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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2022	2021	Percentage
	(Unaudited)	(Unaudited)	Change
	RMB'000	*RMB'000*	*%*
Revenue	**335,099**	214,696	56
Gross profit	**205,957**	146,301	41
Loss attributable to owners of the parent	**(78,471)**	(134,486)	(42)
Basic loss per share (RMB)	**(0.262)**	(0.453)	(42)

The board (the "**Board**") of directors (the "**Directors**") of Chanjet Information Technology Company Limited (the "**Company**") did not recommend the distribution of any interim dividend for the six months ended 30 June 2022.

* *For identification purposes only*

The Board hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2022 (the "**Reporting Period**") together with the comparative figures in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June **2022** **(Unaudited)** ***RMB'000***	2021 (Unaudited) *RMB'000*
Revenue	4	**335,099**	214,696
Cost of sales and services provided	5	**(129,142)**	(68,395)
Gross profit		**205,957**	146,301
Other income and gains, net	4	**33,447**	18,966
Research and development costs	5	**(133,538)**	(116,974)
Selling and distribution expenses		**(141,739)**	(145,060)
Administrative expenses		**(38,901)**	(43,044)
Impairment losses on financial assets		**(257)**	–
Other expenses		**(429)**	(8,294)
Finance costs		**(827)**	(139)
Share of (loss)/profit of an associate	9	**(887)**	486
Loss before tax	5	**(77,174)**	(147,758)
Income tax (expense)/credit	6	**(1,297)**	13,272
Loss for the period		**(78,471)**	(134,486)
Attributable to:			
Owners of the parent		**(78,471)**	(134,486)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted *(RMB cents)*	8	**(26.2)**	(45.3)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the period	**(78,471)**	(134,486)
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**121**	(26)
Other comprehensive income/(loss) for the period, net of tax	**121**	(26)
Total comprehensive loss for the period	**(78,350)**	(134,512)
Attributable to:		
Owners of the parent	**(78,350)**	(134,512)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022 (Unaudited)** *RMB'000*	31 December 2021 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**7,757**	7,578
Right-of-use assets		**15,501**	2,037
Intangible assets		**9,114**	12,973
Investment in an associate	9	**31,823**	32,710
Equity investments at fair value through profit or loss	10	**37,443**	42,222
Deferred tax assets		**17,193**	18,485
Prepayments, other receivables and other assets	12	**80,614**	60,806
Total non-current assets		**199,445**	176,811
Current assets			
Inventories		**893**	723
Trade receivables	11	**69,095**	45,188
Prepayments, other receivables and other assets	12	**154,613**	104,904
Financial assets at fair value through profit or loss		**–**	100,618
Cash and bank balances	13	**1,252,510**	1,196,100
Total current assets		**1,477,111**	1,447,533
Current liabilities			
Trade payables	14	**33,321**	18,198
Contract liabilities	15	**353,822**	274,341
Other payables and accruals	16	**271,258**	270,178
Lease liabilities		**6,236**	1,055
Total current liabilities		**664,637**	563,772
Net current assets		**812,474**	883,761
Total assets less current liabilities		**1,011,919**	1,060,572

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

	Notes	**30 June 2022 (Unaudited)** *RMB'000*	31 December 2021 (Audited) *RMB'000*
Non-current liabilities			
Lease liabilities		**8,893**	906
Contract liabilities	15	**128,564**	97,596
Long-term liabilities	17	**29,014**	38,681
Total non-current liabilities		**166,471**	137,183
Net assets		**845,448**	923,389
Equity			
Equity attributable to owners of the parent			
Issued capital		**325,772**	325,772
Treasury shares held under employee trust benefit scheme and employee share ownership scheme		**(169,700)**	(169,700)
Reserves		**689,376**	767,317
Total equity		**845,448**	923,389

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Chanjet Information Technology Company Limited (the "**Company**"), formerly known as Chanjet Software Company Limited, was established in the People's Republic of China (the "**PRC**") as a company with limited liability on 19 March 2010. The Company became a joint stock company with limited liability on 8 September 2011 in the PRC and changed its name to Chanjet Information Technology Company Limited. The 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 reporting period, 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 of the Company, the holding company of the Company is Yonyou Network Technology Co., Ltd. ("**Yonyou**"), which was established in the PRC, and the ultimate controlling party of the Company is Wang Wenjing.

Information about the subsidiaries

Particulars of the Company's subsidiaries as at 30 June 2022 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		Principal activities	Legal category
			Direct	Indirect		
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 30 June 2022 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 30 June 2022 was RMB500,000.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board, and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IFRS 1	*First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*
Amendments to IFRS 9	*Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*
Amendments to IAS 41	*Agriculture – Taxation in fair value measurements*

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(Continued)*

2.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(Continued)*

2.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

3. OPERATING SEGMENT INFORMATION

During the six months ended 30 June 2021, for management purposes, the Group was organised into business units based on their products and services and had 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.

During the six months ended 30 June 2022, the cloud service business constituted a significant part of the Group's operation. Resource allocation and performance assessment are managed on a group basis.

Therefore, for management purposes, the Group's operating activities are attributable to a single reportable segment, and no analysis by operating segment is presented.

Geographical information

Since all of the Group's revenue was 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 period, including sales to a group of entities that 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, NET

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of products	**94,065**	72,221
Rendering of services	**239,890**	141,529
Sale of purchased goods	**1,144**	946
	335,099	214,696

Disaggregated revenue information for revenue from contracts with customers

	2022	2021
Timing of revenue recognition		
Goods/services transferred at a point in time	**140,626**	92,232
Services transferred over time	**194,473**	122,464
Total revenue from contracts with customers	**335,099**	214,696

The impairment loss on trade receivables arising from contracts with customers was RMB257,000, which was recognized by the Group for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income		
Value-added tax refunds	**13,907**	13,748
Government grants	**265**	6
Interest income	**18,216**	12,429
Others	**193**	201
	32,581	26,384
Gains, net		
Fair value losses, net:		
Financial assets at fair value through profit or loss	**(3,606)**	(7,607)
Exchange gains, net	**3,386**	–
Additional deduction of input value-added tax	**879**	–
Others	**207**	189
	866	(7,418)
	33,447	18,966

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of software sold	**992**	1,336
Cost of services provided	**127,399**	66,462
Cost of purchased goods sold	**751**	597
Cost of sales and services provided	**129,142**	68,395
Depreciation of property, plant and equipment	**1,945**	986
Depreciation of right-of-use assets	**3,211**	2,901
Amortisation of intangible assets *(note 1)*	**3,898**	4,682
Lease payments not included in the measurement of lease liabilities	**1,506**	1,567
Research and development costs *(note 2)*	**133,538**	116,974
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):		
Wages and salaries	**240,338**	227,812
Equity-settled share-based expense	**409**	421
Pension scheme contributions *(note 3)*	**19,581**	16,310
	260,328	244,543
Foreign exchange differences, net	**(3,386)**	1,647
Impairment of an investment in an associate	**–**	6,483
Impairment of financial assets	**257**	–
Fair value losses, net:		
Financial assets at fair value through profit or loss	**3,606**	7,607

Notes:

(1) During the six months ended 30 June 2022, amortisation of intangible assets of approximately RMB3,595,000 (six months ended 30 June 2021: RMB3,699,000) is included in "Cost of sales and services provided" in the consolidated statement of profit or loss.

(2) During the six months ended 30 June 2022, research and development costs of approximately RMB123,533,000 (six months ended 30 June 2021: RMB109,960,000) were included in employee benefit expenses.

(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

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax	**5**	(1,189)
Deferred tax	**1,292**	(12,083)
Total tax charge/(credit) for the period	**1,297**	(13,272)

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 six months ended 30 June 2022 and 2021.

The Company was subject to income tax at the rate of 15% as a qualified high and new technology enterprise and be entitled to deduct qualifying research and development expense from taxable profit during the six months ended 30 June 2022 and 2021.

The subsidiary incorporated in the United States was subject to income tax at the rate of 21% during the six months ended 30 June 2022 and 2021.

7. DIVIDENDS

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

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 299,637,075 (six months ended 30 June 2021: 299,637,075) in issue during the six months ended 30 June 2022, as adjusted to reflect the target shares purchased and target shares vested under the Employee Trust Benefit Scheme and the Employee Share Ownership Scheme.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2022 in respect of a dilution because the impact of the shares under the Employee Share Ownership Scheme had an anti-dilutive effect on the basic loss per share amount presented.

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

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic and diluted loss per share calculation	**(78,471)**	(135,721)

	Number of shares For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**299,637,075**	299,637,075
Weighted average number of ordinary shares for the purpose of the diluted loss per share calculation	**299,637,075**	299,637,075

Note:
During the year ended 31 December 2021, the Group completed the capitalisation of capital reserve. Therefore, the loss 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.

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Investment in an associate	**67,931**	68,818
Provision for impairment	**(36,108)**	(36,108)
	31,823	32,710

The Group has 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 activity**
Chanjet Payment	RMB200,000,000	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 following table illustrates the aggregate financial information of the Group's associate:

	For the six months ended 30 June	
	2022 (Unaudited) ***RMB'000***	2021 (Unaudited) *RMB'000*
Share of the associate's (loss)/profit for the period	**(887)**	486
Share of the associate's total comprehensive (loss)/income	**(887)**	486

9. INVESTMENT IN AN ASSOCIATE *(Continued)*

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Aggregate carrying amount of the Group's investment in the associate	**31,823**	32,710

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Unlisted equity investments, at fair value		
Beijing Yonyou Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	**8,181**	11,628
Yonyou Mobile Telecommunications Technology Service Co., Ltd.	**27,708**	28,918
Xi'an Rongke Telecommunications Technology Co., Ltd.	**1,554**	1,676
	37,443	42,222

The above equity investments as at 30 June 2022 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

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Trade receivables	**69,835**	45,671
Impairment allowance	**(740)**	(483)
	69,095	45,188

11. TRADE RECEIVABLES *(Continued)*

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.

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:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	RMB'000	*RMB'000*
Within 90 days	**48,725**	32,860
90 days to 180 days	**16,914**	8,786
Over 180 days	**3,456**	3,542
	69,095	45,188

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.

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Staff advances	**410**	322
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2)*	**6,520**	6,318
Prepayments	**127,546**	101,292
Contract costs	**89,620**	46,251
Deposits, other receivables and other assets	**11,411**	11,793
	235,507	165,976
Impairment allowance	**(280)**	(266)
	235,227	165,710
Less: Non-current portion		
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2)*:		
Long-term receivables	**6,520**	6,318
Prepayments	**32,011**	27,582
Contract costs	**36,229**	21,465
Other assets	**5,854**	5,441
	80,614	60,806
Current portion	**154,613**	104,904

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 30 June 2022, 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.

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

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 loss for amount due from share purchase fund held by the trustee for share-based payment and deposits and other receivables were immaterial as at 30 June 2022 and 31 December 2021.

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 30 June 2022 and 31 December 2021, the loss allowance was assessed to be minimal.

13. CASH AND BANK BALANCES

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Cash on hand	**18**	18
Bank balances	**136,663**	165,535
Time deposits	**1,100,264**	1,021,699
Cash equivalents	**15,565**	8,848
Cash and bank balances	**1,252,510**	1,196,100
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**304,745**	378,833
Cash and bank balances and interest receivables restricted from being used	**259,837**	253,916
Unrestricted interest receivables	**29,614**	23,918
Cash and cash equivalents as stated in the consolidated statement of cash flows	**658,314**	539,433

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 mainly deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

13. 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:

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Guaranteed *(note)*	**340,653**	334,723
Less: Cash and bank balance unrestricted	**80,816**	80,816
Restricted balance	**259,837**	253,907

Note:

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 subsequent to the takeover of Baoshang Bank by various government authorities since May 2019. As at 30 June 2022, the transition of the deposits from Baoshang Bank to Huishang Bank Co., Ltd and Mengshang Bank Co., Ltd has been completed and the guaranteed deposits in Mengshang Bank are not restricted for use.

14. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2022 and 31 December 2021, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Within 90 days	**29,910**	15,470
90 days to 1 year	**1,963**	1,371
Over 1 year	**1,448**	1,357
	33,321	18,198

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

15. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Rendering of services	**482,386**	371,937
Analysed into:		
Current portion	**353,822**	274,341
Non-current portion	**128,564**	97,596

16. OTHER PAYABLES AND ACCRUALS

	30 June 2022 (Unaudited) ***RMB'000***	31 December 2021 (Audited) *RMB'000*
Tax payable (other than income tax)	**18,281**	19,043
Staff payroll and welfare payables	**74,394**	72,140
Advances from customers	**14,005**	16,278
Treasury shares repurchase obligation *(note)*	**141,181**	141,181
Other payables	**23,397**	21,536
	271,258	270,178

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.

17. LONG-TERM LIABILITIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	RMB'000	*RMB'000*
Accrued Bonus	**29,014**	38,681

On 28 December 2020, the shareholder's meeting of the Company 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 six months ended 30 June 2022, the total amount of the long-term incentive bonus expenses recognised in profit or loss under the Bonus Scheme was RMB19,343,000 (six months ended 30 June 2021: RMB18,919,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Development trends of the industry

According to data from the State Administration for Market Regulation, in the first half of 2022, 14.540 million new market entities were established nationwide, representing a year-on-year increase of 4.3%. As of the end of June 2022, there were 161 million registered market entities nationwide, representing an increase of 4.4% over the end of 2021, of which 50.389 million were corporate entities, representing an increase of 4.1% over the end of 2021. The number of market entities across the country remained basically stable and still achieved a net growth. During the Reporting Period, although the development of various market entities encountered some new situations and new difficulties, with the continuous increase of national policy support, the resilience for development of the market entities have also been continuously enhanced.

During the Reporting Period, the novel coronavirus (COVID-19) pandemic ("**Pandemic**") spread rapidly and sporadically in China. The Chinese government effectively coordinated Pandemic prevention and control with economic and social development, increased the intensity of macro-policy adjustment, and effectively implemented a package of policy and measures to stabilize the economy. The rebound of the Pandemic was effectively controlled, and the national economy stabilized and rebounded. The National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance and other relevant departments jointly issued the "Certain Policies on Promoting Steady Growth in the Industrial Sector" and "Certain Policies on Supporting the Development of Hard-hit Service Sectors", while the Ministry of Finance and the State Administration of Taxation announced the "Announcement on Further Implementation of the Policy of Reducing and Waiving 'Six Local Taxes and Two Fees' for Small and Micro Businesses". Favorable policies and measures played an important role in the healthy development of micro and small scale enterprises ("**MSEs**"). In addition, under the strategic opportunity of the rapid development of the digital economy, MSEs actively sought business transformation, and the demand for digital and intelligent operation and management continued to increase.

During the Reporting Period, the Ministry of Finance implemented the "Accounting Informatization Development Plan (2021-2025)", actively promoted the digital transformation of accounting management, and promoted accounting informatization to a higher level. The "Golden Tax Phase IV" comprehensive digital electronic invoice ("**all-electronic invoice**") had been piloted in many places across the country. The digitalization and electronic level of invoices will be greatly improved, providing effective support for the development of the integration of invoice, finance and taxation.

The above development trends of the 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.

Principal Business and Operating Conditions

During the Reporting Period, the Group focused on the two major fields of digital intelligent finance and taxation and digital intelligent business for MSEs, and continued to carry out product application innovations in the fields of "new finance and taxation, new commerce, new retail, new manufacturing and new service" ("**Five-New**"). Product application scenarios were further expanded, and product competitiveness was continuously enhanced. The Group adhered to the development of ecological co-prosperity, effectively expanded sales channels, implemented categorized and classified operation of partners, improved terminal market coverage, strengthened customer success operations, maintained high growth in SaaS subscription revenue, and achieved rapid growth in the total revenue. The successful transformation of cloud service business had achieved remarkable results.

During the Reporting Period, the Group achieved revenue of RMB335.10 million, representing an increase of 56% over the same period of last year, of which revenue from SaaS subscription was RMB177.64 million, representing an increase of 78% over the same period of last year, the proportion of revenue from SaaS subscription to total revenue reached 53%; contract liabilities from SaaS subscription was RMB467.62 million, representing an increase of 32% over the end of last year. The loss attributable to owners of the parent was RMB78.47 million. Due to the significant increase of income, loss decreased by 42% as compared to the last corresponding period. Loss attributable to owners of the parent was RMB134.49 million in the last corresponding period; the basic loss per share of the Group was RMB0.262, as compared to basic loss per share of RMB0.453 for the same period of last year.

During the Reporting Period, the number of new paying enterprise users of the Group's cloud service business reached 62,000; as of the end of the Reporting Period, the number of paying enterprise users of cloud service business reached 459,000 in aggregate.

1. Development of Products

(1) Digital intelligent finance and taxation, strengthening the core advantage of cloud finance and taxation

During the Reporting Period, under the guidance of the "Golden Tax Phase IV", the product continued to optimize the stable operation of invoice management and the connection between invoices to finance and invoices to taxation. Chanjet Good Accountant continued to expand the scope of cooperative banks for bank-enterprise interconnection, synchronizing bank transaction data in real time, and further enhancing the comprehensive capability of invoice, finance, tax, fee, bank and filing. Chanjet Easy Accounting Agent focused on strengthening the integration with WeCom to improve the customer service capabilities of account agencies; vigorously developed one-click tax declaration, and directly connected through RPA and tax declaration interfaces to improve the tax declaration efficiency of account agencies.

During the Reporting Period, digital intelligent finance and taxation continued to strengthen its ecological cooperation capabilities. Good Accountant had built five open platforms, flexibly adjusting embedded product methods in combination with ecological scenarios, facilitating rapid integration with partners, achieving cooperation and drainage, and expanding market coverage.

(2) Digital intelligent business, strengthening the advantage of business-finance integration

During the Reporting Period, the Group focused on creating digital and intelligent application products in new commerce, new retail, new manufacturing and new service areas. In response to the digital transformation of retail enterprises, especially the business needs of retail enterprises during the Pandemic, new retail had strengthened the relevant characteristics of intra-city e-commerce and community group purchases, released the applications of multi-online stores in connection with offline stores, and improved the franchise model to further meet the needs of MSEs for online transformation. Along the front-edge, new commerce achieved connection and coordination with brand owners through BC integration, further improving the efficiency of the industrial chain; in the back-edge, it strengthened WMS warehousing management and TMS logistics and distribution management to help commercial enterprises reduce operating costs. New manufacturing further strengthened the support for machinery, electronics, food, chemical industry and other industries, optimized the functional modules of smart workshops, and provided efficiency optimization solutions for the digital and intelligent transformation of manufacturing MSEs. New service continued to enhance the project management functions of construction and installation, engineering installation, information technology, business services and other industries, and realized the integrated project management of project progress, contract management, material management, cost control, finance and taxation management, etc. to provide effective assistance for the development of productive service enterprises. In addition, Chanjet "Intelligent+" had changed its name to "Good Business and Finance (好業財)", while carrying out product upgrades to help MSEs achieve comprehensive integration of business and finance with socialization, automation, AI, and scenario-based features.

(3) Open platform, accelerating the development of ecological open integration capabilities

As of the end of the Reporting Period, more than 1,100 ISV partners had settled in the Chanjet's Open Platform and released more than 400 applications in total, which integrated with the Group's core SaaS products T+Cloud, Good Business and Finance, Good Business, Good Accountant, etc., connected a total of 26 vertical sub-industry application scenarios, further enriched product functions, and effectively enhanced the competitiveness of the Group's SaaS products and expanded revenue sources.

2. Development of business operation

During the Reporting Period, the Group continued to promote channel coverage and diversified layout and channel layout continued to penetrate into markets in lower-tier cities, while actively expanding diversified cooperation with ecological partners. The number of partners increased by 10% as compared to the last corresponding period. In order to help MSEs to quickly realize the transformation and upgrading of digital and intelligent operation, the Group launched the "Five-New" fields of industrialized in-depth business strategy, focusing on the "Five-New" fields, emphasizing the ten sub-sectors to lead the country's channel partners to conduct in-depth operations and attract customers. Actively responding to the Ministry of Industry and Information Technology's "Certain Measures to Assist Small, Medium and Micro Enterprises to Mitigate Difficulties", we fully realized the Company's advantage as a national public service demonstration platform for small and medium-sized enterprises, and led channel partners across the country to carry out over a thousand "520 Together benefiting enterprises and caring for small and micro enterprises" hundred-cities speech campaigns, providing digital and intelligent applications public welfare trainings and free consulting services about digital marketing, new fiscal and taxation policy, all-electronic invoice application, settlement and payment, enterprise tax risk prevention and control etc., for MSEs to help them expand the market, reduce costs, and promote transformation, and to help them use digital means to improve their business quality and control business risks. The Group continued to strengthen the community operation of its software business customers, promoted the transformation of software users to digital intelligence, continued to implement the favorable strategy of software migration to the cloud, and promoted the integration and migration of software users to the cloud.

During the Reporting Period, in the direct sales channel, the Group established a marketing system centered on user growth and user operation, forming a full-life-cycle marketing link of "online customer acquisition, business opportunity exploration, sales conversion, and customer success". We expanded online customer acquisition channels, implemented precise delivery and refined operation systems; actively carried out social marketing, expanded traffic cooperation channels, and sought potential customers; regularly published short videos about finance and taxation to seize short video channel traffic, and used group operation, community operation, in-product operation and other means to establish a marketing system of "consultant matrix of customer acquisition + online marketing transformation" for the improvement of large-scale customer acquisition capabilities and sales conversion efficiency.

During the Reporting Period, in the ecological cooperation channel, the sales volume of the Group's SaaS products in the Alibaba Cloud market and Huawei Cloud market continued to lead the industry. The sales on office collaboration platforms such as DingTalk, WeCom, and Feishu achieved rapid growth, and we co-created and promoted products with Tencent Cloud and China Telecom Tianyi Cloud to further expand sales channels.

3. Development of brand and market

During the Reporting Period, the National Industrial Information Security Development Research Center officially announced the "Typical Cases of Digital Transformation of Small and Medium Enterprises", and Chanjet T+Cloud was selected as a solution case for application scenarios to provide a reference for more small and micro enterprises to realize specified and innovative development through digital transformation. As an excellent partner in the Huawei Cloud market, Chanjet won the "Best Sales Black Diamond Award" and the "Millions Club Award" from Huawei Cloud. As one of the first certified partners of Alibaba Cloud Compute Nest, Chanjet won the "Best Practice Award" of Alibaba Cloud for its long-term focus in the fields of finance, taxation and business cloud services of MSEs, as well as the outstanding cooperation results between the two parties.

4. Development of employees and organizations

As of the end of the Reporting Period, the total number of employees of the Group was 1,189. In order to support the rapid development of cloud service business, the Group optimized its organizational structure, fully enhanced its organizational capabilities, and strengthened the building of cultural values. The Group strengthened the training and development of key positions and core talents, matched the corresponding training programs, created an empowerment system that combines combat and training, and comprehensively improved the capabilities of employees. We set up expert teams of various sequences and continue to strengthen the construction of senior talent teams. In terms of talent retention and employee incentives, we implemented long-term incentive measures to mobilize the enthusiasm and creativity of management team members and core backbone employees, and continuously improved organizational competitiveness.

Prospect

The Group will continue to focus on the two major fields, namely digital intelligent finance and taxation, and digital intelligent business for MSEs, adhere to the principle of customer success, continue to enhance product competitiveness, expand sales channels, adhere to ecological co-prosperity development, further enhance market coverage, maintain rapid SaaS subscription revenue growth, achieve breakthrough growth in total revenue, and seize the leading position in the cloud service market for MSEs.

1. The absolute lead of the core advantage of digital intelligent finance and taxation products, enhancing the competitive advantage of digital intelligent business products, and strengthening the comprehensive competitiveness of business and finance integration products

The Group will continue to speed up product innovation and development. Combined with the promotion of the "Golden Tax Phase IV", the Group will enhance the advantage of the integration of invoice, finance, tax, fee, bank and filing in the digital finance and taxation products, and create a self-service intelligent finance and taxation model; accelerate the development of ecological open integration capabilities, and build MSEs finance and taxation open platform; optimize product development in new commerce, new retail, new manufacturing, and new service fields, improve industry adaptability, and enhance large-scale delivery capabilities.

2. *Expansion of access, broadening of coverage and sharing of victory with partners*

The Group will further penetrate into markets in lower-tier cities through in-depth channel operations, continue to promote the industrialized marketing strategy in the "Five-New" fields, build a digital and intelligent model regional base for MSEs, and promote the transformation of traditional channel partners into digital and intelligent value-added service providers. We will continue to introduce high-quality ISV partners with strong correlation and strong complementarity, build rich ecological products, and cover more customer application scenarios. We will continue to expand customer resource-based platform partners, expand inward traffic, and strengthen ecological customer operation and conversion.

3. *Strategic strengthening of direct sales business*

The Group's direct sales channel will carry out inbound marketing model, attach great importance to the combined development effect of product-driven growth, marketing-driven growth, and sales driven growth, strengthen popularized market operations, and deepen the operational capabilities of search engine channels, short video channels, and traffic cooperation channels. We will attract users through content marketing, build private domain traffic pools through community marketing, accelerate payment conversions through event marketing, and achieve large-scale customer acquisition for direct sales.

4. *Strengthening capabilities, creating a marvelous team and improving staff efficiency*

The Group will solidly build and improve its organizational abilities and efficiency, implement the talent strategy of creating a marvelous team, strengthen the construction of expert teams and senior talent teams, and improve staff efficiency; enhance the implementation of the corporate cultural values, facilitate corporate culture to promote business growth, and promote the healthy growth of the Group in the long run.

Financial Review

	For the six months ended 30 June			
	2022	2021	Change in amount	Percentage change
	(Unaudited)	(Unaudited)		
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**335,099**	214,696	120,403	56
Cost of sales and services provided	**(129,142)**	(68,395)	(60,747)	89
Gross profit	**205,957**	146,301	59,656	41
Gross profit margin	**61%**	68%	(7)%	
Other income and gains, net	**33,447**	18,966	14,481	76
R&D costs	**(133,538)**	(116,974)	(16,564)	14
Selling and distribution expenses	**(141,739)**	(145,060)	3,321	(2)
Administrative expenses	**(38,901)**	(43,044)	4,143	(10)
Impairment losses on financial assets	**(257)**	–	(257)	N/A
Other expenses	**(429)**	(8,294)	7,865	(95)
Financial costs	**(827)**	(139)	(688)	495
Share of (loss)/profit of an associate	**(887)**	486	(1,373)	(283)
Loss before tax	**(77,174)**	(147,758)	70,584	(48)
Income tax (expense)/credit	**(1,297)**	13,272	(14,569)	(110)
Loss for the period	**(78,471)**	(134,486)	56,015	(42)
Attributable to:				
Owners of the parent	**(78,471)**	(134,486)	56,015	(42)

Operating results

For the six months ended 30 June 2022, the revenue of the Group was RMB335.10 million, representing an increase of 56% as compared to the same period of last year. Loss for the period and loss attributable to owners of the parent of the Group were both RMB78.47 million, representing a decrease of 42% as compared to the loss amounting to RMB134.49 million for the same period of last year. The basic loss per share of the Group was RMB0.262, while the basic loss per share was RMB0.453 for the same period of last year.

Loss for the period of the Group decreased compared with the same period of last year, which was mainly due to the comprehensive promotion of cloud service business development, the substantial increase in revenue, and the slight increase of research and development costs, sales and distribution expenses, and administrative expenses by 3% compared with the same period of last year (increase of RMB128.81 million for the same period of last year, representing a year-on-year increase of 73%).

Revenue

For the six months ended 30 June 2022, the revenue of the Group was RMB335.10 million, representing an increase of 56% as compared to the same period of last year, of which revenue from SaaS subscriptions was RMB177.64 million, representing an increase of 78% as compared to the same period of last year. The proportion of revenue from SaaS subscriptions to total revenue reached 53%.

Cost of sales and services provided

For the six months ended 30 June 2022, the Group's cost of sales and services provided amounted to RMB129.14 million, representing an increase of 89% over the same period of last year, which was mainly due to an increase of RMB66.14 million in contract operation costs of cloud service business.

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

	For the six months ended 30 June					
					Change in amount	Percentage change
	2022		2021			
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Contract operation costs	**102,533**	**79**	36,392	53	66,141	182
Labour costs	**11,202**	**9**	13,373	20	(2,171)	(16)
Service costs	**3,610**	**3**	7,258	11	(3,648)	(50)
Operation and maintenance costs	**5,913**	**4**	5,101	7	812	16
Amortisation of intangible assets	**3,595**	**3**	3,699	5	(104)	(3)
Software development and production costs	**990**	**1**	1,336	2	(346)	(26)
Other costs	**1,299**	**1**	1,236	2	63	5
Cost of sales and services provided	**129,142**	**100**	68,395	100	60,747	89

Gross profit and gross profit margin

For the six months ended 30 June 2022, the gross profit margin of the Group was 61%, representing a decrease of 7 percentage points over the same period of last year, which was mainly due to the rapid increase in contract operation costs of cloud service business. However, due to substantial expansion in revenue, the gross profit of the Group increased by 41% to RMB205.96 million as compared with the same period of last year.

Other income and gains, net

For the six months ended 30 June 2022, the Group's other income and gains, net were RMB33.45 million, representing an increase of 76% over the same period of last year, which was mainly due to (i) the increase of RMB5.79 million in interest income of bank deposit; (ii) the decrease of RMB5.15 million in loss in fair value change of unlisted equity investments financial assets.

R&D costs

For the six months ended 30 June 2022, R&D costs of the Group amounted to RMB133.54 million, representing an increase of 14% over the same period of last year, which was mainly attributable to the increase of RMB13.57 million in R&D labour costs.

Selling and distribution expenses

For the six months ended 30 June 2022, the selling and distribution expenses of the Group were RMB141.74 million, representing a decrease of 2% over the same period of last year. The slight change was mainly due to the decrease in related sales and promotion expenses in some regions as they were affected by the Pandemic in the first half of the year.

Administrative expenses

For the six months ended 30 June 2022, the administrative expenses of the Group were RMB38.90 million, representing a decrease of 10% as compared to the same period of last year, which was mainly due to the decrease of RMB2.74 million included in administrative expenses of the long-term employee incentive point scheme (the "**Point Scheme**"), the employee share ownership scheme (the "**Employee Share Ownership Scheme**") and the long-term incentive bonus scheme (the "**Long-term Incentive Bonus Scheme**").

Other Expenses

For the six months ended 30 June 2022, other expenses of the Group were RMB0.43 million, while other expenses were RMB8.29 million for the same period of last year, which mainly included a provision for impairment of RMB6.48 million made by the Group in respect of the investment in Beijing Chanjet Payment Technology Co., Ltd., an associate of the Company, as well as an exchange loss of RMB1.65 million due to the exchange rate changes.

Income Tax Expense/Credit

For the six months ended 30 June 2022, the income tax expense of the Group was RMB1.30 million, which was mainly due to the income tax expense arisen from the recognized deferred income tax liabilities.

Loss Attributable to Owners of the Parent

For the six months ended 30 June 2022, the loss attributable to owners of the parent of the Group was RMB78.47 million, representing a decrease of 42% over the same period of last year, and the loss attributable to owners of the parent for the same period of last year was RMB134.49 million.

Liquidity

Condensed cash flow statement

	For the six months ended 30 June		
	2022	2021	Change in amount
	(unaudited)	(unaudited)	
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in operating activities	**(56,984)**	(29,883)	(27,101)
Net cash flows from investing activities	**180,008**	57,852	122,156
Net cash flows used in financing activities	**(4,287)**	(3,274)	(1,013)

Net cash flows used in operating activities

For the six months ended 30 June 2022, net cash flows used in operating activities of the Group was RMB56.98 million, representing an increase of RMB27.10 million over the same period of last year, which was mainly due to the increase in related contract operation costs paid by the Group for cloud service business and the increase in cash paid to and for employees.

Net cash flows from investing activities

For the six months ended 30 June 2022, net cash flows from investing activities of the Group was RMB180.01 million, which was mainly due to the fact that the Group's structured deposits and some of time deposits matured during the Reporting Period.

Net cash flows used in financing activities

For the six months ended 30 June 2022, net cash flows used in financing activities of the Group was RMB4.29 million, which was mainly due to the payment of lease principal and interest under the application of "IFRS 16 – Lease".

Capital Structure and Financial Resources

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash and bank balances *(RMB'000)*	**1,252,510**	1,196,100
Current ratio	**222%**	257%
Gearing ratio	**0%**	0%

As at 30 June 2022, the cash and bank balances of the Group was RMB1,252.51 million (31 December 2021: RMB1,196.10 million). The increase in cash and bank balances was mainly due to the conversion of structured deposits into cash and bank balances upon expiration. Cash and bank balances of the Group was mainly denominated in RMB, with certain amount denominated in HK$ and small amount denominated in US$. 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 30 June 2022 was 222% (31 December 2021: 257%).

The Group had no interest-bearing liabilities (other than lease liabilities), as at 30 June 2022, the Group's gearing ratio was nil. Gearing ratio was calculated based on the total interest-bearing liabilities (other than lease liabilities) divided by total equity.

Capital Expenditure

For the six months ended 30 June 2022, the capital expenditure of the Group primarily included the additional expenditure on property, plant and equipment of RMB2.25 million (for the same period of last year: RMB5.70 million), and the additional expenditure on right-of-use assets (mainly refers to leased office buildings) of RMB16.69 million (for the same period of last year: RMB2.80 million).

Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group did not have any contingent liabilities, nor did it have any proposal on contingent liabilities issue.

Charges on Assets

As at 30 June 2022 and 31 December 2021, 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 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 or disposal in relation to subsidiaries, associates and joint ventures.

Foreign Exchange Fluctuation Risks

The Group conducts its domestic business primarily in RMB, which is also its functional currency. Chanjet Information Technology Corporation, a subsidiary of the Company, settles in US$. No currency hedging arrangement has been made by the Group. The Group, mainly through closely focusing on the foreign exchange fluctuation, conducts 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.

Subsequent Events

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

Staff Remuneration Policy and Training Plan

The Group has established a market-based, competitive and performance-oriented remuneration plan with reference to market standards, employee performance and contributions. Remuneration of the staff of the Group 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. The Group 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 to 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 Employee Trust Benefit Scheme**"), the Point Scheme, the Employee Share Ownership Scheme and the Long-term Incentive Bonus Scheme. For details, please refer to the paragraphs headed "Employee Trust Benefit Scheme", "Long-term Employee Incentive Point Scheme", "Employee Share Ownership Scheme" and "Long-term Incentive Bonus Scheme" set out below.

In accordance with Chanjet Employees Training Management System (暢捷通員工培訓管理制度) and Chanjet Lecturers and Courses Management Measures (暢捷通講師與課程管理辦法), the Group has established and implemented an annual training plan. During the Reporting Period, the Group focused on improving the leadership of cadres, the general capabilities of employees and the professional competence of experts. According to the established hierarchical training plan, the Group carried out online live streaming courses of "Workplace Exploration (職場探能)" for employees of different job sequences, departments and levels to improve general capabilities. The Group launched the basic leadership training program of "Spark Project (星火計劃)" for new cadres, and introduced external lecturers to provide professional trainings to core experts.

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 the Company's 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, respectively, and the circulars of the Company dated 23 April 2015 and 29 April 2016.

The Company has completed the grant of all of the trust benefit units under the Employee Trust Benefit Scheme. Save and except for certain scheme participants who haven't fulfilled the unlocking conditions, and certain scheme participants who agreed to abandon his/her trust benefit units which are subject to lock-up since they have joined the Point Scheme of the Company, the other trust scheme units have been unlocked pursuant to the scheme and can be exercised accordingly.

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 full play to realise the purpose of continuing incentivity of the Point Scheme, on 25 May 2020, the Board has, pursuant to the Point Scheme, considered and approved the resolution 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 conditions precedent for the points have been satisfied, the number of effective points shall be determined in accordance with annual performance, and the point proceeds shall be calculated accordingly. The point proceeds shall be redeemed in cash and distributed to the participants in installments. The total number of effective points after being granted during the validity period of the Point Scheme shall not exceed 150,000 points. For details on 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.

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**"). For details, please refer to the announcement of the company dated 28 December 2020. The Cancellation of 2021 Point Grant will not affect the validity of the points granted pursuant to the Point Scheme. For the 60,655 effective points granted under the 2019 initial point grant and the 2019 supplemental point grant, and the 49,174.28 effective points granted under the 2020 initial point grant and the 2020 supplemental point grant, the corresponding point proceeds that are not yet distributed shall continue to be paid to the participants in installments in accordance with the provisions of the Point Scheme.

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 approved and 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. The incentive shares shall be unlocked in three tranches on the respective unlocking date. The unlocking dates are the first trading day after the expiry of the second anniversary, third anniversary and fourth anniversary of the grant date, upon which and subject to the satisfaction of the unlocking conditions, 40%, 30% and 30% of the incentive shares shall be unlocked. 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 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 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. Subject to the satisfaction of the relevant appraisal conditions, the bonus shall be paid in three tranches within three months after the respective appraisal date. 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 Long-term Incentive Bonus Scheme participants. The amount of the bonus payable for the corresponding tranche shall be calculated based on the corresponding bonus appropriation ratio to be determined by the Board.

USE OF PROCEEDS

The Company's H shares were listed and traded 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 were HK$854.96 million. The Company disclosed in its prospectus dated 16 June 2014 (the "**Prospectus**") that the net proceeds raised from the listing shall 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 interest-bearing instruments or money market funds with licensed banks or financial institutions in the PRC or Hong Kong.

According to the intended use of proceeds disclosed in the Prospectus of the Company, the actual usage and intended timetable for use of the unutilized proceeds as at 30 June 2022 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 1.66 million	Approximately 283.00 million	Approximately 7.69 million	On or before 31 December 2023
For the R&D of our cloud platform and innovative application products	Approximately 194.08 million	–	Approximately 194.08 million	–	N/A
To support the marketing and operation of our cloud services	Approximately 199.21 million	Approximately 6.84 million	Approximately 199.21 million	–	N/A
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 85.49 million	–	N/A
Total	Approximately 854.96 million	Approximately 8.50 million	Approximately 766.44 million	Approximately 88.52 million	

As at 30 June 2022, 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 a manner consistent with the planned usages of the proceeds as disclosed in the Prospectus in accordance with the abovementioned intended timetable.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL LEGAL MATTERS

So far as the Board is aware, as at 30 June 2022, the Group was not involved in any material litigation or arbitration, and there was no pending or threatened litigation or claim that might pose a significant threat to the Group.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company had fully complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules, and has required the Directors and the 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 confirmed that they had fully complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee pursuant to the Listing Rules. The audit committee consists 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 is the chairman. On 19 August 2022, the audit committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 and this announcement, and concluded that such financial statements and this announcement had been prepared in accordance with applicable accounting standards and relevant requirements, and had made adequate disclosure.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND REPORT

This results announcement will be published on the website of the Company (www.chanjet.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). The 2022 interim report of the Company containing all the information as required by the Listing Rules will be despatched by the Company to its shareholders and published on the websites of the Company and the Hong Kong Stock Exchange in due course.

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

Beijing, the PRC
19 August 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 Ms. Wu Xiaoqing.