畅捷通

Chanjet

暢捷通信息技術股份有限公司

CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1588)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	2023	2022	Percentage Change
	RMB'000	*RMB'000*	*%*
Revenue	**800,621**	680,149	18
Gross profit	**538,599**	413,608	30
Profit/(loss) attributable to owners of the parent	**15,876**	(212,095)	N/A
Basic earnings/(loss) per share *(RMB)*	**0.050**	(0.708)	N/A

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 2023.

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 2023 (the "**Reporting Period**") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**800,621**	680,149
Cost of sales and services provided	*5*	**(262,022)**	(266,541)
Gross profit		**538,599**	413,608
Other income and gains, net	*4*	**136,398**	59,691
Research and development costs	*5*	**(247,340)**	(271,725)
Selling and distribution expenses		**(335,535)**	(308,116)
Administrative expenses		**(67,943)**	(86,312)
Impairment losses on financial assets		**(628)**	(2)
Other expenses		**(592)**	(15,484)
Finance costs		**(989)**	(2,131)
Share of loss of an associate	*9*	**(274)**	(1,484)
Profit/(loss) before tax	*5*	**21,696**	(211,955)
Income tax expense	*6*	**(5,820)**	(140)
Profit/(loss) for the year		**15,876**	(212,095)
Attributable to:			
Owners of the parent		**15,876**	(212,095)
Earnings/(loss) per share attributable to ordinary equity holders of the parent			
Basic *(RMB cents)*	*8*	**5.0**	(70.8)
Diluted *(RMB cents)*	*8*	**5.0**	(71.0)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) for the year	**15,876**	(212,095)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**38**	209
Other comprehensive income for the year, net of tax	**38**	209
Total comprehensive income/(loss) for the year	**15,914**	(211,886)
Attributable to:		
Owners of the parent	**15,914**	(211,886)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment		**3,346**	6,775
Right-of-use assets		**6,766**	12,804
Intangible assets		**985**	5,307
Investment in an associate	*9*	**16,002**	16,276
Equity investments at fair value through profit or loss	*10*	**63,310**	30,014
Deferred tax assets		**12,533**	18,347
Prepayments, other receivables and other assets	*12*	**65,122**	67,012
Cash and bank balances	*14*	**150,712**	–
Total non-current assets		**318,776**	156,535
Current assets			
Inventories		**954**	815
Trade and bills receivables	*11*	**57,076**	45,373
Prepayments, other receivables and other assets	*12*	**168,868**	146,829
Financial assets at fair value through profit or loss	*13*	**153,055**	–
Cash and bank balances	*14*	**886,853**	1,169,225
Total current assets		**1,266,806**	1,362,242
Current liabilities			
Trade payables	*15*	**14,012**	20,074
Contract liabilities	*16*	**402,134**	331,515
Other payables and accruals	*17*	**130,100**	293,304
Lease liabilities		**6,546**	6,567
Total current liabilities		**552,792**	651,460
Net current assets		**714,014**	710,782
Total assets less current liabilities		**1,032,790**	867,317

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Non-current liabilities			
Lease liabilities		**218**	6,185
Contract liabilities	*16*	**145,924**	109,957
Long-term liabilities	*18*	**16,990**	38,862
Total non-current liabilities		**163,132**	155,004
Net assets		**869,658**	712,313
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		**(28,519)**	(113,228)
Reserves		**572,405**	499,769
Total equity		**869,658**	712,313

NOTES TO FINANCIAL STATEMENTS

31 December 2023

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.

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, Chinese Mainland 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 2023 was USD10,300,000.

(b) The paid-in capital of Chanjet Yunhui as at 31 December 2023 was RMB1,500,000.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and wealth management products at fair value through profit or loss. 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 2023. 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 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. 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) As the Group did not have contracts within the scope of IFRS 17, the standard did not have any impact on the financial position or performance of the Group.

(b) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

2. ACCOUNTING POLICIES *(Continued)*

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

(c) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(e) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

The cloud service business constituted a significant part of the Group's operations. 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 Chinese Mainland and 99% of the Group's identifiable non-current assets were located in Chinese Mainland, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

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

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of products	**215,954**	173,093
Rendering of services	**582,607**	504,784
Sale of purchased goods	**2,060**	2,272
Total	**800,621**	680,149

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

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Sale of products	**215,954**	173,093
Rendering of services	**582,607**	504,784
Sale of purchased goods	**2,060**	2,272
Total revenue from contracts with customers	**800,621**	680,149
Geographical market		
Chinese Mainland	**800,621**	680,149
Total revenue from contracts with customers	**800,621**	680,149
Timing of revenue recognition		
Goods/services transferred at a point in time	**290,183**	268,209
Services transferred over time	**510,438**	411,940
Total revenue from contracts with customers	**800,621**	680,149

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

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
External customers	**800,621**	680,149
Total revenue from contracts with customers	**800,621**	680,149

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

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of services	**283,099**	221,941

(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.

As at 31 December 2023, the amount of contract liabilities included in the current portion is approximately RMB402,134,000 (2022: RMB331,515,000). The amounts expected to be recognised as revenue within one year are affected when the end customer starts to use.

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

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

	2023	2022
	RMB'000	*RMB'000*
Other income		
Value-added tax refunds	**20,190**	21,076
Additional deduction of input value-added tax	**862**	1,750
Government grants	**4,335**	2,849
Interest income	**25,212**	33,870
Others	**38**	674
Total other income	**50,637**	60,219
Gains/(losses), net		
Fair value gains/(losses),net:		
Equity investments and wealth management products at fair value through profit or loss *(note 1)*	**40,179**	(7,895)
Gain on disposal of the Finance & Taxation Practical Skills Training Product and Service Business *(note 2)*	**43,755**	–
Exchange gains, net	**1,189**	6,769
Others	**638**	598
Total gains/(losses), net	**85,761**	(528)
Total other income and gains, net	**136,398**	59,691

Notes:

(1) Further details of equity investments and wealth management products at fair value through profit or loss are set out in notes 10 and 13 to the financial statements.

(2) On 24 March 2023, the Company entered into the transfer agreement with Seentao Technology Co., Ltd. (a fellow subsidiary of the Company) for the disposal of the Finance & Taxation Practical Skills Training Product and Service Business at an aggregated consideration of RMB43,800,000. Such transaction has resulted in a gain on disposal of RMB43,755,000.

5. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Cost of products sold		**1,069**	2,212
Cost of services provided		**259,396**	262,762
Cost of purchased goods sold		**1,557**	1,567
Cost of sales and services provided		**262,022**	266,541
Depreciation of property, plant and equipment		**3,927**	3,980
Depreciation of right-of-use assets		**7,057**	6,545
Amortisation of intangible assets *(note 1)*		**4,643**	7,764
Lease payments not included in the measurement of lease liabilities		**2,271**	2,888
Research and development costs *(note 2)*		**247,340**	271,725
Auditor's remuneration *(note 3)*		**2,044**	1,440
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):			
Wages and salaries		**427,287**	483,983
Equity-settled share-based payment expense		**250**	810
Pension scheme contributions *(note 4)*		**43,161**	41,614
Total		**470,698**	526,407
Foreign exchange differences, net		**(1,189)**	(6,769)
Impairment of an investment in an associate	*9*	**–**	14,950
Impairment of financial assets		**628**	2
Fair value (gains)/losses, net:			
Equity investments and wealth management products at fair value through profit or loss	*4*	**(40,179)**	7,895
Gain on disposal of the Finance & Taxation Practical Skills Training Product and Service Business		**(43,755)**	–

Notes:

(1) During the year ended 31 December 2023, amortisation of intangible assets of approximately RMB4,206,000 (2022: RMB7,177,000) was included in "Cost of sales and services provided" in the consolidated statement of profit or loss.

(2) During the year ended 31 December 2023, research and development costs of approximately RMB229,261,000 (2022: RMB252,356,000) were included in employee benefit expenses.

(3) During the year ended 31 December 2023, the auditor's remuneration includes other professional service fees in addition to audit service fees.

(4) 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

	2023	2022
	RMB'000	*RMB'000*
Current tax	**6**	2
Deferred tax	**5,814**	138
Total tax charge for the year	**5,820**	140

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 Chinese Mainland for the years ended 31 December 2023 and 2022.

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 2023 and 2022.

The subsidiary incorporated in the United States was subject to income tax at the rate of 21% for the years ended 31 December 2023 and 2022.

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

2023	**Chinese Mainland**		**USA**		**Total**	
	RMB'000	*%*	***RMB'000***	*%*	***RMB'000***	*%*
Profit/(loss) before tax	**21,915**		**(219)**		**21,696**	
Tax at the applicable tax rate	**5,479**	**25.0**	**(46)**	**21.0**	**5,433**	**25.0**
Effect of different income tax rates *(note 1)*	**(3,878)**	**(17.7)**	**–**	**–**	**(3,878)**	**(17.9)**
Effect of tax incentives *(note 2)*	**(52,500)**	**(239.6)**	**–**	**–**	**(52,500)**	**(242.0)**
Loss attributable to an associate	**68**	**0.3**	**–**	**–**	**68**	**0.3**
Expenses not deductible for tax *(note 3)*	**10,875**	**49.6**	**6**	**(2.7)**	**10,881**	**50.2**
Tax losses and deductible temporary differences not recognised	**45,770**	**208.9**	**46**	**(21.0)**	**45,816**	**211.2**
Tax charge at the Group's effective rate	**5,814**	**26.5**	**6**	**(2.7)**	**5,820**	**26.8**

6. INCOME TAX *(Continued)*

2022	Chinese Mainland *RMB'000*	*%*	USA *RMB'000*	*%*	Total *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)

Notes:

(1) The effect of different income tax rates represented the reduced amount of tax payable due to income tax exemption in the year. The Company was subject to a 15% income tax rate for the years ended 31 December 2023 and 2022.

(2) The effect of tax incentives represented income tax benefits on research and development expenditure.

High-technology enterprises were also entitled to deduct qualifying research and development expenses from taxable profits. During 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 and during the year of 2023, 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 RMB68,000 (2022: RMB371,000) 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 2023 (2022: Nil).

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 318,525,725 (2022: 299,710,962) 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 earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares, which includes the weighted average number of ordinary shares in issue during the year, as used in the basic earnings/(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 earnings/(loss) per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	**15,876**	(212,095)
Adjusted profit/(loss) attributable to ordinary equity holders of the parent	**15,876**	(212,095)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**318,525,725**	299,710,962
Adjustment for the Employee Share Ownership Scheme	**–**	(1,102,390)
Weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share calculation	**318,525,725**	298,608,572

9. INVESTMENT IN AN ASSOCIATE

	2023	2022
	RMB'000	*RMB'000*
Investment in an associate	**67,060**	67,334
Provision for impairment	**(51,058)**	(51,058)
Total	**16,002**	16,276

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**
Beijing Chanjet Payment Technology Co., Ltd. ("**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 2023 of Chanjet Payment adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements were RMB292,890,000 (2022: RMB370,249,000), RMB701,000 (2022: RMB730,000), RMB185,086,000 (2022: RMB259,587,000) and RMB108,505,000 (2022: RMB111,392,000), respectively.

As at 31 December 2023, the Group's share of net assets of the Chanjet Payment was RMB20,920,000 (2022: RMB21,476,000) and the carrying amount of the investment after the fair value adjustments made at the time of disposal and provision for impairment was RMB16,002,000 (2022: RMB16,276,000).

The amount of revenue for the year ended 31 December 2023 of Chanjet Payment adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements was RMB18,342,000 (2022: RMB111,574,000).

The share of Chanjet Payment's loss and total comprehensive loss for the year ended 31 December 2023 were RMB274,000 (2022: RMB1,484,000) and RMB274,000 (2022: RMB1,484,000), respectively.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value		
Beijing Yonyou Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	**2,097**	1,775
Yonyou Mobile Telecommunications Technology Service Co., Ltd.	**59,785**	26,811
Xi'an Rongke Telecommunications Technology Co., Ltd.	**1,428**	1,428
Total	**63,310**	30,014

The above equity investments as at 31 December 2023 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 AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**57,967**	45,858
Bills receivables	**150**	–
Impairment allowance	**(1,041)**	(485)
Net carrying amount	**57,076**	45,373

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 and bills receivable balances. Trade and bills receivables are non-interest-bearing. Amounts included in trade and bills receivables were denominated in RMB.

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**45,886**	31,148
91 days to 180 days	**5,524**	10,849
181 days to 1 year	**2,334**	1,072
1 to 2 years	**2,824**	2,304
Over 2 years	**508**	–
Total	**57,076**	45,373

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**(485)**	(483)
Impairment losses	**(556)**	(2)
At end of year	**(1,041)**	(485)

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.

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

11. TRADE AND BILLS RECEIVABLES *(Continued)*

As at 31 December 2023

	Within 1 year	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.70%**	**5.21%**	**50.00%**	
Gross carrying amount *(RMB'000)*	**53,971**	**2,980**	**1,016**	**57,967**
Expected credit losses *(RMB'000)*	**378**	**155**	**508**	**1,041**

As at 31 December 2022

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

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 *RMB'000*	2022 *RMB'000*
Staff advances	**490**	643
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2)*	**6,768**	6,615
Prepayments	**146,807**	106,598
Contract costs	**68,776**	92,131
Deposits, other receivables and other assets	**11,516**	8,145
	234,357	214,132
Impairment allowance	**(367)**	(291)
	233,990	213,841
Less: Non-current portion		
Share purchase fund and dividend held by the trustee for share-based payments *(notes 1 and 2)*:		
Long-term receivables	**6,768**	6,615
Prepayments	**42,058**	23,158
Contract costs	**14,055**	37,239
Other assets	**2,241**	–
	65,122	67,012
Current portion	**168,868**	146,829

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 2023 and 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 invalid from the very beginning or lapsed 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 included 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 2023 and 2022.

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 2023 and 2022, the loss allowance was assessed to be minimal.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Wealth management products	**153,055**	–

The Group purchased various wealth management products issued by banks in Chinese Mainland. As at 31 December 2023, the Group purchased wealth management products with the cost of RMB150,000,000 (31 December 2022: Nil) from commercial banks. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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

The details and breakdown of the financial assets at fair value through profit or loss as at the 31 December 2023 are as follows:

Name of bank	Nature of products	Commencement date	Expiry date	Principal amount *RMB'000*	Carrying value *RMB'000*
Industrial Bank Co., Ltd.	Structured deposits	17 March 2023	15 March 2024	**50,000**	**51,230**
Bank of Nanjing Co., Ltd.	Structured deposits	22 March 2023	18 March 2024	**50,000**	**50,965**
China Construction Bank Corporation	Structured deposits	24 March 2023	24 March 2024	**50,000**	**50,860**
				150,000	**153,055**

14. CASH AND BANK BALANCES

	2023 *RMB'000*	2022 *RMB'000*
Cash on hand	**18**	18
Bank balances	**120,717**	118,910
Time deposits	**904,414**	1,043,732
Cash equivalents	**12,416**	6,565
	1,037,565	1,169,225
Less: Time deposits, non-current portion *(note)*	**150,712**	–
Cash and bank balances	**886,853**	1,169,225
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**90,000**	232,329
Cash and bank balances and interest receivables restricted from being used	**–**	9
Unrestricted interest receivables	**11,064**	37,147
Cash and cash equivalents as stated in the consolidated statement of cash flows	**785,789**	899,740

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.

14. CASH AND BANK BALANCES *(Continued)*

Note:

The time deposit is placed at ZhongGuanCun Bank Ltd. The principal amount is RMB150,000,000, and the term is from 1 November 2023 to 1 November 2025. As at 31 December 2023, the amount of interest receivable is RMB712,000. The principal and interest of the time deposit have been classified at the non-current portion.

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

	2023	2022
	RMB'000	*RMB'000*
RMB	**950,835**	1,086,404
HK$	**80,710**	76,689
US$	**6,020**	6,132
Total	**1,037,565**	1,169,225

The RMB is not freely convertible into other currencies. However, under Chinese Mainland'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 which are authorised to conduct foreign exchange business.

15. TRADE PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**10,479**	16,686
91 days to 1 year	**1,879**	2,528
Over 1 year	**1,654**	860
Total	**14,012**	20,074

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

16. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2023	2022
	RMB'000	*RMB'000*
Rendering of services	**548,058**	441,472
Analysed into:		
Current portion	**402,134**	331,515
Non-current portion	**145,924**	109,957

17. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Tax payable (other than income tax)	**17,648**	12,520
Staff payroll and welfare payables *(note 1)*	**81,598**	109,069
Advances from customers	**9,031**	13,914
Treasury shares repurchase obligation *(note 2)*	**–**	141,181
Other payables	**21,823**	16,620
Total	**130,100**	293,304

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

Notes:

(1) Further details of staff payroll and welfare payables related to the long-term incentive bonus scheme are set out in note 18 to the financial statements.

(2) Treasury shares repurchase obligation arose from the Employee Share Ownership Scheme. On 30 March 2023, Yonyou Up Information Technology Co., Ltd. (a fellow subsidiary of the Company) issued a confirmation letter to agree that before domestic shares can be traded publicly, it shall purchase as the transferee all shares to be transferred by the shareholding platform under the Employee Share Ownership Scheme when unlocked incentive shares are redeemed and incentive shares which have not been unlocked are exited. Thus, the Company derecognised this repurchase obligation.

18. LONG-TERM LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Accrued bonus	**16,990**	38,862

On 28 December 2020, the Board approved the adoption of the long-term incentive 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 long-term incentive bonus scheme participants. Subject to the satisfaction of the appraisal conditions, the long-term incentive 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 long-term incentive bonus scheme participants under the long-term incentive bonus scheme, which comprises Mr. Yang Yuchun, the executive director and the president of the Company, and 157 members of other mid to senior level management personnel, experts and key personnel of the Group.

During the year ended 31 December 2023, the total amount of the long-term incentive bonus expenses recognised in profit or loss under the long-term incentive bonus scheme was RMB7,109,000 (2022: RMB41,577,000).

On 28 December 2023, the Board considered and passed a resolution in relation to the appraisal of the second tranche of Bonus under the Long-term Incentive Bonus Scheme. Pursuant to the resolution, 28 December 2023 is the Appraisal Date for the second tranche of Bonus. The business performance of the Company for the year of 2022 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 withdrawn from the Long-term Incentive Bonus Scheme and individual scheme participant who did not achieve the required individual performance appraisal results for the year of 2022 (such scheme participant do not meet the Appraisal Conditions), the remaining scheme participants have met the individual 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 of 2022, the Board considered and determined that the appropriation ratio for the second tranche of Bonus shall be approximately 4.86%, and the total amount of this tranche of Bonus to be awarded to the scheme participants shall be approximately RMB28,981,000(31 December 2022: 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 State Administration for Market Regulation, by the end of 2023, there were 184 million registered business entities nationwide, representing a year-on-year increase of 8.9%, among which 58.268 million were enterprise entities and 124 million were individual businesses, and 32.727 million newly-established business entities in 2023, representing a year-on-year increase of 12.6%, of which 10.029 million new enterprise entities were established, representing a year-on-year increase of 15.6%, and 22.582 million new individual businesses were established, representing a year-on-year increase of 11.4%. Various business entities improved qualities, expanded capacities, and further improved their structures, with a steady and improving development quality.

During the Reporting Period, in order to further support the development of micro and small scale enterprises ("**MSEs**") and individual businesses, the Ministry of Finance and the State Taxation Administration issued the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses on Relevant Tax Policies (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) and the Announcement on the Value-added Tax Reduction and Exemption Policies for Small-scale Value-added Tax Payers (《關於增值稅小規模納稅人減免增值稅政策的公告》). Pursuant to the value-added tax (VAT) reduction and exemption policies for small-scale taxpayers nationwide, tax and fees reduced by RMB650.98 billion, and pursuant to the income tax reduction policies for MSEs, tax reduced by RMB178.88 billion. The General Office of the State Taxation Administration and the General Office of the All-China Federation of Industry and Commerce jointly issued the 2023 Special Action Plan of "Spring Rain Nourishes Seedlings" to Help Small and Micro Business Entities Develop (《2023年助力小微經營主體發展「春雨潤苗」專項行動方案》), focusing on the theme of "improving quality and efficiency, strengthening empowerment and promoting upgrading" to help MSEs alleviate difficulties, transform and upgrade, and achieve rapid recovery and development.

During the Reporting Period, pursuant to the Plan to Facilitate the Development of 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 and the Notice on Carrying Out Pilot Work on Digital Transformation of Small and Medium-sized Enterprises (《關於開展中小企業數字化轉型城市試點工作的通知》) issued by the Ministry of Finance and the Ministry of Industry and Information Technology, the government provided financial support for the digital transformation of small and medium-sized enterprises, selected digital transformation service providers for small and medium-sized enterprises in various places to gather high-quality service provider resources and accelerate the digital transformation of small and medium-sized enterprises.

During the Reporting Period, China kept promoting the popularization and application of comprehensive digital electronic invoices (the "**All-electronic Invoices**") nationwide, and the pilot of accepting and invoicing the All-electronic Invoices fully covered 36 provinces and municipalities across the country (including cities specifically designated in the state plan). This will greatly improve the digital and electronic level of invoices, and the demand of MSEs for the products integrating business, invoice, finance and tax as well as business-finance integrating products will also continue to increase.

During the Reporting Period, IT technology and industrial innovation entered a new era centered on AI. Extended on the basis of large language model, the multimodal model has achieved more powerful general intelligence using multi-sensory skills such as integrated image and speech recognition. In this new era, intelligent business operations, natural human-computer interaction, intelligent knowledge generation, and semantic application generation have become four mainstream directions of AI application in enterprises. These changes have brought unprecedented opportunities and challenges to the digital and intelligent transformation of 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 for a sustained recovery and progressive growth of Chinese economy is still unstable, which may have an adverse impact on MSEs in terms of investment in informatization; (2) under fierce competition in the cloud services market for MSEs, the Group may face a risk 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; and (3) as the government and customers escalate their requirements for information and cyber security, the Group faces strict compliance and legal liabilities in terms of cyber security and protection of data and privacy; since the Group's products and services mainly rely on the network, and the resources such as users, information and data are highly concentrated, the products and services are subject to the risk of incursions of network viruses and hackers or system interruptions.

To address the above major risks and uncertainties, the Group will make continuous efforts to enhance its product competitiveness, maintain its absolute leadership in digital intelligent finance and taxation leveraging on the core advantages of relevant products, strengthen the competitive advantages of digital intelligent business products, improve the comprehensive competitiveness of business-finance integration products, and at the same time strengthen the application of new technologies such as artificial intelligence in products to improve the customer application value of products. Adhering to pursuing ecological co-prosperity through diversified channels, the Group will further enhance the depth and breadth of market coverage, expedite the development of direct sales business, strengthen the operation and management of the full life cycle of customers, promote in-depth application of products by customers and improve customer satisfaction and stickiness. While maintaining the rapid development of the business, the Group has always adhered to high standards and requirements to protect user information and privacy security, and has continuously strengthened and improved the handling and emergency response mechanism for information security issues to cope with the increasingly complicated network security environment, so as to continuously provide safe and reliable cloud services for MSEs.

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. Adhering to the principle of customer success, the Group expedited product innovation and development in the fields of "new finance and taxation, new commerce, new retail, new manufacturing and new service" ("**Five-New**"), enhanced the product advantages of the business-finance integration and expanded the application of AI technology to continuously improve product competitiveness. The Group further promoted the layout of channel sinking and strengthened market coverage in key regions, continuously expanded diversified cooperation with ISV ecosystem partners, expedited the development of direct sales business, carried out marketing and customer acquisition with the help of AI technology, and upgraded the customer success system as a way to comprehensively empower customers to refine their operations.

During the Reporting Period, the Group achieved a revenue of RMB800.62 million, representing an increase of 18% over the last year, of which revenue from cloud subscriptions was RMB487.70 million, representing an increase of 28% over the last year. Revenue from cloud subscriptions accounted for 61% of the total revenue. As at the end of the Reporting Period, contract liabilities from cloud subscriptions were RMB534.41 million, representing an increase of 25% over the end of last year. During the Reporting Period, the Group achieved a gross profit of RMB538.60 million, representing an increase of 30% over the last year. The Group recorded a profit attributable to owners of the parent of RMB15.88 million, as compared to a loss attributable to owners of the parent of RMB212.10 million for the last year; and the basic earnings per share of the Group was RMB0.050, as compared to a basic loss per share of RMB0.708 for the last year.

During the Reporting Period, the Group recorded net operating cash outflow of RMB42.05 million, a significant improvement from the previous year's net operating cash outflow of RMB159.12 million. As of the end of the Reporting Period, the cash and bank balances and bank wealth management products of the Group in aggregate amounted to RMB1,190.62 million, and the financial position of the Group was healthy and stable.

During the Reporting Period, the number of new paying enterprise users of the Group's cloud service business was approximately 130,000, representing an increase of 23% over the last year. As of the end of the Reporting Period, the number of accumulated paying enterprise users of cloud service business reached 633,000.

1. Development of products

(1) Digital intelligent finance and taxation, closely following policy and technology trends, and consolidating the advantages in integration of invoice, finance, tax, fee, bank and filing

In the field of digital intelligent finance and taxation, our products fully support the whole-process management of the All-electronic Invoices, and seamlessly connect with tax digital accounts through automation technology to enable fully automated processing of the All-electronic Invoices. The Group continued to strengthen one-click tax declaration and further improved the automation and intelligence level of digital intelligent finance and taxation. The intelligent finance and taxation BaaS service was launched to provide fully automated bookkeeping and tax declaration service for micro enterprises, and with the application of large models, machine learning, rule engines, RPA and other artificial intelligence technologies, it further improve the efficiency and accuracy of the whole process of automatic bookkeeping and tax declaration, which will promote the upgrading of labor-intensive agency bookkeeping industry and effectively reduce the cost of agency bookkeeping and tax declaration of micro enterprises.

During the Reporting Period, in terms of digital intelligent finance and taxation, the Group continued to strengthen ecological cooperation, enhanced its integration and opening capabilities with platform manufacturers to support business development in more ecological cooperation scenarios and enhance competitiveness of products and their ability to occupy ecological channels. Meanwhile, with the comprehensive promotion of the All-electronic Invoices across China, digital and intelligent finance and taxation products have been increasingly accepted by MSEs. The universal cloud finance and taxation products of the Group achieved large-scale growth, and the total amount of new order for Chanjet Good Accountant (暢捷通好會計) and Easy Accounting Agent (易代賬) increased by 46% year-on-year.

(2) Digital intelligent business, strengthening the industry-oriented development and the comprehensive advantage of business-finance integration

In the field of digital and intelligent business, continued efforts were made to strengthen product innovation and development in the fields of new commerce, new retail, new manufacturing and new service, and digital and intelligent marketing materials were generated in batches through AIGC to help MSEs reduce online operating costs. Virtual digital employees were launched such as billing robots, approval robots and business process robots to help MSEs reduce costs and increase efficiency. We strengthened the application and innovation of data intelligence technology, and continuously introduced advanced data analysis technologies to publish various billboards and analysis reports required by managers, so as to help MSEs achieve digital transformation and improve operational efficiency. Meanwhile, we continued to enhance the comprehensive advantage of business-finance integration based on the core advantages in the field of digital intelligent finance and taxation of the Group.

During the Reporting Period, in terms of new commerce, the Group considered the characteristics of alcoholic beverages, frozen products, grain and oil and other industries and the demands of brands and category operators, and reconstructed the B2B ordering mall, which strengthened the online and offline integrated transaction operation plan as a way to meet the needs of MSEs for multi-channel marketing and business-finance integration management. In terms of new retail, with a focus on the business characteristics of bakery and pastry, fresh food chains, convenience stores, cultural tourism retail and other business formats, the Group improved the application of franchise chain solutions and multi-online store malls, connected to multiple local life platforms such as Meituan, and adapted to access more AI intelligent hardwares and multi-payment channels to enable MSEs to complete digital transformation efficiently. In terms of new manufacturing, efforts were made to optimize smart workshop management, strengthen quality management and traceability, conduct lean cost accounting management, and emphasize on collaboration with upstream and downstream enterprises to help manufacturing MSEs in electronics, mechanical processing, food and other industries reduce costs, increase efficiency and improve customer satisfaction. In terms of new service, the Group provided MSEs in construction and installation, business services, information technology and other industries with integrated operation solutions with project management as the core, refined their project costs and profit accounting, and continuously optimized the integrated project management function to help enterprises improve management efficiency.

During the Reporting Period, in terms of digital intelligent business, the Group continued to strengthen ecological capacity building, enhanced integration and opening capabilities with platform manufacturers such as DingTalk, WeCom and Feishu, and carried out in-depth integration from four aspects: entrance, user, product integration and data exchange, to enrich ecological cooperation scenarios, continuously expand customer groups and further improve product competitiveness and market coverage.

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

During the Reporting Period, the ecological open integration capabilities of Chanjet's Open Platform were further improved. As of the end of the Reporting Period, there were more than 2,500 certified ISVs on the Chanjet's Open Platform, which promoted the expansion of Chanjet's products in vertical fields such as e-commerce ERP and customer relationship management, as well as industries such as home furnishing and medicine, and further met the all-round, industrialized and personalized management needs of MSEs. Meanwhile, Chanjet's Open Platform further optimized the ISV entry experience, and enhanced the product integration and openness by strengthening the connect ability with ISV products such as collaborative platforms, invoice and tax, e-commerce, payment, bank-enterprise cloud connection, etc., lowered the connection threshold to further enrich the product layout and functions, effectively enhanced the competitiveness of the Group's SaaS products and expanded revenue sources.

(4) Escalating the information security management of cloud service

While maintaining its rapid business development, the Group has always safeguarded user information and privacy security with high standards and strict requirements, so as to provide MSEs with safe and reliable information technology services. In order to cope with the increasingly complicated cyber security environment, the Group continuously strengthened and improved the handling of and emergency response mechanism for information security issues, and was awarded the "Outstanding Contribution Unit for Vulnerability Handling (漏洞處置工作突出貢獻單位)" by the China National Vulnerability Database (CNVD) during the Reporting Period. Based on the mainstream IaaS platform and leveraging on its more than 10 years of experience in software and internet management, the Group independently developed C.MSP (暢雲管家), a one-stop application hosting platform, to provide MSEs with security as well as operation and maintenance services, including application management, network and host security protection and automatic backup, so as to comprehensively protect the security of customer data, resist cyber attacks, and help MSEs safely realize cloud integration.

2. Development of business operations

During the Reporting Period, the Group firmly seized the market opportunity of the comprehensive promotion of the All-electronic Invoices, and achieved win-win development with partners. The Group further extended the layout of channel sinking to the county-level market, kept enriching diversified cooperation with ecological partners, and strengthened the density and breadth of market coverage in key regions, with the number of partners exceeding 3,000 by the end of the Reporting Period. In the "Five-New" fields, the Group focused on the economic and industrial belts including hardware accessories manufacturing, agricultural and sideline product processing, small commodity wholesale and food and catering services, quickened the construction of a stronghold for industrialized and digital intelligent operation, worked with channel partners to continuously carry out the "Digital Intelligent Salon" industry operation seminars as a way to provide solutions for MSEs to upgrade their operation and management and facilitate the digital intelligent transformation and upgrading of MSEs. Meanwhile, the Group continued to strengthen the construction of the cloud business development capacity of channel partners, and upgraded the service system of channel partners at the level of customer operation and customer success to promote traditional channel partners to transform into digital and intelligent value-added service providers.

In the direct sales channel, based on the business strategy of focusing on the customer value chain, the Group effectively expanded the coverage of the online market through multi-channel marketing such as new media. The Group established an efficient marketing talent training system to optimize the structure of the direct sales team. With the help of AI technology, the Group increased the level of intelligence of the marketing system to achieve in-depth integration and mining of business data, effectively improved the efficiency and order success rate of the direct sales team, increased the per customer transaction, and achieved rapid growth of direct sales revenue. The Group continued to systematically operate private domain traffic, and introduced Key Opinion Leaders (KOLs) in finance, taxation and business, laying the foundation for precise marketing and sustainable growth of online direct sales business.

In terms of ecological cooperation channel, the Group carried out integrated cooperation with bank ecological partners including "CCB Huidongni (建行惠懂你)", "Cloud of Industrial Universal (興業普惠雲)" and "Jiangnan E Enterprises Win (江南E企贏)". The Group continuously deepened ecological cooperation with telecom operators, Huawei Cloud, Tencent Cloud and Yunfan Industrial Internet Platform (雲帆工業互聯網平台). The Group actively participated in the selection of digital transformation service providers for small and medium-sized enterprises in various places, and was successfully shortlisted in the recommended list of digital transformation service providers for small and medium-sized enterprises in Shijiazhuang, Fuzhou, Kunming, Hangzhou, Nanchang, Haikou, Wuhan and other places and the list of "Guangdong Province Industrial Internet Industry Ecological Supply Resource Pool (廣東省工業互聯網產業生態供給資源池)", and drove partners to participate in enterprise cloud integration projects carried out by local governments and help MSEs realize cloud integration and cloud migration. On office collaboration platforms such as DingTalk, WeCom and Feishu, three-dimensional operations and differentiated marketing were realized, and the new order amount on which increased by 210% year-on-year during the Reporting Period.

At the level of customer success operation, by building a professional empowerment system and distinguishing different industries, roles and scenarios, the Group provided customers with professional solutions to help them apply products and services rapidly and deeply, gave full play to product value, and enhanced customer stickiness.

3. *Development of brand and market*

During the Reporting period, by virtue of rich experience in offering finance and taxation services for MSEs, the Company was selected into the "deepened pilot platform of accounting data standards for electronic vouchers (電子憑證會計數據標準深化試點平台)" jointly organised by nine ministries and commissions including the Ministry of Finance. At the "2023 National Conference on Digital Transformation of Small and Medium-sized Enterprises (2023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 Anhui Province, Chanjet T+Cloud was shortlisted as a "Typical Case of Digital Transformation (數字化轉型典型案例)". Chanjet Good Accountant was awarded the "2022-2023 Excellent Innovative Software Product (2022-2023年優秀創新軟件產品)" at the 25th China International Software Expo. The Company was awarded the "Best Innovative Service Enterprise" in the 15th "2023 iResearch Awards" sponsored by iResearch, and the "2023 Excellent Digital Service Provider (2023年度卓越數字化服務商)" at the "Star of Analysys (易觀之星)" award ceremony hosted by Analysys. At the 2023 China SaaS Conference (2023中國SaaS大會), Chanjet Good Accountant, Good Business, Good Business and Finance, T+Cloud and Easy Accounting Agent were also selected in the "2024 China Enterprise Service Cloud Map (2024中國企業服務雲圖)". At the 2023 China Software Technology Conference (2023中國軟件技術大會), the Company was awarded the "Micro and Small Enterprise Business, Finance and Tax Cloud Service Leading Enterprise (小微企業業財稅雲服務領軍企業)". At the 2023 Digital Transformation Promotion Conference (2023數字化轉型推進大會), the Company was awarded the "2023 Digital Transformation Outstanding Enterprise (2023數字化轉型傑出企業)". At the 2023 Trusted Cloud Summit (2023可信雲大會), Chanjet Good Accountant, Good Business, Good Business and Finance and T+Cloud were successfully shortlisted for the "Trusted Enterprise-grade SaaS Product Capability Ecological Directory (可信企業級SaaS產品能力生態名錄)".

According to the 2023 China Enterprise Digital and Intelligent Transformation Market Research Report (《2023年中國企業數智化轉型市場研究報告》) released by Frost & Sullivan, Chanjet ranked first in terms of the SaaS market share and cumulative paying users of business, finance and taxation applications among China's MSEs, and customers of Chanjet had the highest satisfaction rate with its brand and products in all dimensions. Moreover, products of Chanjet had the highest net promoter score.

PROSPECTS

In 2024, the Group will continue to focus on the two major fields of digital intelligent finance and taxation and digital intelligent business for MSEs, and further expand the market share of finance and taxation cloud service for MSEs, with an aim to establish a leading position in the finance and taxation cloud service market for MSEs and seize the leading position in the cloud service market for MSEs. Firmly adhering to the principle of customer success, the Group will make continuous efforts to improve product competitiveness, expedite the application of AI technology in product innovation and corporate operation, adamantly pursue ecological co-prosperity from application services to ecological platform services, promote the large-scale development of businesses, and implement comprehensive and efficient management as a way to enhance operating efficiency and continuously improve profitability.

(I) Strengthening its absolute leadership in digital intelligent finance and taxation by 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

The Group will continue to expedite product innovation and development. In terms of digital intelligent finance and taxation, the Group will leverage on the "Golden Tax Phase IV (金税四期)" and the development of artificial intelligence technology to focus on four aspects of intelligent finance and taxation, intelligent agency bookkeeping, integration of invoice, finance and tax, and business-finance integration, with an aim to further strengthen intelligence and automation, highlight the leading advantages of products, expand the capabilities of finance and taxation open platforms and speed up and expand the market layout. In terms of digital intelligent business, the Group will leverage on the development of low-code or zero-code platforms and focus on key industries to strengthen the industrialized and personalized characteristics of new commerce, new retail, new manufacturing, and new service as a way to get close to customer scenarios, further improve customer application satisfaction, and accelerate the development of ecological platforms. By applying artificial intelligence technologies, the Group will further deepen the application scenarios of automatic and intelligent enterprise business process to help MSEs reduce costs and increase efficiency. Taking into account the decision-making and work scenarios of MSE owners, managers and executors, the Group will deepen data services and help MSEs improve operation and management level.

(II) Expanding channels and broadening coverage, enhancing customer value and achieving win-win cooperation with partners

The Group will continue to strengthen the channel layout stationing and promote the channel sinking to cover county-level market, intensify efforts to empower channel partners to develop their businesses and increase the number of their employees, upgrade the channel business model to gain customers and increase business revenue, and enrich digital marketing and refined operation solutions with the help of AI technologies to help channel partners improve operational efficiency and staff efficiency. In the "Five-New" fields, the Group will focus on the economic and industrial belt to strengthen the stronghold for industrialised and digital intelligent operation for MSEs, and consistently carry out the "Digital Intelligent Salon" industry operation seminar to facilitate the digital intelligent transformation and upgrading of MSEs. In terms of the ecosystem cooperation, the Group will follow the strategy of expanding high-quality channels, increasing value traffic, and grasping high-efficiency revenues, and make continued efforts to expand ISV ecosystem partners, strengthen product integration, enrich product application scenarios, and enhance the customer application value of products. The Group will strengthen the operation and management of the whole life cycle of customers, promote the in-depth application of products by customers, and improve customer satisfaction and stickiness.

(III) Accelerating the development of direct sales business

The Group will continue to deepen its precise inbound marketing strategy in the direct sales channel, strengthen the in-depth application of AI in the marketing field, and improve the standardized marketing process; optimize the allocation of resources for cooperation channels such as e-commerce platforms, ecological platforms, social platforms and social training institutions, to further expand market coverage; drive the intelligent upgrading of the marketing chain, and acquire large-scale of business opportunity leads with the help of AI large models to improve the quality of such leads and secure sustained and high growth of direct sales business.

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

Centred on the overall development strategy of the Company, the Group will focus on the improvement of input-output ratio and staff efficiency. The Group will step up efforts to improve its professional talent development system based on the qualification system, identify the key organizational competencies for business development, continuously optimize the personnel structure, establish a key personnel promotion plan, and upgrade their overall capabilities; continuously optimize the compensation system, and innovate the performance appraisal plan to unleash the vitality of the enterprise and drive business development; and continuously implement corporate culture and values to contribute to the long-term and healthy development of the Group.

FINANCIAL REVIEW

	For the year ended 31 December		Change in	Percentage
	2023	2022	amount	change
	RMB'000	*RMB'000*	*RMB'000*	%
Revenue	**800,621**	680,149	120,472	18
Cost of sales and services provided	**(262,022)**	(266,541)	4,519	(2)
Gross profit	**538,599**	413,608	124,991	30
Gross profit margin	**67%**	61%	6%	
Other income and gains, net	**136,398**	59,691	76,707	129
Research and development costs	**(247,340)**	(271,725)	24,385	(9)
Selling and distribution expenses	**(335,535)**	(308,116)	(27,419)	9
Administrative expenses	**(67,943)**	(86,312)	18,369	(21)
Impairment losses on financial assets	**(628)**	(2)	(626)	31,300
Other expenses	**(592)**	(15,484)	14,892	(96)
Finance costs	**(989)**	(2,131)	1,142	(54)
Share of loss of an associate	**(274)**	(1,484)	1,210	(82)
Profit/(loss) before tax	**21,696**	(211,955)	233,651	N/A
Income tax expense	**(5,820)**	(140)	(5,680)	4,057
Profit/(loss) for the year	**15,876**	(212,095)	227,971	N/A
Attributable to:				
Owners of the parent	**15,876**	(212,095)	227,971	N/A

Operating Results

During the Reporting Period, the revenue of the Group was RMB800.62 million, representing an increase of 18% as compared to last year. Profit for the year and profit attributable to owners of the parent were both RMB15.88 million, while loss for the year and loss attributable to owners of the parent were both RMB212.10 million last year. The basic earnings per share of the Group were RMB0.050, while the basic loss per share was RMB0.708 last year.

The Group achieved a turnaround from loss to profit during the Reporting Period, mainly due to (i) the Group's promotion of the development of business scale and operating efficiency, continuous enhancement of product competitiveness, adherence to the development of ecological co-prosperity, and continuous enhancement of market coverage, thereby achieving sustained growth in revenue during the Reporting Period and an increase in gross profit margin to 67% as compared to last year, as well as a decrease of 2% in the aggregate amount of research and development costs, selling and distribution expenses and administrative expenses as compared to last year; (ii) the gain recognised from the disposal of the Finance & Taxation Practical Skills Training Product and Service Business during the Reporting Period of approximately RMB43.75 million (for details, please refer to the announcement of the Company dated 24 March 2023 in relation to the disposal of the Finance & Taxation Practical Skills Training Product and Service Business), whereas there was no such gain last year; and (iii) an increase in fair value gain on unlisted equity investments at fair value through profit or loss of approximately RMB45.86 million during the Reporting Period as compared to last year. After excluding the impact of non-operating factors mentioned in (ii) and (iii) above, the Group's loss attributable to owners of the parent during the Reporting Period decreased by 68% as compared to last year.

Revenue

For the year ended 31 December 2023, the revenue of the Group was RMB800.62 million, representing an increase of 18% as compared to last year, of which revenue from cloud subscriptions was RMB487.70 million, representing an increase of 28% as compared to last year. Revenue from cloud subscriptions accounted for 61% of the total revenue.

Cost of Sales and Services Provided

For the year ended 31 December 2023, the Group's cost of sales and services provided amounted to RMB262.02 million, representing a decrease of 2% as compared to last year.

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	Percentage
	2023		2022		amount	change
	RMB'000	**%**	*RMB'000*	%	*RMB'000*	%
Contract operation costs	**206,098**	**79**	209,870	79	(3,772)	(2)
Operation and maintenance costs	**19,213**	**7**	14,046	5	5,167	37
Labour costs	**16,964**	**6**	21,717	8	(4,753)	(22)
Service costs	**11,358**	**4**	8,924	3	2,434	27
Amortisation of intangible assets	**4,206**	**2**	7,177	3	(2,971)	(41)
Software development and production costs	**1,069**	**1**	2,178	1	(1,109)	(51)
Other costs	**3,114**	**1**	2,629	1	485	18
Cost of sales and services provided	**262,022**	**100**	266,541	100	(4,519)	(2)

Gross Profit and Gross Profit Margin

For the year ended 31 December 2023, the Group's gross profit was RMB538.60 million, representing an increase of 30% as compared to last year. The gross profit margin of the Group was 67%, representing an increase of 6 percentage points as compared to last year, which was mainly attributable to the Group's promotion of the development of business scale and operating efficiency, and the continuous expansion of its revenue scale while its costs remained basically stable during the Reporting Period, with revenue from cloud subscriptions achieving faster growth and its gross profit margin being improved.

Other Income and Gains, Net

For the year ended 31 December 2023, the Group's other income and gains, net amounted to RMB136.40 million, representing an increase of 129% as compared to last year, which was mainly due to (i) the gain recognised from the disposal of the Finance & Taxation Practical Skills Training Product and Service Business during the Reporting Period of approximately RMB43.75 million, whereas there was no such gain last year; and (ii) an increase in fair value gain on unlisted equity investments at fair value through profit or loss of approximately RMB45.86 million during the Reporting Period as compared to last year.

Research and Development Costs

For the year ended 31 December 2023, research and development costs of the Group amounted to RMB247.34 million, representing a decrease of 9% as compared to last year, which was mainly attributable to the decrease of RMB23.10 million in labour costs.

Selling and Distribution Expenses

For the year ended 31 December 2023, the selling and distribution expenses of the Group were RMB335.54 million, representing an increase of 9% as compared to last year, which was mainly due to the Group's continuous efforts to scale up its business and the corresponding increase in sales and promotion expenses.

Administrative Expenses

For the year ended 31 December 2023, the administrative expenses of the Group were RMB67.94 million, representing a decrease of 21% as compared to last year, which was mainly due to the decrease in labour costs, office expenses and consulting expenses.

Income Tax Expense

For the year ended 31 December 2023, the income tax expense of the Group amounted to RMB5.82 million, which was mainly attributable to the income tax expense arisen from the recognition of deferred tax liabilities in respect of fair value gain on unlisted equity investments.

Profit/(Loss) Attributable to Owners of the Parent

For the year ended 31 December 2023, the Group recorded a profit attributable to owners of the parent of RMB15.88 million, as compared to a loss attributable to owners of the parent of RMB212.10 million last year.

Liquidity

Condensed cash flow statement

	For the year ended 31 December		
	2023	2022	Change in amount
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in operating activities	**(42,048)**	(159,115)	117,067
Net cash flows (used in)/from investing activities	**(65,692)**	519,935	(585,627)
Net cash flows used in financing activities	**(7,432)**	(7,182)	(250)

Net cash flows used in operating activities

For the year ended 31 December 2023, net cash flows used in operating activities of the Group was RMB42.05 million, representing a decrease of RMB117.07 million compared to net cash flows used in operating activities of the Group last year. The significant improvement in operating cash flows was mainly due to the increase in the amount received from cloud service business.

During the Reporting Period, the Group paid a total of RMB74.88 million (last year: RMB33.61 million) in cash to employees under the long-term employee incentive point scheme and the long-term incentive bonus scheme.

Net cash flows (used in)/from investing activities

For the year ended 31 December 2023, net cash flows used in investing activities of the Group was RMB65.69 million, as compared to net cash flows from investing activities of RMB519.94 million of the Group last year, mainly due to the fact that the amount of purchases of wealth management products from banks and time deposits exceeded the amount of receipts on maturity during the Reporting Period, while the amount of receipts on maturity of wealth management products from banks and time deposits exceeded the amount of purchases last year.

Net cash flows used in financing activities

For the year ended 31 December 2023, net cash flows used in financing activities of the Group was RMB7.43 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	
	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**1,037,565**	1,169,225
Wealth management products presented in financial assets at fair value through profit or loss	**153,055**	–
Total	**1,190,620**	1,169,225
Current ratio[note 1]	**229%**	209%
Gearing ratio[note 2]	**0%**	0%

Notes:

1. Current ratio was calculated based on the total current assets divided by total current liabilities.

2. Gearing ratio was calculated based on the total interest-bearing liabilities (other than lease liabilities) divided by total equity.

Cash and bank balances of the Group were mainly denominated in RMB, with certain amount denominated in HK$ and small amount denominated in US$, details of composition of the currency form are set out in note 14 to the financial statements. Cash and bank balances of the Group were mainly used for business development and daily operations, acquisitions and capital expenditure, payments of dividend, etc. 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 of the Group as at 31 December 2023 was 229% (31 December 2022: 209%). The increase in the current ratio was mainly due to the reduction in current liabilities as a result of the Group's derecognition of treasury share repurchase obligations of RMB141.18 million arising from the implementation of the employee share ownership scheme (for details, please refer to note 17 to the financial statements).

As at 31 December 2023, as the Group had no interest-bearing liabilities (other than lease liabilities), the Group's gearing ratio was nil (31 December 2022: Nil).

Capital Expenditure

For the year ended 31 December 2023, the capital expenditure of the Group primarily included the additional expenditure on property, plant and equipment of RMB0.79 million (2022: RMB3.33 million), the additional expenditure on right-of-use assets (mainly refers to leased office buildings) of RMB1.05 million (2022: RMB17.45 million) and the additional expenditure on intangible assets of RMB0.32 million (2022: RMB0.10 million).

Contingent Liabilities

As at 31 December 2023 and 31 December 2022, the Group did not have any contingent liabilities, nor did it have any proposal on contingent liability issue.

Charges on Assets

As at 31 December 2023 and 31 December 2022, the Group did not have any charges on assets.

Significant Investments

During the Reporting Period, the Group did not have any single significant investment with a value of 5% or more of the Group's total assets at the end of the Reporting Period. 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.

Foreign Exchange Fluctuation Risks

The Group conducts its domestic business primarily in RMB, which is also its functional currency. Chanjet Information Technology Corporation, a subsidiary of the Company, settles in US$. As the Group's current operations are mainly located in China and the vast majority of its transactions are conducted in RMB, and the amount of cash and bank balances denominated in foreign currencies is relatively small, the management considers that the Group's exposure to foreign exchange fluctuation risks is not significant and therefore no hedging arrangement has been made by the Group during the Reporting Period. The Group, mainly through closely monitoring the foreign exchange fluctuation, conducts foreign exchange settlement and foreign exchange for the balances of proceeds raised when appropriate to mitigate 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 in this regard.

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 2023, the Group had 1,110 employees in total (31 December 2022: 1,207 employees), representing a decrease of 8% from the end of the previous year. During the Reporting Period, in order to support the development of business scale and efficiency, the Group continued to optimize its organizational structure, create a marvelous team and improve staff efficiency, and continuously promote organizational vitality through the change of performance management, thereby comprehensively improving and enhancing its organizational capabilities. In terms of team building, the Group also strengthened the construction and cultivation of a senior talent team of cadres and experts and core talents in key positions, and created an empowerment system in the form of practical skill training. In terms of talent retention and employee motivation, by implementing various measures such as long-term incentive, reform of remuneration package 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 Employees Training Management System (《暢捷通員工培訓管理制度》) and Chanjet Lecturers and Courses Management Measures (《暢捷通講師與課程管理辦法》), the Group has established and implemented an annual training plan. Meanwhile, 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 and 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 was committed to meeting the needs of talent development for organizational development, the needs of change in ability arising from the development of the business strategy and the needs of creating a learning atmosphere for the construction of organizational culture, providing empowerment programs and promoting their implementation by teams, levels and phases, as well as promoting staff training and dissemination of the Company's culture through the training operations and the system of in-house lecturers. The Company carried out trainings for new employees on the development history of the enterprise, knowledge on the products and businesses and financial and human resources policies, etc.; carried out professional knowledge, industry cutting-edge theoretical training courses and special training camps for general employees; and carried out training courses for reserve cadres and key personnel on management knowledge and skills enhancement. 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 the appraisal of the Directors and senior management and reviewing their remuneration, and providing advice and recommendations. Directors (other than independent non-executive Directors) and the supervisors of the Company (the "**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 propose to the Board for approval. Such remunerations are determined mainly based on the principles of fairness, linkage to performance, combination of short-term and long-term incentives, and combination of incentives and constraints, wherein fairness refers to the competitiveness of the remuneration offered by the Company compared with the income level of equivalent positions in the market; and the remuneration of each position within the Company reflects the value of the position to the Company and the unity of "responsibilities, rights and benefits".

The Group has established a market-based, competitive and performance-oriented remuneration policy 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 security insurance for its employees on a monthly basis in compliance with relevant national and local laws and regulations regarding labour and social security insurance which includes pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance, etc. During the Reporting Period, details of the remuneration of the staff charged to the Group were set out in the note 5 to the financial statements. In order to attract, retain and motivate key talents needed for the achievement of the Company's strategic objectives, the Company has adopted the employee trust benefit scheme, the 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 by the Company, the actual usage and intended timetable for use of the unutilised proceeds as at 31 December 2023 are detailed as follows:

Planned use	Budgeted amount *HK$*	Amount used during the Reporting Period *HK$*	Accumulated amount used *HK$*	unutilised amount *HK$*	Intended timetable for use of the unutilised amount
For the R&D and marketing of the T^+ series software products	Approximately 290.69 million	Approximately 4.89 million	Approximately 290.69 million	–	N/A
For the R&D of cloud platform and innovative application products	Approximately 194.08 million	–	Approximately 194.08 million	–	N/A
To support the marketing and operation of cloud services	Approximately 199.21 million	–	Approximately 199.21 million	–	N/A
To acquire relevant business and assets compatible with 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
To fund general working capital	Approximately 85.49 million	–	Approximately 85.49 million	–	N/A
Total	Approximately 854.96 million	Approximately 4.89 million	Approximately 774.13 million	Approximately 80.83 million	

As at 31 December 2023, the unutilised proceeds of the Company are the funds for acquisition of relevant business and assets compatible with our business strategies, mainly due to the fact that the Company has not yet identified any relevant business and assets compatible with our business strategies. The balance of the net unutilised proceeds of the Company has been deposited into the reputable banks in Hong Kong and the PRC, and the Company will continue to utilise it in a manner consistent with the planned usages of the proceeds as disclosed in the Prospectus in accordance with the abovementioned intended timetable.

DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2023 (2022: Nil).

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

CLOSURE OF REGISTER OF MEMBERS

The 2023 annual general meeting of the Company ("**AGM**") will be held on Tuesday, 21 May 2024 at 2:00 p.m. at Meeting Room E102, Building 8, Central District of Yonyou Industrial Park (Beijing), 68 Beiqing Road, Haidian District, Beijing, the PRC. A notice convening the AGM will be released 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 2023 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. 14 May 2024 (Tuesday)
– Closure of Register of Members	16 May 2024 (Thursday) to 21 May 2024 (Tuesday) (both dates inclusive)
– Record date	21 May 2024 (Tuesday)

In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares), or to the Board Office of the Company in the PRC, at Floor 3, Building 3, Yard 9, Yongfeng Road, Haidian District, Beijing, the PRC (for holders of Domestic Shares), no later than the aforementioned latest time.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has fully complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

MATERIAL LEGAL MATTERS

To the knowledge of the Board, as at 31 December 2023, 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 C3 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 2023, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

As at the end of the Reporting Period and as at the date of this announcement, the audit committee of the Company consisted of Mr. Lau, Chun Fai Douglas, an independent non-executive Director, Mr. Wu Zhengping, a non-executive Director, and Ms. Wu Xiaoqing, an independent non-executive Director, among whom, Mr. Lau, Chun Fai Douglas 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, risk management and the internal control, enterprise risk assessment, financial statements and the effectiveness of the internal audit function, including the review of audited annual results and annual report for the year of 2023, 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 2023 annual report and the notice of the AGM will be released 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
28 March 2024

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. Lau, Chun Fai Douglas, Ms. Wu Xiaoqing and Mr. Cui Qiang.

* *For identification purposes only*