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 2022

FINANCIAL HIGHLIGHTS

	2022	2021	Percentage Change
	RMB'000	*RMB'000*	
Revenue	**680,149**	590,324	15%
Gross profit	**413,608**	410,352	1%
Loss attributable to owners of the parent	**(212,095)**	(185,070)	15%
Basic loss per share *(RMB)*	**(0.708)**	(0.622)	14%

The board (the "**Board**") of directors (the "**Directors**") of Chanjet Information Technology Company Limited (the "**Company**") did not recommend the distribution of any final dividend for the year ended 31 December 2022.

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 2022 (the "**Reporting Period**") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*4*	**680,149**	590,324
Cost of sales and services provided	*5*	**(266,541)**	(179,972)
Gross profit		**413,608**	410,352
Other income and gains, net	*4*	**59,691**	61,930
Research and development costs	*5*	**(271,725)**	(242,557)
Selling and distribution expenses		**(308,116)**	(304,462)
Administrative expenses		**(86,312)**	(88,403)
Impairment losses on financial assets		**(2)**	(522)
Other expenses		**(15,484)**	(26,637)
Finance costs		**(2,131)**	(610)
Share of loss of an associate	*9*	**(1,484)**	(2,319)
Loss before tax	*5*	**(211,955)**	(193,228)
Income tax (expense)/credit	*6*	**(140)**	8,158
Loss for the year		**(212,095)**	(185,070)
Attributable to:			
Owners of the parent		**(212,095)**	(185,070)
Loss per share attributable to ordinary equity holders of the parent			
Basic *(RMB cents)*	*8*	**(70.8)**	(62.2)
Diluted *(RMB cents)*	*8*	**(71.0)**	(62.2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(212,095)**	(185,070)
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	**209**	(58)
Other comprehensive income/(loss) for the year, net of tax	**209**	(58)
Total comprehensive loss for the year	**(211,886)**	(185,128)
Attributable to:		
Owners of the parent	**(211,886)**	(185,128)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		**6,775**	7,578
Right-of-use assets		**12,804**	2,037
Intangible assets		**5,307**	12,973
Investment in an associate	*9*	**16,276**	32,710
Equity investments at fair value through profit or loss	*10*	**30,014**	42,222
Deferred tax assets		**18,347**	18,485
Prepayments, other receivables and other assets	*12*	**67,012**	60,806
Total non-current assets		**156,535**	176,811
Current assets			
Inventories		**815**	723
Trade receivables	*11*	**45,373**	45,188
Prepayments, other receivables and other assets	*12*	**146,829**	104,904
Financial assets at fair value through profit or loss		**–**	100,618
Cash and bank balances	*13*	**1,169,225**	1,196,100
Total current assets		**1,362,242**	1,447,533
Current liabilities			
Trade payables	*14*	**20,074**	18,198
Contract liabilities	*15*	**331,515**	274,341
Other payables and accruals	*16*	**293,304**	270,178
Lease liabilities		**6,567**	1,055
Total current liabilities		**651,460**	563,772
Net current assets		**710,782**	883,761
Total assets less current liabilities		**867,317**	1,060,572

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

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Lease liabilities		**6,185**	906
Contract liabilities	*15*	**109,957**	97,596
Long-term liabilities	*17*	**38,862**	38,681
Total non-current liabilities		**155,004**	137,183
Net assets		**712,313**	923,389
Equity			
Equity attributable to owners of the parent			
Issued capital		**325,772**	325,772
Treasury shares held under the employee trust benefit scheme and employee share ownership scheme		**(113,228)**	(169,700)
Reserves		**499,769**	767,317
Total equity		**712,313**	923,389

NOTES TO 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 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 was 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		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 31 December 2022 was USD10,300,000.

(b) The paid-in capital of Chanjet Yunhui as at 31 December 2022 was RMB1,500,000.

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 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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.

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

2.1 Basis of preparation *(Continued)*

Basis of consolidation (continued)

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.

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 3	*Reference to the Conceptual Framework*
Amendment to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendment to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date.

    The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, 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) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss.

The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). 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.

The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 Financial Instruments: 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.

  The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

During the year ended 31 December 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 year ended 31 December 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 most 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 year, including sales to a group of entities which are known to be under common control with any customer, no information about a major customer in accordance with IFRS 8 *Operating Segments* is presented.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of products	**173,093**	230,252
Rendering of services	**504,784**	358,215
Sale of purchased goods	**2,272**	1,857
	680,149	590,324

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
Types of goods or services		
Sale of products	**173,093**	230,252
Rendering of services	**504,784**	358,215
Sale of purchased goods	**2,272**	1,857
Total revenue from contracts with customers	**680,149**	590,324
Geographical market		
Mainland China	**680,149**	590,324
Total revenue from contracts with customers	**680,149**	590,324
Timing of revenue recognition		
Goods/services transferred at a point in time	**268,209**	288,816
Services transferred over time	**411,940**	301,508
Total revenue from contracts with customers	**680,149**	590,324

4. REVENUE, OTHER INCOME AND GAINS, NET *(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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
External customers	**680,149**	590,324
Total revenue from contracts with customers	**680,149**	590,324

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:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of services	**221,941**	128,399

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

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

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

Sale 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 RMB331,515,000 (2021: RMB274,341,000). 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, net is as follows:

	2022	2021
	RMB'000	*RMB'000*
Other income		
Value-added tax refunds	**21,076**	24,392
Additional deduction of input value-added tax	**1,750**	–
Government grants	**2,849**	616
Interest income	**33,870**	42,536
Others	**674**	781
	60,219	68,325
Gains, net		
Fair value losses, net:		
Financial assets at fair value through profit or loss	**(7,895)**	(6,866)
Exchange gains, net	**6,769**	–
Others	**598**	471
	(528)	(6,395)
	59,691	61,930

5. LOSS BEFORE TAX

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

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Cost of software sold		**2,212**	2,692
Cost of services provided		**262,762**	176,126
Cost of purchased goods sold		**1,567**	1,154
Cost of sales and services provided		**266,541**	179,972
Depreciation of property, plant and equipment		**3,980**	2,730
Depreciation of right-of-use assets		**6,545**	6,017
Amortisation of intangible assets *(note 1)*		**7,764**	8,637
Lease payments not included in the measurement of lease liabilities		**2,888**	2,985
Research and development costs *(note 2)*		**271,725**	242,557
Auditor's remuneration		**1,440**	1,440
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages and salaries		**483,983**	460,389
Equity-settled share-based payment expense		**810**	829
Pension scheme contributions *(note 3)*		**41,614**	35,564
		526,407	496,782
Foreign exchange differences, net		**(6,769)**	3,445
Impairment of an investment in an associate	*9*	**14,950**	22,598
Impairment of financial assets		**2**	522
Fair value losses, net:			
Financial assets at fair value through profit or loss	*4*	**7,895**	6,866

Note 1: During the year ended 31 December 2022, amortisation of intangible assets of approximately RMB7,177,000 (2021: RMB7,177,000) 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 2022, research and development costs of approximately RMB252,356,000 (2021: RMB226,995,000) 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

	2022	2021
	RMB'000	*RMB'000*
Current tax	**2**	(1,187)
Deferred tax	**138**	(6,971)
Total tax charge/(credit) for the year	**140**	(8,158)

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 2022 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 2022 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 2022 and 2021.

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

2022	**Mainland China**		**USA**		**Total**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss before tax	**(211,769)**		**(186)**		**(211,955)**	
Tax at the applicable tax rate	**(52,942)**	**25.0**	**(39)**	**21.0**	**(52,981)**	**25.0**
Effect of different income tax rates *(note 1)*	**(92)**	**0.1**	**–**	**–**	**(92)**	**0.1**
Effect of tax incentives *(note 2)*	**(47,995)**	**22.7**	**–**	**–**	**(47,995)**	**22.6**
Loss attributable to an associate	**371**	**(0.2)**	**–**	**–**	**371**	**(0.2)**
Expenses not deductible for tax *(note 3)*	**15,375**	**(7.3)**	**5**	**(2.7)**	**15,380**	**(7.3)**
Tax losses and deductible temporary differences not recognised	**85,421**	**(40.3)**	**39**	**(21.0)**	**85,460**	**(40.3)**
Others	**–**	**–**	**(3)**	**1.6**	**(3)**	**–**
Tax charge at the Group's effective rate	**138**	**(0.1)**	**2**	**(1.1)**	**140**	**(0.1)**

6. INCOME TAX *(Continued)*

2021	Mainland China *RMB'000*	*%*	USA *RMB'000*	*%*	Total *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

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 2022 and 2021.

(2) The effect of tax incentives represented income tax benefits on research and development expenditure. High and new technology enterprises were also entitled to deduct qualifying research and development expenses from taxable profits.

During the year of 2021 and the first three quarters of 2022, the Company was entitled to an additional 75% of deduction of research and development expenditure for tax declaration. During the fourth quarter of 2022, the Company was entitled to an additional 100% 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 RMB371,000 (2021: RMB580,000) is included in "Share of loss of an associate" in the consolidated statement of profit or loss.

7. DIVIDENDS

The Board did not recommend the distribution of any final dividend for the year ended 31 December 2022 (2021: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 299,710,962 (2021: 299,637,075) 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 per share amount is based on the loss 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 per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic and diluted loss per share calculation	**(212,095)**	(185,070)
Adjustment of the dividend for the holders of target shares under the Employee Share Ownership Scheme	**–**	(1,233)
Adjusted loss attributable to ordinary equity holders of the parent	**(212,095)**	(186,303)

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**299,710,962**	299,637,075
Adjustment for the Employee Share Ownership Scheme	**(1,102,390)**	–
Weighted average number of ordinary shares for the purpose of the diluted loss per share calculation	**298,608,572**	299,637,075

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.

	2022	2021
	RMB'000	*RMB'000*
Investment in an associate	**67,334**	68,818
Provision for impairment	**(51,058)**	(36,108)
	16,276	32,710

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	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 amounts of current assets, non-current assets, current liabilities and net assets as at 31 December 2022 of Chanjet Payment adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements were RMB370,249,000 (2021: RMB425,961,000), RMB730,000 (2021: RMB1,664,000), RMB259,587,000 (2021: RMB309,867,000) and RMB111,392,000 (2021: RMB117,758,000), respectively.

As at 31 December 2022, the Group's share of net assets of the Chanjet Payment was RMB21,476,000 (2021:RMB22,704,000) and the carrying amount of the investment after the fair value adjustments made at the time of disposal and provision for impairment was RMB16,276,000 (2021: RMB32,710,000).

The amount of revenue for the year ended 31 December 2022 of Chanjet Payment adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements was RMB111,574,000 (2021: RMB296,896,000).

The share of Chanjet Payment's loss and total comprehensive loss for the year ended 31 December 2022 were RMB1,484,000 (2021: RMB2,319,000) and RMB1,484,000 (2021: RMB2,319,000), respectively.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value		
Beijing Yonyou Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	**1,775**	11,628
Yonyou Mobile Telecommunications Technology Service Co., Ltd.	**26,811**	28,918
Xi'an Rongke Telecommunications Technology Co., Ltd.	**1,428**	1,676
	30,014	42,222

The above equity investments as at 31 December 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

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**45,858**	45,671
Impairment	**(485)**	(483)
	45,373	45,188

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:

	2022	2021
	RMB'000	*RMB'000*
0 to 90 days	**31,148**	32,860
91 days to 180 days	**10,849**	8,786
181 days to 1 year	**1,072**	3,542
Over 1 year	**2,304**	–
	45,373	45,188

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of the year	**(483)**	–
Impairment losses	**(2)**	(483)
At end of year	**(485)**	(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 they past due for more than three years and are not subject to enforcement activity.

11. TRADE RECEIVABLES *(Continued)*

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 2022

	Within 1 year	**Over 1 year**	**Total**
Expected credit loss rate	**0.82%**	**5.33%**	**1.06%**
Gross carrying amount (RMB'000)	**43,424**	**2,434**	**45,858**
Expected credit losses (RMB'000)	**355**	**130**	**485**

As at 31 December 2021

	Within 1 year	Over 1 year	Total
Expected credit loss rate	1.06%	–	1.06%
Gross carrying amount (RMB'000)	45,671	–	45,671
Expected credit losses (RMB'000)	483	–	483

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 *RMB'000*	2021 *RMB'000*
Staff advances	**643**	322
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2)*	**6,615**	6,318
Prepayments	**106,598**	101,292
Contract costs	**92,131**	46,251
Deposits, other receivables and other assets	**8,145**	11,793
	214,132	165,976
Impairment allowance	**(291)**	(266)
	213,841	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	**6,615**	6,318
Prepayments	**23,158**	27,582
Contract costs	**37,239**	21,465
Other assets	**–**	5,441
	67,012	60,806
Current portion	**146,829**	104,904

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 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.

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 2022 and 2021.

The financial assets included in the above balances relate to other receivables for which there was no recent history of default and past due amounts. As at 31 December 2022 and 2021, the loss allowance was assessed to be minimal.

13. CASH AND BANK BALANCES

	2022	2021
	RMB'000	*RMB'000*
Cash on hand	**18**	18
Bank balances	**118,910**	165,535
Time deposits	**1,043,732**	1,021,699
Cash equivalents	**6,565**	8,848
Cash and bank balances	**1,169,225**	1,196,100
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**232,329**	378,833
Cash and bank balances and interest receivables restricted from being used	**9**	253,916
Unrestricted interest receivables	**37,147**	23,918
Cash and cash equivalents as stated in the consolidated statement of cash flows	**899,740**	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.

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

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Guaranteed *(note)*	**342,080**	334,723
Less: Cash and bank balance unrestricted	**342,080**	80,816
Restricted balance	**–**	253,907

Note:

The deposits were guaranteed by the People's Bank of China, 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 31 December 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 Huishang Bank and Mengshang Bank are not restricted for use. On 17 August 2022, the guaranteed deposits in Huishang Bank were due and recovered.

13. CASH AND BANK BALANCES *(Continued)*

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

	2022	2021
	RMB'000	*RMB'000*
RMB	**1,086,404**	1,120,522
HK$	**76,689**	69,797
US$	**6,132**	5,781
	1,169,225	1,196,100

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.

14. 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:

	2022	2021
	RMB'000	*RMB'000*
0 to 90 days	**16,686**	15,470
91 days to 1 year	**2,528**	1,371
Over 1 year	**860**	1,357
	20,074	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:

	2022	2021
	RMB'000	*RMB'000*
Rendering of services	**441,472**	371,937
Analysed into:		
Current portion	**331,515**	274,341
Non-current portion	**109,957**	97,596

16. OTHER PAYABLES AND ACCRUALS

	2022	2021
	RMB'000	*RMB'000*
Tax payable (other than income tax)	**12,520**	19,043
Staff payroll and welfare payables	**109,069**	72,140
Advances from customers	**13,914**	16,278
Treasury shares repurchase obligation *(note)*	**141,181**	141,181
Other payables	**16,620**	21,536
	293,304	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

	2022	2021
	RMB'000	*RMB'000*
Accrued bonus	**38,862**	38,681

On 28 December 2020, the Board 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 2022, the total amount of the long-term incentive bonus expenses recognised in profit or loss under the Bonus Scheme was RMB41,577,000 (2021: RMB38,276,000).

In accordance with the provisions of the Bonus Scheme, 28 December 2022 is the date for the appraisal of awarding of the first tranche of Bonus. The business performance of the Company for the year 2021 have reached the appraisal targets set by the Board, except for some scheme participants who have terminated or rescinded their labor contracts with the Company and exited the Long-term Incentive Bonus Scheme, the remaining scheme participants have met the individual performance Appraisal Conditions as stipulated in the Long-term Incentive Bonus Scheme, as approved by the President Committee. Based on the business performance of the Company for the year 2021, the Board considered and determined that the appropriation ratio for the first tranche of Bonus shall be approximately 8.19%, and the total amount of this tranche of Bonus to be awarded to the scheme participants shall be approximately RMB41,396,000 (tax inclusive), which has been recognised in staff payroll and welfare payables.

BUSINESS REVIEW

Development Trend of the Industry

According to the data of the National Bureau of Statistics, 29.08 million new market players were registered nationwide in 2022, and an average of 24,000 new enterprise entities were registered per day; the total number of market players amounted to nearly 170 million nationwide. The number of market players maintained steady growth.

During the Reporting Period, the Chinese government increased tax incentives for MSEs, which facilitated the gradual recovery of the vitality of the national economy. 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 Economy (《關於促進工業經濟平穩增長的若干政策》) and Several Policies for Promoting the Recovery and Development of Hard-hit Industries in the Service Sectors (《關於促進服務業領域困難行業恢復發展的若干政策》), while the Ministry of Finance and the State Administration of Taxation published the Announcement on Further Implementing "Six Local Taxes and Two Fees" Reduction and Exemption Policies for Micro and Small Enterprises (《關於進一步實施小微企業「六稅兩費」減免政策的公告》). Favorable policies and measures are expected to play an important role in the rapid recovery of MSEs.

During the Reporting Period, a plan to facilitate the development of the digital economy during the 14th Five-Year Plan period (《「十四五」數字經濟發展規劃》) issued by the State Council proposed that the digital economy will enter a period of comprehensive expansion; and the added value of the core industries of the digital economy will account for 10% of GDP by 2025. The Plan includes implementing special actions to empower the digital transformation of small and medium-sized enterprises and supporting small and medium-sized enterprises to carry out all-business and full-process digital transformation and extension from the point to the whole. It also encourages and supports internet platforms and industry leaders to help traditional enterprises and small and medium-sized enterprises realise digital transformation. In addition, the Plan promotes inclusive services of "migrating to cloud, using digital tools and enabling intelligence" to encourage companies to migrate to the cloud and platforms. It also aims to cultivate professional digital solution providers tailored to the characteristics and needs of micro, small and medium-sized enterprises, so as to promote the development of lightweight, easy-to-maintain, low-cost and one-stop digital solutions. The Ministry of Industry and Information Technology and the Ministry of Finance jointly issued the Notice on Launching the Pilot Program of Providing Financial Support for the Digital Transformation of Small and Medium-sized Enterprises (《關於開展財政支持中小企業數字化轉型試點工作的通知》), which aims to create a series of small, rapid, lightweight and precise digital system solutions and products by carrying out the pilot program of digital transformation of small and medium-sized enterprises with the support of central fiscal funds at the local level. Driven by the strategic opportunities of the rapid development of the digital economy, MSEs have actively sought business transformation, and accordingly, the demand will further increase for using digital and intelligent approaches to increase revenue, reduce costs and enhance operational efficiency.

During the Reporting Period, China officially launched the “Golden Tax Phase IV” with a focus on electronization of invoice involving all fields, processes and elements, with an aim to promote innovation and business transformation in terms of tax law enforcement, service and regulation systems, and improve the tax collection administration efficiency and governance in an all-round manner. The “Golden Tax Phase IV” comprehensive digital electronic invoice (“**All-electronic Invoice**”) had been piloted in many places across the country, and the pilots of issuing such invoice include Guangdong Province (excluding Shenzhen), Shanghai, Inner Mongolia Autonomous Region, Sichuan Province and Xiamen. The pilots of accepting the All-electronic Invoice have expanded to 36 provinces, autonomous regions, municipalities and planned municipalities nationwide. With the full-scale rapid promotion of All-electronic Invoices, the digitization and electronization of invoices will be greatly improved. Meanwhile, the tax collection administration will shift from “invoice-based tax administration” to classified and precise regulation featuring “data-based tax governance”, and the demand for products integrating the invoice, finance and tax and business-finance integration products will continue to increase among MSEs.

The above development trends of the industry have played a positive role in promoting the 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 in the long run.

Major Risks and Uncertainties

The major risks and uncertainties faced by the Group in its business operations include: (1) the foundation of China’s economic recovery has not yet stabilized after optimizing the novel coronavirus (COVID-19) pandemic (“**Pandemic**”) prevention and control measures, which may have an adverse impact on the informatization investment of MSEs; (2) intensified competition in the cloud services market for MSEs may pose a risk to the Group in consolidating and enhancing the competitive advantages of its products if such products fail to meet the ever-changing needs of MSEs customers in a timely manner; (3) risks of network viruses and hacker intrusions, or system interruption affecting its products and services; and (4) intensified competition for talents with core competitiveness in the enterprise cloud services industry, with increased difficulties in attracting and retaining core talents and rising costs.

To address the above major risks and uncertainties, the Group will continue to enhance its product competitiveness by maintaining its absolute leadership in digital intelligent finance and taxation leveraging on the core advantages of relevant products, enhancing the competitive advantages of digital intelligent business products and improving the comprehensive competitiveness of business-finance integration products. Adhering to pursuing ecological co-prosperity through diversified channels, the Group will further enhance the depth and breadth of market coverage and strengthen customer success operations with the customer success principle in mind. While maintaining its rapid business development, the Group will strive to safeguard user information and privacy security with high standards and requirements and continuously strengthen information security and promote customer security awareness and implementation, so as to continuously provide MSEs with reliable and safe cloud services. In terms of talent retention and employee incentives, the Group will continue to improve employer brand and cultural construction by creating a good working and development environment, implementing long-term incentive measures and encouraging the enthusiasm and creativity of its management team members and core cadres.

Principal Business and Operating Conditions

During the Reporting Period, the Group continued to focus on the two major fields of digital intelligent finance and taxation and digital intelligent business for MSEs, and accelerated the innovation and iteration of product applications in the fields of "new finance and taxation, new commerce, new retail, new manufacturing and new service" ("**Five-New**"), so as to continuously enhance its product competitiveness. The Group actively expanded its sales channels and constantly enhanced its channel penetration into low-tier markets. Upholding the concept of ecological co-prosperity, the Group strengthened its ecological cooperation and direct sales business, thereby further expanding its market coverage. Adhering to the principle of customer success, the Group continued to enrich content operations, finance and taxation training and business scenario applications as well as helping customers to deeply apply products and achieve success by sharing exemplary cases.

During the Reporting Period, the Group recorded revenue of RMB680.15 million, representing an increase of 15% as compared with last year, of which revenue generated from SaaS subscriptions was RMB381.14 million, representing an increase of 47% as compared with last year. Revenue generated from SaaS subscriptions accounted for 56% of the total revenue of the Group. As of the end of the Reporting Period, contract liabilities from SaaS subscriptions were RMB428.86 million, representing an increase of 21% from the end of the previous year. The loss attributable to owners of the parent was RMB212.10 million, representing an increase of 15% as compared with the loss of RMB185.07 million for last year. The basic loss per share of the Group was RMB0.708, while that of last year was RMB0.622.

During the Reporting Period, the number of new paying enterprise users of the Group's cloud service business reached 106,000. As of the end of the Reporting Period, the number of accumulated paying enterprise users of cloud service business reached 503,000.

1. Development of products

(1) Digital intelligent finance and taxation consolidated the leading advantages of cloud finance and taxation

In the field of digital intelligent finance and taxation, in addition to full support for All-electronic Invoice processing with its product lines, the Group continued to enhance the bank-enterprise interconnection capabilities and significantly strengthened the ecological open integration capabilities, thereby further enhancing the advantages of products integrating the invoice, finance, tax, fee, bank and filing. Under the guidance of the "Golden Tax Phase IV", its products supported various management issues of All-electronic Invoices as well as the diverse collection, recording, taxation and filing management. The function of one-click tax declaration has been further strengthened, providing robust support for one-click tax declaration in multiple regions and taxes and improving the efficiency of accounting personnel. Efforts were also made to further expand the scope of cooperative banks for bank-enterprise interconnection, so as to synchronize bank transaction data in real time, allow the automatic generation of journal vouchers from bank statements and support the payment processing of bank-enterprise cloud integration, thereby further enhancing the comprehensive capability of products integrating the invoice, finance, tax, fee, bank and filing.

During the Reporting Period, digital intelligent finance and taxation continued to strengthen its ecological cooperation. Chanjet Good Accountant strengthened open integration capabilities for platform vendors, supporting the expansion of business in more ecological cooperation scenarios. Through in-depth cooperation in combination with scenarios, it improved the competitiveness of products and increased footholds in ecological channels. Chanjet Easy Accounting Agent (暢捷通易代賬) focused on strengthening the integration with WeCom to effectively improve the customer service capabilities of account agencies.

(2) Digital intelligent business strengthened the comprehensive advantage of business-finance integration

In the field of digital intelligent business, the Group optimized the development of products in new commerce, new retail, new manufacturing and new service areas. In response to the industry-specific characteristics of customers, the Group strived to improve its industry adaptability and enhance its large-scale delivery capabilities, with the digital intelligent business segment developing rapidly and subscription revenue increasing by 51% over the previous year. In terms of new retail, in response to the digital transformation of enterprises in the fresh food, convenience store and casual food industries, especially the business needs of retail enterprises during the Pandemic, the Group strengthened the relevant characteristics of intra-city ecommerce and community group purchases, released the applications of multi-online stores in connection with offline stores, improved the franchise model and expanded the connection with hardware, payment, logistics and other related ecologies to further meet the needs of MSEs for online transformation. In terms of new commerce, by collaborating with brands to achieve connection and synergy through BC integration at the front end, the Group further improved the efficiency of the industrial chain; and by strengthening WMS warehousing management and TMS logistics and distribution management at the back end, the Group helped commercial enterprises reduce operating costs. In terms of new manufacturing, the Group increased its support for industries such as electronics, machinery, hardware, auto parts and food, strengthened the requirements of production quality management in the whole process, provided synergistic tools for upstream suppliers and downstream customers as well as offered efficiency optimization solutions for the digital intelligence transformation of MSEs in the manufacturing industry. In terms of new service, the Group strengthened its socialization, automation, intelligence and scenario-based features, continued to enhance the project management functions in industries such as construction installation, engineering installation, information technology and business services, realized the integrated project management covering project progress, contract management, material management, cost control and financial and taxation management and strengthened the whole process management and control of project budget as well as improving the industry adaptability through no-code free forms, thereby producing effective support to the development of enterprises in the productive service industry.

(3) The Open Platform accelerated the development of ecological open integration capabilities

During the Reporting Period, the ecological open integration capabilities of Chanjet's Open Platform were further improved. Applications created by ISV partners were integrated with the Group's core SaaS products T^+Cloud, Good Business and Finance (好業財), Good Business (好生意), Good Accountant and Easy Accounting Agent, etc., which connected a total of 50 vertical classified industry application scenarios. In particular, the low-code platform lowered the barrier of secondary development for products, improved the efficiency of application development, provided support for personalized management needs of enterprises, helped MSEs quickly realize flexible construction of form processes and diversified statement generation, thereby greatly enhancing the responsiveness towards the innovation needs of users and meeting the personalized management needs of enterprises. The continuous enhancement of the ecological open integration capabilities of the Open Platform further enriched the product portfolios and functions, thereby effectively enhancing the competitiveness of the Group's SaaS products and expanding revenue sources. During the Reporting Period, the turnover of the ISV products on the Open Platform exceeded RMB10 million.

(4) The information security management of cloud service continued to escalate

While maintaining its rapid business development, the Group has always safeguarded user information and privacy security with high standards and requirements, so as to provide MSEs with reliable and safe information technology services. As of the end of the Reporting Period, the Group has obtained several authoritative certifications in information security management, including Trusted Cloud Security Standard Evaluation (可信雲安全標準評估), National Information Security Protection Level III Certification (國家信息安全等級保護三級認證), ISO27001 Information Security Management System (ISMS) Certification, ISO27701 Privacy Information Management System Certification, ISO27018 Certification of Identifiable Personal Information Protection Management System in Public Cloud, and ISO27017 Cloud Service Information Security Management System Certification. 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. The "Identity Authorization Governance on Chanjet Cloud Platform (暢捷通雲平台身份權限治理)" deployed by the Company has successfully been selected as an "Outstanding Innovation Case" in the field of technology governance in the annual selection event of "2022 GOLF+IT New Governance Leadership Forum (2022年GOLF+IT新治理領導力論壇)" hosted by the China Academy of Information and Communications Technology.

2. *Development of business operations*

During the Reporting Period, adhering to the concept of achieving win-win development with diversified partners, the Group made further efforts to accelerate the coverage of national channel system and speeded up the penetration into county-level markets, with 174 new county-level footholds and 131 new districts and counties. It continued to strengthen the capability of channel partners to develop cloud businesses, with an aim to promote the transformation of traditional channel partners to digital intelligence value-added service providers. The Group strived to promote service providers to carry out industrial marketing in the "Five-New" fields, so as to build a model regional base for digital intelligence of MSEs. In addition, it carried out a series of marketing initiatives for MSEs with the themes of digital marketing, new fiscal and tax policies, All-electronic Invoice application, final settlement and payment of income tax and enterprise tax risk prevention and control, and provided safety inspection activities for MSEs to assist them to realize cloud integration and cloud migration.

In terms of the ecological cooperation channel, the sales of the Group's SaaS products in Alibaba Cloud market and Huawei Cloud market continued to take the lead in the industry. Besides, the Group carried out integrated cooperation with banks, such as "CCB Huidongni (建行惠懂你)", "Home of Minsheng Small Business (民生小微之家)" and "Cloud of Industrial Universal (興業普惠雲)", and conducted various integration cooperation with ISV partners including several tax invoice cloud vendors and industry CRM vendors, which further expanded the terminal market coverage.

In the direct sales channel, the Group continued to strengthen the development of its direct sales business by establishing its user growth centre and formulating its user marketing strategy of large-scale customer acquisition, in-depth demand exploration, consultant-style sales conversion and membership-style customer retention. The Group strengthened the customer acquisition marketing and operation, carried out its inbound marketing model and enhanced the operational capabilities of various channels such as search engine channels, short video channels and traffic cooperation channels. By attracting users through content marketing, the Group built private domain traffic pools through community marketing and accelerated payment conversions through activity marketing. It also provided one-stop practical training business solutions through in-depth cooperation with social finance and taxation training institutions. In addition, the Group carried out scenario-based marketing in accordance with user needs and behavioral characteristics and developed a full life-cycle marketing chain of "online customer acquisition, business opportunity exploration, sales conversion and customer success", effectively improving its online sales conversion capability and conversion efficiency, and thereby achieving rapid growth in the direct sales business.

In terms of the operation of customer success, the Group detailed operational activities of customer application scenarios, constantly shared and pushed customers' successful application cases and helped customers to deeply apply products, so as to improve the recovery of customers' activity and retention rate.

3. *Development of brand and market*

According to the "2022 Research Report on Cloud Finance and Taxation Industry for MSEs in China (《2022中國小微企業雲財稅行業研究報告》)" released by iResearch, Chanjet ranked first in the China's MSEs cloud finance and taxation providers in terms of market share in 2021, took the lead in product foresight and full industry coverage, and ranked high in the leading quadrant of China's MSEs cloud finance and taxation provider matrix. According to the "2022 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2022》)" released by Analysys, Chanjet ranked first in the MSEs finance and taxation and cloud service market in terms of market share, and maintained first in the industry in terms of cloud service growth. As for cloud finance and taxation product ratings, Chanjet Good Accountant ranked first for three consecutive years in terms of comprehensive score, with outstanding performance in the indicators such as adaptability, stability and richness. Chanjet also ranked first in terms of customer satisfaction.

During the Reporting Period, the Exclusive Service Package for Specialized and Sophisticated Enterprises that Produce New and Unique Products in Industrial Internet (工業互聯網「專精特新」專屬服務包) (Chanjet T+Cloud manufacturing and management solution (暢捷通T+Cloud生產製造管理解決方案)) submitted by the Company was successfully included into the Service and Product Catalogue of Specialized and Sophisticated Small and Medium-sized Enterprises that Produce New and Unique Products (《專精特新中小企業服務產品目錄》) issued by China Academy of Information and Communications Technology of the Ministry of Industry and Information Technology. At the "2022 National Conference on Digital Transformation of Small and Medium-sized Enterprises (2022全國中小企業數字化轉型大會)" jointly hosted by the Ministry of Industry and Information Technology and the People's Government of Shandong Province, the Company was successfully selected as a service provider in the "National Digital Service Festival for Small and Medium-sized Enterprises (全國中小企業數字化服務節)". The Company was awarded the "2022 Huawei Cloud Outstanding Ecological Solution Award for Specialized and Sophisticated Enterprises that Produce New and Unique Products (2022華為雲專精特新優秀生態解決方案獎)" and "Huawei Cloud Outstanding Software Partner (華為雲優秀Software Partner)"; and the Company was awarded the "Outstanding Contribution Award" of Alibaba Cloud Product Eco-partners at the "2022 Apsara Conference". The Company was accredited as "Customer Satisfaction Enterprise of Beijing (北京市用戶滿意企業)" and "Beijing Enterprise with Commitment to Integrity Operation (北京市誠信經營承諾企業)" in 2022 by Beijing Social Enterprise Quality Association, respectively. At the 2022 China Developer Impact Ceremony and CSDN Enterprise Ecological Hub (中國開發者影響力盛典暨CSDN企業生態匯), the Company was awarded "Digital Innovation Enterprise of the Year (年度數字化創新企業)" and meanwhile Chanjet Good Business and Finance (暢捷通好業財) won the award of "Innovative Product and Solution of the Year (年度創新產品與解決方案)". In addition, Chanjet T+Cloud was awarded the "Innovation Achievement of Digital Economy Industry (數字經濟產業創新成果)" at the 2022 Global Digital Economy Conference.

PROSPECTS

Looking forward to 2023, the pandemic prevention and control in the PRC will enter a new stage with improvements in the overall performance of pandemic prevention and control across the country. Against the favorable background of various government support policies for stabilizing the economy and promoting development, the Group will continue to focus on the two major fields of digital intelligent finance and taxation and digital intelligent business for MSEs, with an aim to establishing the leading position in the finance and taxation cloud service market for MSEs and seizing the leading position in the cloud service market for MSEs. Adhering to the principle of customer success, the Group will make continuous efforts to improve product competitiveness, pursue ecological co-prosperity from application services to ecological platforms, promote the large-scale development of businesses, enhance operating efficiency, and improve profitability, thereby achieving high-quality development.

(I) The Group will strengthen its absolute leadership in digital intelligent finance and taxation by leveraging on the core advantages of relevant products, enhance the competitive advantages of digital intelligent business products and improve the comprehensive competitiveness of business-finance integration products

The Group will continue to accelerate product innovation and development and enhance the advantages of digital intelligent finance and taxation products integrating the invoice, finance, tax, fee, bank and filing by virtue of the advancement of "Golden Tax Phase IV (金稅四期)". It will optimize the development of products in new commerce, new retail, new manufacturing and new service, so as to improve its industry adaptability and enhance its large-scale delivery capabilities. Efforts will be also made to improve the low-code platform and ecological open integration capabilities, thereby accelerating the development towards ecological platforms. Besides, the Group will adopt a "three-pronged driving (三輪驅動)" approach of providing the SaaS application services, intelligent finance and taxation services and data value-added services for MSEs, with an aim to promote the rapid development of its businesses.

(II) Enhancing customer value and achieving win-win cooperations with partners by expanding channels and broadening coverage

By promoting the wide application of cloud finance and taxation and the digital and intelligent transformation of operation driven by its All-electronic Invoices and business-finance integration scenarios, the Group will be committed to assisting MSEs to realize cloud adoption and cloud migration, so as to make a breakthrough in the large-scale customer acquisition. In terms of channel operations, the Group will make every endeavor to accelerate the channel penetration into county-level markets by expanding business footholds, and increase the density and breadth of regional coverage according to regional characteristics. The Group will continue to promote the industrialization and application scenario-based marketing strategies in the "Five-New" fields by building a regional base for a model of digital intelligence of MSEs. It is expected to improve large-scale sales capabilities by drawing reference from the product promotion experience of exemplary cases. In addition, the Group will make constant efforts to explore the ISV ecological partners in the industry with the integration and convergence of business and finance by further enriching its product matrix, covering more customer application scenarios and enhancing product value. Continuous efforts will be also made to upgrade the customer success system and strengthen customer operations, so as to improve the life cycle value of customers.

(III) Accelerating the development of direct sales business

In terms of direct sales channels, the Group will continue to carry out its inbound marketing model by optimizing search engine placement strategies and improving the input-output ratio. With high emphasis and improvement on content marketing, short video marketing and community marketing, the Group will strive to build a private domain traffic pool, to be in a better position to monetize business opportunities. In addition, the Group will step up efforts to broaden its customer acquisition channels by improving the operation of stores on e-commerce platforms, strengthening cooperation with resource platforms such as online social training schools, DingTalk, WeCom and Feishu as well as establishing a long-term mechanism for online direct sales growth. Besides, it will carry out industrialized marketing by highlighting the advantages of product capabilities, focusing on business management weaknesses and scenarios of customers in the industry and deeply exploring the industrial application needs of customers. By formulating product marketing strategies based on the management characteristics of customers in the industry, the Group will make continuous efforts to improve its online delivery capabilities and enhance the conversion efficiency of direct sales customers and the sales contribution of single customer.

(IV) Building a strong team by strengthening capabilities, cultivating talents and improving staff efficiency

The Group will continue to monitor input-output ratios and staff efficiency improvement based on the development stages of its various product and business lines, so as to facilitate dynamic investment in human resources. The Group will also step up efforts to improve its professional talent development system based on the qualification system and promote a hierarchical empowerment system of the combination of practice and training, with priorities being given to speeding up the capability enhancement of cadres, talents in key positions and their team members. In addition, it is expected that full play will be given to the guiding role of performance rewards and punishments and long-term incentive mechanisms according to different businesses and position sequences, so as to ensure the retention of core talents. The Group will also continuously promote the practice of its corporate cultural values to secure the sound development of the Group in the long run.

FINANCIAL REVIEW

	For the year ended 31 December		Change in	Percentage
	2022	2021	amount	change
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**680,149**	590,324	89,825	15
Cost of sales and services provided	**(266,541)**	(179,972)	(86,569)	48
Gross profit	**413,608**	410,352	3,256	1
Gross profit margin	**61%**	70%	(9)%	
Other income and gains, net	**59,691**	61,930	(2,239)	(4)
R&D costs	**(271,725)**	(242,557)	(29,168)	12
Selling and distribution expenses	**(308,116)**	(304,462)	(3,654)	1
Administrative expenses	**(86,312)**	(88,403)	2,091	(2)
Impairment losses of financial assets	**(2)**	(522)	520	(100)
Other expenses	**(15,484)**	(26,637)	11,153	(42)
Finance costs	**(2,131)**	(610)	(1,521)	249
Share of loss of an associate	**(1,484)**	(2,319)	835	(36)
Loss before tax	**(211,955)**	(193,228)	(18,727)	10
Income tax (charge)/credit	**(140)**	8,158	(8,298)	(102)
Loss for the year	**(212,095)**	(185,070)	(27,025)	15
Attributable to:				
Owners of the parent	**(212,095)**	(185,070)	(27,025)	15

Operating Results

During the Reporting Period, the Group recorded a revenue of RMB680.15 million, representing an increase of 15% as compared to last year. Loss for the year and loss attributable to owners of the parent of the Group were both RMB212.10 million, representing an increase of 15% as compared to the loss of RMB185.07 million last year. The basic loss per share of the Group was RMB0.708, while the basic loss per share was RMB0.622 last year.

Loss for the year of the Group increased as compared to last year, which was mainly due to (i) disruption in some marketing and promotional activities as affected by the Pandemic, resulting in revenue growth falling short of expectations; and (ii) the continued increase in investment in R&D and the increase in the contract operation costs related to channel service providers and eco-partners to maintain product and market leadership in the fields of digital intelligent finance and taxation and digital intelligent business for MSEs. In the future, the Company will attach greater importance to improve its input-output efficiency and achieve the advantages of large-scale operation.

Revenue

For the year ended 31 December 2022, the revenue of the Group was RMB680.15 million, representing an increase of 15% as compared to last year. In particular, revenue from SaaS subscriptions was RMB381.14 million, representing an increase of 47% as compared to last year, and its proportion in the total revenue accounted for 56%.

Cost of Sales and Services Provided

For the year ended 31 December 2022, the Group's cost of sales and services provided was RMB266.54 million, representing a year-on-year increase of 48%, which was mainly due to an increase of RMB83.49 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 year ended 31 December				Change in amount	Percentage change
	2022		2021			
	RMB'000	**%**	*RMB'000*	*%*	*RMB'000*	*%*
Contract operation costs	**209,870**	**79**	126,380	70	83,490	66
Labour costs	**21,717**	**8**	20,329	11	1,388	7
Operation and maintenance costs	**14,046**	**5**	10,500	6	3,546	34
Service costs	**8,924**	**3**	10,322	6	(1,398)	(14)
Amortisation of intangible assets	**7,177**	**3**	7,177	4	0	0
Software development and production costs	**2,178**	**1**	2,692	2	(514)	(19)
Other costs	**2,629**	**1**	2,572	1	57	2
Cost of sales and services provided	**266,541**	**100**	179,972	100	86,569	48

Gross Profit and Gross Profit Margin

For the year ended 31 December 2022, the Group achieved a gross profit of RMB413.61 million, representing an increase of 1% as compared to last year. The gross profit margin of the Group was 61%, representing a decrease of 9 percentage points as compared to last year, which was mainly attributable to the rapid increase of contract operation costs of cloud service business.

Other Income and Gains, Net

For the year ended 31 December 2022, the Group's other income and gains, net were RMB59.69 million, representing a decrease of 4% as compared to last year, mainly due to the increase in exchange gains of RMB6.77 million as a result of exchange rate changes, offset by a decrease of RMB11.87 million in interest income and gains from bank deposits and wealth management products.

R&D Costs

For the year ended 31 December 2022, R&D costs of the Group amounted to RMB271.73 million, representing an increase of 12% as compared to last year, which was mainly attributable to the increase of RMB25.36 million in labour costs.

Selling and Distribution Expenses

For the year ended 31 December 2022, the selling and distribution expenses of the Group were RMB308.12 million, representing an increase of 1% as compared to last year, which was mainly attributable to the increase in labour costs of RMB7.44 million, which was offset by a reduction in relevant business travel and offline promotion expenses due to the disruption in some marketing and promotional activities as affected by the Pandemic.

Administrative Expenses

For the year ended 31 December 2022, the administrative expenses of the Group was RMB86.31 million, representing a decrease of 2% as compared to last year, which was mainly attributable to the decrease of RMB4.57 million in labour costs.

Other Expenses

For the year ended 31 December 2022, other expenses of the Group were RMB15.48 million, which mainly included a provision for impairment of RMB14.95 million made by the Group in respect of the investment in Beijing Chanjet Payment Technology Co., Ltd. ("**Chanjet Payment**"), an associate of the Company. The provision for impairment made by the Group on Chanjet Payment was mainly attributable to the relevant business transformation of Chanjet Payment that fell short of expectations.

Income Tax Expense

For the year ended 31 December 2022, the income tax expense of the Group was RMB0.14 million, which was mainly the income tax expense arising from the recognized deferred income tax liabilities.

Loss Attributable to Owners of the Parent

For the year ended 31 December 2022, the loss attributable to owners of the parent of the Group was RMB212.10 million, and the loss attributable to the owners of the parent last year was RMB185.07 million. The long-term employee incentive point scheme, the employee share ownership scheme and the long-term incentive bonus scheme (together the "**Long-term Incentive Schemes**") of the Group were included in the profit or loss for the period of approximately RMB74.73 million as compared to that of approximately RMB84.21 million last year. After deducting the effect of the expenses of the above Long-term Incentive Schemes, the loss attributable to owners of the parent was approximately RMB137.37 million as compared to the loss of approximately RMB100.86 million last year.

Liquidity

Condensed cash flow statement

	For the year ended 31 December		Change in
	2022	2021	amount
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in operating activities	**(159,115)**	(90,732)	(68,383)
Net cash flows from investing activities	**519,935**	364,258	155,677
Net cash flows used in financing activities	**(7,182)**	(27,835)	20,653

Net cash flows used in operating activities

For the year ended 31 December 2022, net cash flows used in operating activities of the Group was RMB159.12 million, representing an increase of RMB68.38 million compared to net cash flows used in operating activities of the Group for the last year, which was mainly due to the increase in cash paid to and for the benefit of employees and contract operation costs paid by the Group for cloud service business.

Net cash flows from investing activities

For the year ended 31 December 2022, net cash flows from investing activities of the Group was RMB519.94 million, which was mainly due to the fact that some of the Group's time deposits and bank wealth management products matured during the Reporting Period.

Net cash flows used in financing activities

For the year ended 31 December 2022, net cash flows used in financing activities of the Group was RMB7.18 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 31 December	
	2022	2021
Cash and bank balances *(RMB'000)*	**1,169,225**	1,196,100
Current ratio	**209%**	257%
Gearing ratio	**0%**	0%

As at 31 December 2022, the cash and bank balances of the Group was RMB1,169.23 million (31 December 2021: RMB1,196.10 million). The decrease in cash and bank balances was mainly due to the increase in cash paid to and for the benefit of employees and contract operation costs paid by the Group for cloud service business. 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 13 to the financial statements. Cash and bank balances of the Group was mainly used for business development and daily operations, acquisitions and capital expenditure, dividend payments and so on. With accumulated funds from previous operations and stable cash inflows generated from the daily business operations, 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 2022 was 209% (31 December 2021: 257%). The decrease in current ratio was mainly due to a decrease in current assets as a result of the decrease in the Group's financial assets at fair value through profit or loss and cash and bank balances, together with an increase in current liabilities resulting from the increase in the contract liabilities brought by the advance receipts from the cloud services business.

The Group had no interest-bearing liabilities (other than lease liabilities), as at 31 December 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 year ended 31 December 2022, the capital expenditure of the Group mainly included the additional expenditure on property, plant and equipment of RMB3.33 million (2021: RMB8.19 million), and the additional expenditure on right-of-use assets (mainly refers to leased office buildings) of RMB17.45 million (2021: RMB2.32 million).

Contingent Liabilities

As at 31 December 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 31 December 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 and disposal in relation to subsidiaries, associates and joint ventures.

The Impact of the Novel Coronavirus Pandemic on Business Operation

During the Reporting Period, some marketing and promotional activities of the Group were disrupted due to the negative impact of the Pandemic, resulting in revenue growth falling short of expectations and an increase in loss for the year as compared to the previous year. The Group continued to focus on the two major fields of digital intelligent finance and taxation and digital intelligent business for MSEs against the backdrop of repeated occurrence of the Pandemic in the PRC and increasing economic downward pressure. Adhering to the principle of customer success, the Group made continuous efforts to enhance its product competitiveness, expand its sales channels and pursue ecological co-prosperity. In addition, the Group further enhanced its market coverage and strengthened customer success operations, thereby maintaining high growth in SaaS subscription revenue and achieving sustained growth in total revenue. With the accumulated funds from past operations and stable cash inflow from daily business operations, the Group was in a good liquidity position with relatively sufficient working capital. The management, having made a comprehensive assessment, considered that although the Pandemic had caused a short-term negative impact on the Group's business operations in 2022, the market is expected to gradually recover and the Group will rapidly promote business development to increase income and improve efficiency with the optimization and adjustment of the pandemic prevention and control policies in the PRC in 2023.

Foreign Exchange Fluctuation Risks

The Group conducted its domestic business primarily in RMB, which was also its functional currency. Chanjet Information Technology Corporation, 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.

Subsequent Events

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 2022, the Group had 1,207 employees in total (31 December 2021: 1,289 employees). During the Reporting Period, in order to support the rapid development of the cloud services business, the Group continued to optimize its organizational structure, create a marvelous team and improve staff efficiency, thereby comprehensively building and enhancing organizational capabilities. The Group also strengthened the construction and cultivation of a senior talent team of cadres and experts and core talents in key positions, implemented corresponding cultivation programmes and created an empowerment system in the form of practical skill training, thereby comprehensively improving the ability of employees. In terms of talent retention and employee motivation, by improving the talent development system for each position sequence and implementing various measures such as long-term incentive, remuneration and benefit reform and cultural construction, the Group stimulated the enthusiasm and creativity of the members of 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. During the Reporting Period, the Group focused on the improvement of leadership of cadres, general competence of employees and professional ability of experts. In accordance with the established hierarchical training programme, the Group launched its online training courses of "Workplace Exploration (職場探能)" general competence enhancement for employees of different positions, departments and levels. The Group also carried out the "Starfire Plan (星火計劃)" initial leadership training programme for new cadres; the comprehensive capability enhancement training projects such as "Samurai Camp (虎賁營)" and "Elite Hub (菁英匯)" for core cadres of the marketing and operation sectors; and the "Star Plan (星宿計劃)" professional ability enhancement training project for cadres of the research and development sector. In addition, the Group introduced excellent external training courses together with online and offline training methods to empower employees in a comprehensive manner. 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.

The Group has developed market-based, competitive and performance-oriented compensation policies 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. 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 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 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 long-term employee incentive point scheme, the employee share ownership scheme and the long-term incentive bonus scheme.

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 its prospectus 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 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 the use of the unutilized proceeds as at 31 December 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 4.46 million	Approximately 285.80 million	Approximately 4.89 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 2025 and subject to the identification of target(s) by the Company[Note]
To fund our general working capital	Approximately 85.49 million	–	Approximately 85.49 million	–	N/A
Total	Approximately 854.96 million	Approximately 11.30 million	Approximately 769.24 million	Approximately 85.72 million	

Note: The Company has not yet identified businesses and assets compatible with the Company's business strategy, resulting in the use of funds for the acquisition of businesses and assets compatible with the Company's business strategy not as the intended timetable, therefore, the intended timetable for the use of this unutilized proceeds changed from on or before 31 December 2022 to on or before 31 December 2025, subject to the identification of target(s) by the Company.

As at 31 December 2022, the balance of the net unutilized proceeds of the Company 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 any final dividend for the year ended 31 December 2022 (2021: Nil).

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

CLOSURE OF REGISTER OF MEMBERS

The 2022 annual general meeting of the Company ("**AGM**") will be held on Friday, 12 May 2023 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 2022 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. 8 May 2023 (Monday)
– Closure of Register of Members	9 May 2023 (Tuesday) to 12 May 2023 (Friday) (both dates inclusive)
– Record date	12 May 2023 (Friday)

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 2022, 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 2022, 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 2022, 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 2022 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
23 March 2023

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.

* *For identification purposes only*