject to the identification of target(s) by the Company
To fund our general working capital	Approximately 85.49 million	Approximately 0.42 million	Approximately 85.49 million	–	N/A
Total	Approximately 854.96 million	Approximately 56.97 million	Approximately 757.94 million	Approximately 97.02 million	

Note: Since the Group strategically downsized its software business, the transformation to cloud service business happened faster than expected, resulting in the use of proceeds for the R&D and marketing of the T^+ series software products not as the intended timetable, therefore, the intended timetable for the use of this unutilized proceeds changed from on or before 31 December 2021 to that on or before 31 December 2023.

As at 31 December 2021, the unutilized proceeds of the Company are primarily for acquisition of relevant business and assets compatible with our business strategies, mainly due to the fact that the Company has not yet identified any relevant business and assets compatible with our business strategies. The balance of the net unutilized proceeds has been deposited into the reputable banks in Hong Kong and the PRC, and the Company will continue to utilize it in accordance with the abovementioned intended timetable.

DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2021 (2020: RMB0.08 per share (tax inclusive) with a total of approximately RMB17.37 million).

During the Reporting Period, there is no arrangement made by any shareholder of the Company on waiving or agreeing to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

The 2021 annual general meeting of the Company ("**AGM**") will be held on Tuesday, 10 May 2022 at 2:00 p.m. at Meeting Room E103, Building 8, Central District of Yonyou Industrial Park (Beijing), 68 Beiqing Road, Haidian District, Beijing, the PRC. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

For the purpose of determining shareholders' eligibility to attend and vote at the forthcoming 2021 AGM, the Company's register of members will be closed as set out below:

– Latest time to lodge transfer documents for registration with the Company's registrar	At 4:30 p.m. 19 April 2022 (Tuesday)
– Closure of Register of Members	20 April 2022 (Wednesday) to 10 May 2022 (Tuesday) (both dates inclusive)
– Record date	10 May 2022 (Tuesday)

In order to be qualified to attend and vote at the AGM, 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 shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares), or to the Board Office of the Company in the PRC, at Floor 3, Building 3, Yard 9, Yongfeng Road, Haidian District, Beijing, the PRC (for holders of Domestic Shares), no later than the aforementioned latest time.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has fully complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MATERIAL LEGAL MATTERS

To the knowledge of the Board, as at 31 December 2021, the Group was not involved in any material litigation or arbitration, and there was no legal litigation or claims pending or may be raised which might significantly threaten the Group.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules, and requires Directors and Supervisors 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2021, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

During the Reporting Period, the audit committee of the Company consisted of Mr. Chen, Kevin Chien-wen, an independent non-executive Director, Mr. Wu Zhengping, a non-executive Director and Mr. Lau, Chun Fai Douglas, an independent non-executive Director, among whom, Mr. Chen, Kevin Chien-wen was the chairman of the committee. The audit committee and the management of the Company has reviewed the accounting principles and practices adopted by the Group and discussed and reviewed the matters on, among others, the internal control, enterprises risk evaluation and financial statements, including the review of audited annual results and annual report for the year of 2021, on which they had no dissenting opinion.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of the Company (www.chanjet.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The 2021 annual report and the notice of the AGM will be despatched to shareholders of the Company and published on the websites of the Company and the Hong Kong Stock Exchange within the time provided by the Listing Rules and as required by the Hong Kong Stock Exchange.

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

Beijing, the PRC
18 March 2022

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*