

# 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

Cloud

好业财

好会计

好生意

## 2023 Interim Report

易代账



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# Corporate information

## DIRECTORS

### Non-executive Directors

Wang Wenjing (*Chairman*)  
Wu Zhengping

### Executive Director

Yang Yuchun (*President*)

### Independent Non-executive Directors

Lau, Chun Fai Douglas  
Wu Xiaoqing  
Cui Qiang<sup>Note</sup>

## SUPERVISORS

### Shareholder Representative Supervisors

Guo Xinping (*Chairman*)  
Zhang Peilin

### Independent Supervisors

Ruan Guangli  
Ma Yongyi

### Employee Representative Supervisors

Ren Jie  
Xia Yuhan

## AUDIT COMMITTEE

Lau, Chun Fai Douglas (*Chairman*)<sup>Note</sup>  
Wu Zhengping  
Wu Xiaoqing<sup>Note</sup>

## NOMINATION COMMITTEE

Wu Xiaoqing (*Chairman*)  
Wang Wenjing  
Lau, Chun Fai Douglas<sup>Note</sup>

## REMUNERATION AND APPRAISAL COMMITTEE

Cui Qiang (*Chairman*)<sup>Note</sup>  
Yang Yuchun  
Wu Xiaoqing

## STRATEGIC COMMITTEE

Wang Wenjing (*Chairman*)  
Yang Yuchun  
Cui Qiang<sup>Note</sup>

## JOINT COMPANY SECRETARIES

Bao Jie  
Ngai Wai Fung

## AUTHORIZED REPRESENTATIVES

Yang Yuchun  
Ngai Wai Fung

*Note:* Mr. Chen, Kevin Chien-wen has retired as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee in order to devote more time to handle other matters. On 8 September 2023, the extraordinary general meeting of the Company has approved the appointment of Mr. Cui Qiang as an independent non-executive Director in place of Mr. Chen, Kevin Chien-wen. On the same day, the composition of the special committees of the Board has been adjusted accordingly. For details, please refer to the paragraph headed "UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION" of this report, the announcements of the Company dated 16 August 2023 and 8 September 2023, and the circular of the Company dated 23 August 2023.



# Corporate information (continued)

## AUDITORS

### International Auditor

Ernst & Young  
Registered PIE Auditor

### PRC Auditor

Ernst & Young Hua Ming LLP

## LEGAL ADVISERS

*As to Hong Kong law:*

DLA Piper Hong Kong

*As to PRC law:*

Tian Yuan Law Firm

## REGISTERED OFFICE AND HEADQUARTERS

Floor 3, Building 3  
Yard 9, Yongfeng Road, Haidian District  
Beijing, the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

1588

## COMPANY WEBSITE

[www.chanjet.com](http://www.chanjet.com)

## CONTACT INFORMATION FOR INVESTORS

Tel: (8610) 6243 4214

Email: [IR@chanjet.com](mailto:IR@chanjet.com)



# Financial highlights

	For the six months ended 30 June		Change in amount	Percentage change
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000		
Revenue	<b>375,573</b>	335,099	40,474	12
Gross profit	<b>245,244</b>	205,957	39,287	19
Profit/(loss) before tax	<b>22,693</b>	(77,174)	99,867	N/A
Profit/(loss) for the period	<b>18,135</b>	(78,471)	96,606	N/A
In which: Profit/(loss) attributable to owners of the parent	<b>18,135</b>	(78,471)	96,606	N/A
Basic earnings/(loss) per share (RMB cents/share) <sup>Note</sup>	<b>5.7</b>	(26.2)	31.9	N/A
	<b>As at 30 June 2023</b> (Unaudited) RMB'000	As at 31 December 2022 (Audited) RMB'000	Change in amount	Percentage change
Total assets	<b>1,546,051</b>	1,518,777	27,274	2
Total liabilities	<b>674,190</b>	806,464	(132,274)	(16)
Total equity	<b>871,861</b>	712,313	159,548	22
In which: Equity attributable to owners of the parent	<b>871,861</b>	712,313	159,548	22
Net assets per share (RMB/share) <sup>Note</sup>	<b>2.8</b>	2.4	0.4	16

Note: Basic earnings/(loss) per share and net assets per share were based on weighted average share capital during the Reporting Period.



# Management discussion and analysis

## BUSINESS REVIEW

### Development Trends of the Industry

In the first half of 2023, China's gross domestic product (GDP) grew 5.5% year-on-year, which was faster than the growth rate of 3% in the last year. China's economy has shown a positive trend of gradual recovery amid the complex and severe external environment. In order to rapidly promote the economic recovery and development of MSEs, the Ministry of Finance and the State Administration of Taxation issued the "Announcement on the Preferential Income Tax Policies for MSEs and Individual Businesses (《關於小微企業和個體工商戶所得稅優惠政策的公告》)", reducing part of the income tax of low-profit small enterprises and individual businesses. The General Office of the State Administration of Taxation 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 Micro and Small 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, the State continued to promote the popularisation of the comprehensive digital electronic invoices (the "**All-electronic Invoices**"). With the full-scale rapid promotion of the All-electronic Invoices, the digitisation and electronisation of invoices will be greatly improved. Meanwhile, the tax collection administration will shift from "invoice-based tax administration" to classified and precise regulation featuring "data-based tax governance", and the demand for products integrating the invoice, finance and tax and business-finance integration products will continue to increase among MSEs.

During the Reporting Period, the AIGC trend represented by ChatGPT swept the world. IT technology and industrial innovation has entered into a new AI-centric era from the cloud computing-centric era. The conversational AI changed the way human knowledge was retrieved and generated through large models. In this new era, intelligent business operations, natural human-computer interaction, intelligent knowledge generation and semantic application generation have become four mainstream directions for AI application in enterprises. Software applications based on large models reconfigure the way how people perceive the external world in multimodal fields such as text, images and voice. Through natural language-based interaction, they provide enterprises with services such as intelligent human-machine collaboration, business insights and intelligent operations, helping enterprises obtain information more efficiently, improve employee productivity, and promote the popularisation of data analysis.

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.



# Management discussion and analysis (continued)

## Principal Business and Operating Conditions

During the Reporting Period, the Group focused on the two major fields of digital intelligent finance and taxation and digital intelligent business for MSEs, grasped the development opportunities of the digital and intelligent transformation of MSEs and the “Golden Tax Phase IV (金税四期)”, and continued to accelerate product innovation and development in the fields of “new finance and taxation, new commerce, new retail, new manufacturing and new service” (“**Five-New**”). The Group expanded the application of AI technology to enhance the comprehensive competitiveness of business-finance integration products. Firmly adhering to the principle of customer success, the Group accelerated the development of ecological co-prosperity, and continued to expand its sales channels, advance channel penetration into low-tier markets and expand terminal market coverage. The Group applied AI technology to carry out marketing to acquire customers and improve ROI, and strengthened customer success operations to improve the value of customer life cycle as a way to further enhance operating efficiency.

During the Reporting Period, the Group achieved a revenue of RMB375.57 million, representing an increase of 12% over the same period of last year, of which revenue from cloud subscriptions was RMB227.77 million, representing an increase of 28% over the same period of 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 RMB489.47 million, representing an increase of 14% over the end of last year. During the Reporting Period, the Group recorded a profit attributable to the owners of the parent of RMB18.14 million, as compared to a loss attributable to the owners of the parent of RMB78.47 million for the same period of last year; and the basic earnings per share of the Group was RMB0.057, as compared to a basic loss per share of RMB0.262 for the same period of last year.

During the Reporting Period, the Group’s cloud service business newly added approximately 57,000 paying enterprise users. As at the end of the Reporting Period, the number of accumulated paying enterprise users of the cloud service business reached approximately 560,000.

### 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 and taxation*

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, which greatly reduces the application difficulty for customers to achieve the integration of invoice, finance and taxation. Through machine learning and algorithm optimisation, we continue to optimise the bookkeeping rule engine, strengthen the ability of diskless invoice retrieval and fully automatic tax reporting of national taxes and individual income taxes, and further enhance the intelligence level of products. We launched intelligent finance and taxation BaaS service to provide micro enterprises with fully automatic bookkeeping and tax reporting services. Under this service, we apply a number of AI technologies and rule engine that is based on expert experience, as well as supplement by machine learning to improve the accuracy of the entire process of bookkeeping, auditing and settlement, and realise automatic collection of batch bills and automatic tax filing, greatly improving the efficiency and accuracy of fully automated bookkeeping and tax reporting. Such service will promote the upgrading of labour-intensive agency bookkeeping industry and effectively reduce the cost of agency bookkeeping and tax reporting for micro enterprises.



# Management discussion and analysis (continued)

During the Reporting Period, in the field of digital intelligent finance and taxation, we continued to strengthen ecological cooperation and established in-depth cooperative relations with a number of banks. The open integration capabilities of Chanjet Good Accountant were enhanced with multiple platform vendors to improve the competitiveness of products and the capacity to occupy ecological channels. By virtue of rich experience in finance and taxation services for MSEs, Chanjet was also selected into the “deepened pilot platform of accounting data standards for electronic vouchers” jointly organised by nine ministries and commissions including the Ministry of Finance. Chanjet will provide more pilot enterprises with digital intelligent finance empowerment and infrastructure services in the future, and help promote the transformation of accounting data services from information-based to digital-based and intelligence-based.

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

In the field of digital intelligent business, the Group optimised the products in the fields of new commerce, new retail, new manufacturing and new services, and created virtual digital employees such as approval robots and business process robots related to the roles of sales, procurement, inventory, finance, etc., to help MSEs improve efficiency and reduce costs through automated means. Chanjet AI assistant (小暢AI助手) built based on industry know-how and large model technology helps users apply products intelligently through natural language and improve product usability.

During the Reporting Period, in terms of new retail, in response to the business needs of enterprises in bakery, fresh food, convenience stores, casual food and other industries, the Group connected new retail with instant retail platforms to increase joint sales as a way to strengthen online and offline integrated operation capabilities. Based on the text to image generation ability of large model, different styles of marketing material databases are pregenerated to facilitate the decoration of users’ private domain stores, greatly reducing the barrier to use and improving user experience. Through BC integration, in the field of new commerce, the Group enhanced synergy in the relationship between brand owners and distributors, and further improved the overall analysis and decision-making ability of brand owners on channel inventory, pricing and marketing activities through channel data analysis platform as a way to give full play to the value of data. In terms of new manufacturing, the Group continued to reinforce support for electronics, machinery, hardware, auto parts, food and other industries by releasing quality traceability function modules to realise the all-round traceability of personnel, materials and machines by enterprises and their downstream customers as a way to help MSEs improve customer service satisfaction and market competitiveness. In terms of new service, the Group continued to improve the project management function of construction installation, engineering installation, information technology, business services and other industries, strengthened the cost control for the whole life cycle of the project through budgeting to help improve the profitability of enterprises.

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

The ecological open integration capabilities of Chanjet’s Open Platform has been further improved. As at the end of the Reporting Period, there were more than 2,000 certified ISV eco-partners on the Chanjet’s Open Platform, with an average daily API call volume of more than 3.5 million. There were nearly 1,000 individual developers and organisations registered on the low-code platform of Chanjet and more than 4,000 low-code applications of various types have been developed. The ecological products developed by ISV ecosystem partners and individual developers have enriched the application of Chanjet products in more than 70 vertical fields, meeting the refined and personalised management needs of MSEs.



# Management discussion and analysis (continued)

## 2. *Development of Business Operation*

During the Reporting Period, the Group further strengthened its channel coverage and diversified layout to develop channels, direct sales and ecosystem in parallel. Adding 395 new channel partners, the coverage of channel layout has further penetrated into the county-level market. During the Reporting Period, the Group took advantage of the market opportunities arising from “Golden Tax Phase IV” and the All-electronic Invoices promotion to carry out marketing activities themed “Cloud Finance and Tax Popularisation Storm (雲財稅普及風暴)” nationwide to help MSEs transform and upgrade their operation and management in a digital and intelligent manner through the promotion of digital intelligent cloud finance and tax products. The Group continued to deepen the industrialised marketing strategies in the “Five-New” fields to promote the in-depth operation and development of channel partners in their industries, and jointly carried out more than 700 industrial operation seminars themed “Digital Intelligence Salon (數智化沙龍)” to share the successful experience of digital intelligent operation of excellent customers. The Group established the “Industry 100 (行業100)” channel partner expert committee to further strengthen support to channel partners, improve the digital empowerment system of partners, and establish a pioneer of partners for the digital and intelligent development of the industry.

In terms of the ecological cooperation channel, the Group actively promoted the cooperation with banks on ecological integration, continued to deepen cooperation with ecological partners including tax invoice cloud vendors, industry CRM vendors, and telecom operators as a way to continuously expand the coverage of the terminal market. On office collaboration platforms such as DingTalk, WeCom and Feishu, the strategy of deep integration of marketing system and products was established to achieve three-dimensional operation and differentiated marketing. Due to such efforts, the new order amount increased by more than 200% year-on-year during the Reporting Period.

In terms of the direct sales channel, the Group focused on deploying multi-channel, digital scene marketing, and used AI technology to build a content marketing system as a way to improve customer acquisition efficiency. The Group comprehensively upgraded the organisation and management system of direct sales business, and built a marketing talent replication system which motivates direct sales employees to take initiatives, and achieve consistent marketing in pre-sales, sales, operation and delivery. The Group established a full-link growth model from promotion, cultivation to monetisation, and realised a full life cycle fission of customer acquisition from traffic accumulation, refined operation, transaction and repurchase to effectively improve the investment-return ratio and staff efficiency, achieving rapid growth in revenue of direct sales.

## 3. *Development of Brand and Market*

During the Reporting Period, leveraging its advantages in the field of finance and taxation services, Chanjet was successfully shortlisted for the “2022 Corporate Finance and Tax Service Innovation Ranking (2022企業財稅服務創新排行榜)” launched by “China Internet Weekly (《互聯網週刊》)” and ranked at the forefront of the list. In the assessment of the 6th “China Industry Digitalisation Annual List (中國行業數字化年度風雲榜)” for 2022 jointly initiated by China Information Industry Association (中國信息協會) and INFOOBS.COM (信息化觀察網), Chanjet was honoured the “2022 China Micro and Small Enterprise Cloud Finance and Tax Service Leading Enterprise (2022中國小微企業雲財稅服務領軍企業)”, and Chanjet Good Accountant was awarded the “2022 China Digital Intelligent Finance and Taxation SaaS Service First Choice Brand (2022中國數智財稅SaaS服務首選品牌)”. Chanjet T+Cloud was successfully shortlisted for the “2022-2023 Excellent Innovative Software Product Directory (2022-2023年度優秀創新軟件產品名錄)” issued by the China Federation of Electronics and Information Industry (中國電子信息行業聯合會). In terms of ecosystem cooperation, the business service value and brand value of Chanjet continued to manifest, and the Company was honoured various awards such as the “2022 Excellent Partner Award (2022年度優秀合作夥伴獎)” of Alibaba Cloud, as well as the “2022 Sales Champion Award (2022年度銷冠獎)” and “Excellent Cloud Store Partner Award (優秀雲商店夥伴獎)” of Huawei Cloud.



# Management discussion and analysis (continued)

## 4. *Development of Employees and Organizations*

As at the end of the Reporting Period, the total number of employees of the Group was 1,109, representing a decrease of 8% from the end of the previous year. In order to support the accelerated development of the business, the Group has implemented the talent strategy of creating a strong team while optimising the organisational structure to improve staff efficiency. The Group carried out various forms of layered training and culture building according to different business sectors to enhance employees' business ability and organisational cohesion. In terms of talent retention and employee incentives, the Group implemented a stepped performance reform pilot and a compensation fast track for high-performing employees, combined with long-term incentive measures, to strengthen the enthusiasm and creativity of employees.

## PROSPECTS

The Group will continue to focus on the two major fields, namely digital intelligent finance and taxation, and digital intelligent business for MSEs, with an aim to establish the 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, adamantly pursue ecological co-prosperity from application services to ecological platforms, promote the large-scale development of businesses, enhance operating efficiency, and improve profitability, thereby achieving high-quality development.

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

The Group will continue to align with customer value and speed up product innovation and development. Digital intelligent finance and taxation will take into account of the advancement of the "Golden Tax Phase IV" to further enhance the product advantages of "integration of invoice, finance, tax, fee, bank and filing". By strengthening the AI capabilities of products, the Group will further improve the level of automation and intelligence of digital intelligent finance and taxation. In terms of digital intelligent business, the Group will accelerate the development of products in the fields of new commerce, new retail, new manufacturing and new service, as well as strengthen B2B ordering, B2C mall, instant retail, and upstream and downstream collaboration capabilities of enterprises, so as to improve the online operation and industrial chain efficiency of MSEs. In terms of new retail and new commerce, the Group will organise new data services and analyse data of customers, members and products to promote the full-closed-loop management of corporate marketing strategies. In terms of new manufacturing, the Group will publish production cost modules to realise the refined management of cost control by MSEs in the manufacturing industry. In addition, the intelligent development assistant built by combining large language models and low-code platforms provides data modeling and form generation capabilities through natural language interaction in the low-code development stage, and quickly creates more industry-oriented scenario solutions to better meet the management needs of MSEs.



# Management discussion and analysis (continued)

## **2. Enhancing customer value and achieving win-win cooperations with partners by expanding channels and broadening coverage**

The Group will seize the market opportunities of the comprehensive promotion of the All-electronic Invoices, accelerate the popularisation of cloud finance and taxation products, and make a breakthrough in large-scale customer acquisition. The Group will expedite the channel layout to penetrate and cover county-level markets, and strengthen the density and breadth of market coverage in key areas. In the “Five-New” fields, the Group will focus on the economic and industrial belt to rapidly build a stronghold for industrialised and digital intelligent operation for MSEs, and continue to carry on the “Digital Intelligent Salon” industry operation seminar to facilitate the digital intelligent transformation and upgrading of MSEs. The Group will expedite the development of ISV ecosystem partners, while further enrich the product matrix to cover more customer application scenarios, and enhance product value. It will strengthen the ability to acquire customers on resource-based platforms such as DingTalk, WeCom and Feishu. The Group will continue to upgrade the customer success system, strengthen customer operations, and improve the value of customer life cycle.

## **3. Accelerating the development of direct sales business**

The Group will continue to deepen its precise inbound marketing strategy on the direct sales channel, efficiently deliver customer value and optimise customer experience. The Group will further apply AI technology to promote content marketing to drive large-scale customer acquisition; strengthen the refined operation of e-commerce platforms and promote diversified cooperation. With a focus on promotion, business opportunity incubation, services, marketing content, etc., the Group will continue to build systematic operation of private domain to promote the high growth of direct sales business.

## **4. Building a strong team by strengthening capabilities, cultivating talents and improving staff efficiency**

The Group will make structural adjustments to the organisation and personnel of key departments based on the development stages of its various product and business lines and continue focusing on the improvement of staff efficiency. The Group will step up efforts to improve its professional talent development system based on the qualification system, promote a hierarchical empowerment training that is deeply integrated with business, and strengthen the capacity-building of the talent echelon in core key positions so as to secure the sound development of the Group in the long run.



# Management discussion and analysis (continued)

## FINANCIAL REVIEW

	For the six months ended 30 June		Change in amount	Percentage change
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000		
<b>Revenue</b>	<b>375,573</b>	335,099	40,474	12
Cost of sales and services provided	<b>(130,329)</b>	(129,142)	(1,187)	1
<b>Gross profit</b>	<b>245,244</b>	205,957	39,287	19
Gross profit margin	<b>65%</b>	61%	4%	
Other income and gains, net	<b>104,389</b>	33,447	70,942	212
Research and development costs	<b>(127,750)</b>	(133,538)	5,788	(4)
Selling and distribution expenses	<b>(158,717)</b>	(141,739)	(16,978)	12
Administrative expenses	<b>(40,617)</b>	(38,901)	(1,716)	4
Impairment losses on financial assets	<b>(53)</b>	(257)	204	(79)
Other expenses	<b>(447)</b>	(429)	(18)	4
Finance costs	<b>(538)</b>	(827)	289	(35)
Share of profit/(loss) of an associate	<b>1,182</b>	(887)	2,069	N/A
<b>Profit/(loss) before tax</b>	<b>22,693</b>	(77,174)	99,867	N/A
Income tax expense	<b>(4,558)</b>	(1,297)	(3,261)	251
<b>Profit/(loss) for the period</b>	<b>18,135</b>	(78,471)	96,606	N/A
<b>Attributable to:</b>				
Owners of the parent	<b>18,135</b>	(78,471)	96,606	N/A



# Management discussion and analysis (continued)

## Operating Results

For the six months ended 30 June 2023, the revenue of the Group was RMB375.57 million, representing an increase of 12% as compared to the same period of last year. Profit for the period and profit attributable to owners of the parent were both RMB18.14 million, as compared to a loss for the period and loss attributable to owners of the parent of RMB78.47 million for the same period of last year. The basic earnings per share of the Group was RMB0.057, while the basic loss per share was RMB0.262 for the same period of last year.

The Group achieved a turnaround from loss to profit during the Reporting Period, mainly due to (i) the Group's efforts to seize the development opportunities of the digital intelligence transformation of MSEs and the "Golden Tax Phase IV" and to continuously enhance product competitiveness, strengthen ecological cooperation, increase market coverage, promote business scale development and improve operating efficiency, thereby achieving sustained growth in revenue and an increase in gross profit margin as compared to the same period of last year, as well as only a slight increase in the aggregate amount of research and development costs, selling and distribution expenses and administrative expenses as compared to the same period of 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); and (iii) an increase in fair value gain on unlisted equity investments at fair value through profit or loss of approximately RMB35.77 million as compared to the same period of last year.

## Revenue

For the six months ended 30 June 2023, the revenue of the Group was RMB375.57 million, representing an increase of 12% as compared to the same period of last year, of which revenue from cloud subscriptions was RMB227.77 million, representing an increase of 28% as compared to the same period of last year. Revenue from cloud subscriptions accounted for 61% of the total revenue.



# Management discussion and analysis (continued)

## Cost of Sales and Services Provided

For the six months ended 30 June 2023, the Group's cost of sales and services provided amounted to RMB130.33 million, which remained basically stable as compared to the same period of last year.

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

	For the six months ended 30 June				Change in amount RMB'000	Percentage change %
	2023		2022			
	RMB'000	%	RMB'000	%		
Contract operation costs	101,843	78	102,533	79	(690)	(1)
Operation and maintenance costs	10,173	8	5,913	4	4,260	72
Labour costs	8,609	7	11,202	9	(2,593)	(23)
Service costs	4,053	3	3,610	3	443	12
Amortisation of intangible assets	3,598	3	3,595	3	3	0
Software development and production costs	595	0	990	1	(395)	(40)
Other costs	1,458	1	1,299	1	159	12
Cost of sales and services provided	130,329	100	129,142	100	1,187	1

## Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023, the Group's gross profit was RMB245.24 million, representing an increase of 19% over the same period of last year, which was mainly due to the expansion of revenue scale of cloud subscriptions, and the increase in the gross profit margin from cloud subscriptions business during the Reporting Period, resulting in the Group's gross profit margin increased by 4 percentage points over the same period of last year to 65%.



# Management discussion and analysis (continued)

## **Other Income and Gains, Net**

For the six months ended 30 June 2023, the Group's other income and gains, net were RMB104.39 million, representing an increase of 212% over the same period of 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; and (ii) an increase in fair value gain on unlisted equity investments at fair value through profit or loss of approximately RMB35.77 million as compared to the same period of last year.

## **Research and Development Costs**

For the six months ended 30 June 2023, research and development costs of the Group amounted to RMB127.75 million, representing a decrease of 4% over the same period of last year, which was mainly attributable to the decrease of RMB4.38 million in labour costs.

## **Selling and Distribution Expenses**

For the six months ended 30 June 2023, the selling and distribution expenses of the Group were RMB158.72 million, representing an increase of 12% over the same period of last year, which was mainly due to the increase in sales and promotion expenses.

## **Administrative Expenses**

For the six months ended 30 June 2023, the administrative expenses of the Group were RMB40.62 million, representing an increase of 4% over the same period of last year, which was mainly due to the increase in the one-off severance payments of RMB6.89 million as a result of the optimisation and adjustment of the Group's organisational structure.

## **Income Tax Expense**

For the six months ended 30 June 2023, the income tax expense of the Group amounted to RMB4.56 million, which was mainly due to the income tax expense arising 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 six months ended 30 June 2023, the Group recorded a profit attributable to owners of the parent of RMB18.14 million, as compared to a loss attributable to owners of the parent of RMB78.47 million for the same period of last year.



# Management discussion and analysis (continued)

## Liquidity

### Condensed cash flow statement

	For the six months ended 30 June		Change in amount
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	
Net cash flows used in operating activities	(28,046)	(56,984)	28,938
Net cash flows (used in)/from investing activities	(111,972)	180,008	(291,980)
Net cash flows used in financing activities	(3,789)	(4,287)	498

### Net cash flows used in operating activities

For the six months ended 30 June 2023, net cash flows used in operating activities of the Group was RMB28.05 million, representing a decrease of RMB28.94 million as compared to the same period of last year, which was mainly due to the increase in the amount received from cloud services and the decrease in the amount paid for the cloud service business of the Group.

During the Reporting Period, the Group paid a total of RMB74.88 million (for the same period of last year: RMB33.61 million) in cash to employees under the Point Scheme and the Long-term Incentive Bonus Scheme.

### Net cash flows (used in)/from investing activities

For the six months ended 30 June 2023, net cash flows used in investing activities of the Group was RMB111.97 million, which was mainly due to the purchase of structured deposits by the Group during the Reporting Period.

### Net cash flows used in financing activities

For the six months ended 30 June 2023, net cash flows used in financing activities of the Group was RMB3.79 million, which was mainly due to the payment of lease principal and interest under the application of "IFRS 16 – Lease".



# Management discussion and analysis (continued)

## Capital Structure and Financial Resources

	<b>As at 30 June 2023 (unaudited)</b>	As at 31 December 2022 (Audited)
Cash and bank balances (RMB'000)	<b>948,794</b>	1,169,225
Current ratio <sup>note 1</sup>	<b>268%</b>	209%
Gearing ratio <sup>note 2</sup>	<b>0%</b>	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.

As at 30 June 2023, the cash and bank balances of the Group was RMB948.79 million (31 December 2022: RMB1,169.23 million). The decrease in cash and bank balances was mainly due to the purchase of structured deposits and the increase in cash paid to employees and paid for the benefit of employees during the Reporting Period. Cash and bank balances of the Group was mainly denominated in RMB, with certain amount denominated in HK\$ and small amount denominated in US\$. Cash and bank balances of the Group was mainly used for business development and daily operations, acquisitions and capital expenditure, and 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 30 June 2023 was 268% (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 liabilities (for details, please refer to note 20 to the financial statements).

As at 30 June 2023, as the Group had no interest-bearing liabilities (other than lease liabilities), the Group's gearing ratio was nil (31 December 2022: Nil).



# Management discussion and analysis (continued)

## Capital Expenditure

For the six months ended 30 June 2023, the capital expenditure of the Group primarily included the additional expenditure on property, plant and equipment of RMB0.38 million (for the same period of last year: RMB2.25 million); the additional expenditure on right-of-use assets (mainly refers to leased office buildings) of RMB0.72 million (for the same period of last year: RMB16.69 million) and the additional expenditure on intangible assets of RMB0.19 million (for the same period of last year: RMB0.04 million).

## Contingent Liabilities

As at 30 June 2023 and 31 December 2022, the Group did not have any contingent liabilities, nor did it have any proposal on contingent liabilities issue.

## Charges on Assets

As at 30 June 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 significant investment. The Board did not approve any major investment or plan on acquisition of capital assets as at the Latest Practicable Date.

## Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

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

## Foreign Exchange Fluctuation Risks

The Group conducts its domestic business primarily in RMB, which is also its functional currency. Chanjet U.S., 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. 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 approval date of this report, the Group had no significant events after the Reporting Period which need to be disclosed.



# Management discussion and analysis (continued)

## STAFF REMUNERATION POLICY AND TRAINING PLAN

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. The Group has paid housing provident 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 Point Scheme, the Employee Share Ownership Scheme and the Long-term Incentive Bonus Scheme. For details, please refer to the paragraphs headed "EMPLOYEE TRUST BENEFIT SCHEME", "LONG-TERM EMPLOYEE INCENTIVE POINT SCHEME", "EMPLOYEE SHARE OWNERSHIP SCHEME" and "LONG-TERM INCENTIVE BONUS SCHEME" set out below.

In 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. During the Reporting Period, the Group was committed to giving full play to the ability of internal lecturers selected from cadres and expert members to solve business pain points. Combining the three training and empowerment routes of leadership, professional ability and general competence, and taking into account of the characteristics of various employees and external partners, the Group carried out courses such as "Samurai Camp (虎賁營)" to enhance capability of core cadres, "System Thinking Problem Solving (系統思維解決問題)" to enhance general competence of employees, "Making Every Front-line Worker Has Access to Courses (送課到一線)" to enhance comprehensive capability of channel partners, conducted business training projects such as "Pilot Plan – Excellent Course Development (領航計劃 – 優秀課程開發)", "Best Practice Extraction (最佳實踐萃取)", and provided external training resources for core experts to improve their capabilities.

## EMPLOYEE TRUST BENEFIT SCHEME

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

As of 5 June 2020, the Company has fully completed the grant and unlocking of the Trust Benefit Units under the Employee Trust Benefit Scheme. Relevant Scheme Participants may apply for the corresponding exercise of Trust Benefit Units during the Exercise Period. The Employee Trust Benefit Scheme is valid for eight years from the date of approval at the general meeting (i.e. 8 June 2015), therefore, the Employee Trust Benefit Scheme has been completed on 7 June 2023.

As at the date of approval of this report, the subject Shares held in trust by the Trustee under the Employee Trust Benefit Scheme amounted to 8,142,400 Shares, representing approximately 2.50% of the total number of issued Shares. As at the end of the Reporting Period, the accumulated amount of initial public offering proceeds used by the Company for the Employee Trust Benefit Scheme was approximately HK\$74.93 million.



# Management discussion and analysis (continued)

## LONG-TERM EMPLOYEE INCENTIVE POINT SCHEME

In order to motivate the enthusiasm and creativity of the management team members and the core and key employees of the Company, promote the strategic transformation of the Company, and build a global leading financial and management service platform for MSEs, the Board has approved the adoption of the Point Scheme on 29 March 2019. In order to give full play to realise the purpose of continuing incentivivity of the Point Scheme, on 25 May 2020, the Board has, pursuant to the Point Scheme, considered and approved the resolution to amend a term of the Point Scheme in relation to the limit on the number of points to be granted. According to the amended Point Scheme, a certain number of points will be granted by the Company to the participants annually over a three-year period during the validity period of the Point Scheme. After the conditions precedent for the points have been satisfied, the number of effective points shall be determined in accordance with annual performance, and the point proceeds shall be calculated accordingly. The point proceeds shall be redeemed in cash and distributed to the participants in installments. The total number of effective points after being granted during the validity period of the Point Scheme shall not exceed 150,000 points. For details on the specific terms of and amendments to the Point Scheme, please refer to the announcements of the Company dated 29 March 2019 and 25 May 2020, respectively.

In light of the adoption of the Employee Share Ownership Scheme and the Long-term Incentive Bonus Scheme by the Company on 28 December 2020, the Board considered and approved the cancellation of the granting of points to the participants in 2021 (the “**Cancellation of 2021 Point Grant**”). For details, please refer to the announcement of the Company dated 28 December 2020. The Cancellation of 2021 Point Grant will not affect the validity of the points granted pursuant to the Point Scheme. For the 60,655 effective points granted under the 2019 initial point grant and the 2019 supplemental point grant, the last batch of point proceeds has been distributed in May 2022, and for the 49,174.28 effective points granted under the 2020 initial point grant and the 2020 supplemental point grant, the last batch of point proceeds has been distributed in June 2023. As at the end of the Reporting Period, the Point Scheme has been completed.

## EMPLOYEE SHARE OWNERSHIP SCHEME

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

On 28 December 2020, the Board has considered and approved the grant of the incentive shares under the Employee Share Ownership Scheme, being 15,412,716 Domestic Shares, representing approximately 7.10% of the Company’s total issued share capital as at 28 December 2020, to 158 Employee Share Ownership Scheme participants. The incentive shares shall be unlocked in three tranches on the respective unlocking date. The respective unlocking date is the first trading day after the expiry of the second anniversary, third anniversary and fourth anniversary of the grant date, upon which and subject to the satisfaction of the unlocking conditions, 40%, 30% and 30% of the incentive shares shall be unlocked. Further details of the grant of the incentive shares under the Employee Share Ownership Scheme are set out as follows:



# Management discussion and analysis (continued)

No.	Name	Position	Number of the incentive shares granted on 28 December 2020	Number of the incentive shares granted after Capitalization Issue <sup>Note</sup>	Approximate percentage of the number of the incentive shares granted to the total number of the incentive shares granted under the Employee Share Ownership Scheme (%)	Approximate percentage of the number of the incentive shares granted to the total issued share capital of the Company as at 28 December 2020 (%)
<b>1.</b>	<b>Director and Supervisor</b>					
	Yang Yuchun	Executive Director and President	1,427,716	2,141,574	9.26	0.66
<b>2.</b>	<b>Mid to senior level management personnel, experts and other key personnel</b>					
	157 other Employee Share Ownership Scheme participants		13,985,000	20,977,500	90.74	6.44
<b>TOTAL</b>			<b>15,412,716</b>	<b>23,119,074</b>	<b>100.00</b>	<b>7.10</b>

*Note:* The Company completed the Capitalization Issue and issued five (5) capitalization shares to all shareholders of the Company for every ten (10) shares being held by way of the transfer from capital reserve to share capital in October 2021, therefore the number of the incentive shares granted above increased correspondingly.

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

On 28 December 2022, the Board considered and passed a resolution in relation to unlocking of the first tranche of incentive shares granted under the Employee Share Ownership Scheme. 40% of the total number of incentive shares, being 22,474,074 Domestic Shares held by the scheme participants who have satisfied the unlocking conditions for the first tranche of incentive shares have been unlocked in accordance with the provisions as stipulated in the Employee Share Ownership Scheme. For details, please refer to the announcement of the Company dated 28 December 2022.



# Management discussion and analysis (continued)

## LONG-TERM INCENTIVE BONUS SCHEME

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

On 28 December 2020, the Board has considered and approved the list of the participants under the Long-term Incentive Bonus Scheme, which comprises Mr. Yang Yuchun, the executive Director and the President of the Company, and 157 other mid to senior level management personnel, experts and key personnel of the Group. Subject to the satisfaction of the relevant appraisal conditions, the bonus shall be paid in three tranches within three months after the respective appraisal date. The respective appraisal date is the first working day after the expiry of the second anniversary, third anniversary and fourth anniversary of the date of determination of the Long-term Incentive Bonus Scheme participants. The amount of the bonus payable for the corresponding tranche shall be calculated based on the corresponding bonus appropriation ratio to be determined by the Board.

On 28 December 2022, the Board considered and passed a resolution in relation to awarding of the first tranche of bonus under the Long-term Incentive Bonus Scheme. For details, please refer to the announcement of the Company dated 28 December 2022.



# Other information

## DISCLOSURE OF INTERESTS

### Interests and short positions of Directors, Supervisors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at 30 June 2023, the interests or short positions of the Directors, the Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange are as follows:

Name of Directors/ Supervisors	Nature of interest	Relevant corporation (including associated corporation)	Number and class of shares of the relevant corporation (including associated corporation) held <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation) <sup>(2)</sup>	Approximate percentage of shareholdings in the relevant class of share capital of the Company <sup>(3)</sup>
<b>Directors</b>					
Mr. Wang Wenjing	Interest in a controlled corporation <sup>(4)</sup>	The Company	216,146,041 Domestic Shares (L)	66.35%	88.85%
	Interest in a controlled corporation <sup>(4)</sup>	Yonyou <sup>(5)</sup>	1,421,079,511 shares (L)	41.39%	N/A
	Interest in a controlled corporation	Happiness Investment <sup>(6)</sup>	N/A <sup>(6)</sup>	60% <sup>(6)</sup>	N/A
	Interest in a controlled corporation	Yonyou Up <sup>(7)</sup>	N/A <sup>(7)</sup>	100% <sup>(7)</sup>	N/A
Mr. Wu Zhengping <sup>(8)</sup>	Beneficial owner	Yonyou <sup>(5)</sup>	1,867,450 shares (L)	0.05%	N/A
	Interest in a controlled corporation	Yonyou <sup>(5)</sup>	80,361,271 shares (L)	2.34%	N/A
	Beneficial owner	Happiness Investment <sup>(6)</sup>	N/A <sup>(6)</sup>	15% <sup>(6)</sup>	N/A
<b>Supervisors</b>					
Mr. Guo Xinpeng <sup>(9)</sup>	Interest in a controlled corporation	Yonyou <sup>(5)</sup>	128,080,000 shares (L)	3.73%	N/A
Mr. Zhang Peilin	Beneficial owner	Yonyou <sup>(5)</sup>	1,629,589 shares (L)	0.05%	N/A



## Other information (continued)

*Notes:*

- (1) (L) – long position.
- (2) The calculation was based on the total number of 325,772,499 Shares of the Company in issue as at 30 June 2023.
- (3) The calculation was based on the total number of 243,272,499 Domestic Shares of the Company in issue as at 30 June 2023.
- (4) Mr. Wang Wenjing is the beneficial owner of 100%, 85.15% and 79.64% of the equity interest of Beijing Yonyou Technology Co., Ltd. (北京用友科技有限公司), Shanghai Yonyou Consultant Co., Ltd. (上海用友科技諮詢有限公司) and Beijing Yonyou Enterprise Management Research Co., Ltd. (北京用友企業管理研究所有限公司), respectively, which in turn held approximately 26.83%, 11.42% and 3.14% of the issued shares of Yonyou, respectively, as at 30 June 2023. Therefore, Mr. Wang Wenjing is deemed to be interested in the Shares held by Yonyou.
- (5) Yonyou is the holding company of the Company and therefore an associated corporation of the Company. As at 30 June 2023, Yonyou directly and indirectly held 216,146,041 Domestic Shares of the Company which accounted for approximately 66.35% of the total share capital of the Company.
- (6) Happiness Investment is a limited liability company incorporated in the PRC with a registered capital of RMB10.00 million and does not have any issued shares under the PRC laws. As the shareholding percentage of Yonyou in Happiness Investment is 60%, Happiness Investment is deemed as a controlled corporation of Mr. Wang Wenjing. In addition, the shareholding percentage of Mr. Wu Zhengping in Happiness Investment is 15%. As at 30 June 2023, Happiness Investment held 1,006,176 Domestic Shares of the Company, representing approximately 0.31% of the total share capital of the Company.
- (7) Yonyou Up Information Technology Co., Ltd (用友優普信息技術有限公司) (“**Yonyou Up**”) is a limited liability company incorporated in the PRC with a registered capital of RMB200.00 million and does not have any issued shares under the PRC laws. Yonyou Up is a wholly-owned subsidiary of Yonyou, and Yonyou holds 100% interests of Yonyou Up. Therefore, Yonyou Up is deemed as a controlled corporation of Mr. Wang Wenjing. As at 30 June 2023, Yonyou Up held 13,660,228 Domestic Shares of the Company, representing approximately 4.19% of the total share capital of the Company.
- (8) As at 30 June 2023, Mr. Wu Zhengping directly held approximately 0.05% of the issued shares of Yonyou, and Gongqingcheng Youfu Investment Management Partnership Enterprise (LLP) (共青城優富投資管理合夥企業(有限合夥)) (“**Gongqingcheng Youfu**”) held approximately 2.34% of the issued shares of Yonyou. Mr. Wu Zhengping is the beneficial owner of 80% equity interest of Gongqingcheng Youfu. Therefore, Mr. Wu Zhengping is deemed to be interested in the shares of Yonyou held by Gongqingcheng Youfu.
- (9) As at 30 June 2023, Shanghai Yibei Management Consulting Co., Ltd. (上海益倍管理諮詢有限公司) (“**Shanghai Yibei**”) held approximately 3.73% of the issued shares of Yonyou. Mr. Guo Xinping is the beneficial owner of 90% equity interest of Shanghai Yibei. Therefore, Mr. Guo Xinping is deemed to be interested in the shares of Yonyou held by Shanghai Yibei.



## Other information (continued)

### Interests and short positions of the Substantial Shareholders in the Shares and underlying Shares of the Company

As at 30 June 2023, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of the SFO, the Substantial Shareholders (other than the Directors, the Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Name of Shareholders	Number and class of Shares held <sup>(1)</sup>	Nature of interest	Approximate percentage of shareholdings in the total share capital of the Company <sup>(2)</sup>	Approximate percentage of shareholdings in the relevant class of share capital of the Company <sup>(3)</sup>
Yonyou <sup>(4)</sup>	201,479,637 Domestic Shares(L)	Beneficial owner		
	14,666,404 Domestic Shares(L)	Interest in a controlled corporation		
	Total: 216,146,041 Domestic Shares(L)		66.35%	88.85%
UBS Group AG	15,019,350 H Shares(L)	Interest in a controlled corporation	4.61%	18.21%
Gaocheng Fund I, L.P. <sup>(5)</sup>	8,250,000 H Shares(L)	Beneficial owner	2.53%	10.00%
Gaocheng Holdings GP, Ltd <sup>(5)</sup>	8,250,000 H Shares(L)	Interest in a controlled corporation	2.53%	10.00%
Tsing Young Holding Limited <sup>(5)</sup>	8,250,000 H Shares(L)	Interest in a controlled corporation	2.53%	10.00%
Hong Jing (洪婧) <sup>(5)</sup>	8,250,000 H Shares(L)	Interest in a controlled corporation	2.53%	10.00%



## Other information (continued)

*Notes:*

- (1) (L) – long position.
- (2) The calculation was based on the total number of 325,772,499 Shares of the Company in issue as at 30 June 2023.
- (3) The calculation was based on the number of 243,272,499 Domestic Shares in issue and 82,500,000 H Shares in issue of the Company as at 30 June 2023, respectively.
- (4) As at 30 June 2023, Yonyou directly held 201,479,637 Domestic Shares, indirectly held 1,006,176 Domestic Shares through Happiness Investment and indirectly held 13,660,228 Domestic Shares through Yonyou Up, respectively. As each of Happiness Investment and Yonyou Up is a controlled corporation of Yonyou, Yonyou is deemed to be interested in the Domestic Shares held by Happiness Investment and Yonyou Up.
- (5) According to the notice of disclosure of interest filed by Gaocheng Fund I, L.P. on 25 May 2021, Gaocheng Fund I, L.P. held 5,500,000 H Shares. Given that the Company completed the Capitalization Issue in October 2021 on the basis of five (5) Capitalization Shares for every ten (10) Shares by way of capitalization of capital reserve to all the Shareholders, it's calculated that Gaocheng Fund I, L.P. held 8,250,000 H Shares as at 30 June 2023, which accounted for approximately 2.53% of the total share capital of the Company, and Gaocheng Holdings GP, Ltd, held 1.58% equity interest of Gaocheng Fund I, L.P. as its general partner. Gaocheng Holdings GP, Ltd is wholly-owned by Tsing Young Holding Limited, which is in turn wholly-owned by Hong Jing. Therefore, Hong Jing, Tsing Young Holding Limited and Gaocheng Holdings GP, Ltd are all be deemed to be interested in the 8,250,000 H Shares held by Gaocheng Fund I, L.P..

Save as disclosed above, as at 30 June 2023, so far as the Directors, the Supervisors and the chief executive of the Company are aware of, no other persons had any interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

# Other information (continued)

## USE OF PROCEEDS

The Company's H Shares were listed and traded on the Hong Kong Stock Exchange on 26 June 2014, from which the Company raised proceeds totaling HK\$900.90 million. After deducting relevant expenses of issuance, the net proceeds were HK\$854.96 million. The Company disclosed in the Prospectus that the net proceeds raised from the listing shall be used for the following purposes within two years. To the extent that the net proceeds are not immediately applied to the purposes below, the Company intends that such proceeds will be placed in short-term interest-bearing instruments or money market funds with licensed banks or financial institutions in the PRC or Hong Kong.

According to the intended use of proceeds disclosed in the Prospectus by the Company, the actual usage and intended timetable for use of the unutilised proceeds as at 30 June 2023 are detailed as follows:

Planned use	Budgeted amount	Amount used during the Reporting Period	Accumulated amount used	Unutilised amount	Intended timetable for use of the unutilised amount
	HK\$	HK\$	HK\$	HK\$	
For the R&D and marketing of the T+ series software products	Approximately 290.69 million	Approximately 1.61 million	Approximately 287.41 million	Approximately 3.28 million	On or before 31 December 2023
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
<b>Total</b>	<b>Approximately 854.96 million</b>	<b>Approximately 1.61 million</b>	<b>Approximately 770.85 million</b>	<b>Approximately 84.11 million</b>	

As at 30 June 2023, the unutilised proceeds of the Company are primarily for acquisition of relevant business and assets compatible with our business strategies, mainly due to the fact that the Company has not yet identified any relevant business and assets compatible with our business strategies. The balance of the net 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.



## Other information (continued)

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

### UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

On 8 September 2023, the extraordinary general meeting of the Company has approved (1) the re-election of each of Mr. Wang Wenjing and Mr. Wu Zhengping as a non-executive Director of the fifth session of the Board; Mr. Yang Yuchun as an executive Director of the fifth session of the Board; each of Mr. Lau, Chun Fai Douglas, and Ms. Wu Xiaoqing as an independent non-executive Director of the fifth session of the Board; (2) the appointment of Mr. Cui Qiang as an independent non-executive Director of the fifth session of the Board; and (3) the re-election of each of Mr. Guo Xinpeng and Mr. Zhang Peilin as a shareholder representative Supervisor of the fifth session of the Supervisory Committee; each of Mr. Ruan Guangli and Mr. Ma Yongyi as an independent Supervisor of the fifth session of the Supervisory Committee. Meanwhile, each of Ms. Ren Jie and Ms. Xia Yuhan has been re-elected as an employee representative Supervisor at the employee representative meeting of the Company held on 16 August 2023, respectively. Their terms of office will be three years commencing on the date of approval at the abovementioned extraordinary general meeting, being 8 September 2023 to 7 September 2026.

As at the Latest Practicable Date, the details of changes in personal particulars of the Directors and Supervisors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

<b>Name of Director(s)/ Supervisor(s)</b>	<b>Details of Changes</b>
<b>Directors</b>	
Lau, Chun Fai Douglas	<ul style="list-style-type: none"><li>re-designated from a member to the chairman of the Audit Committee with effect from 8 September 2023</li><li>appointed as a member of the Nomination Committee with effect from 8 September 2023</li><li>ceased to be the chairman of the Remuneration and Appraisal Committee with effect from 8 September 2023</li></ul>
Wu Xiaoqing	<ul style="list-style-type: none"><li>appointed as a member of the Audit Committee with effect from 8 September 2023</li><li>ceased to be a member of the Strategic Committee with effect from 8 September 2023</li></ul>
Cui Qiang	<ul style="list-style-type: none"><li>appointed as the chairman of the Remuneration and Appraisal Committee and a member of the Strategic Committee with effect from 8 September 2023</li></ul>
<b>Supervisors</b>	
Guo Xinpeng	<ul style="list-style-type: none"><li>ceased to be an independent director of Glodon Company Limited (廣聯達科技股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002410), with effect from April 2023</li></ul>
Ma Yongyi	<ul style="list-style-type: none"><li>ceased to be an independent director of Beijing Spaceflight Hongtu Information Technology Co., LTD (北京航天宏圖信息技術股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 688066), with effect from May 2023</li></ul>



## Other information (continued)

### MATERIAL LEGAL MATTERS

So far as the Board is aware, as at 30 June 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.

### INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### CORPORATE GOVERNANCE

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

### SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code, and has required the Directors and the Supervisors to deal with securities in accordance with the Model Code. The Model Code is also applicable to the senior management of the Company. After making specific enquiries by the Company, all Directors and Supervisors confirmed that they had fully complied with the Model Code during the Reporting Period.

### AUDIT COMMITTEE

The Company has established an audit committee pursuant to the requirements of the Listing Rules. During the Reporting Period, the Audit Committee consisted of Mr. Chen, Kevin Chien-wen, an independent non-executive Director, Mr. Wu Zhengping, a non-executive Director, and Mr. Lau, Chun Fai Douglas, an independent non-executive Director, among whom, Mr. Chen, Kevin Chien-wen was the chairman <sup>note</sup>. On 16 August 2023, the Audit Committee reviewed the unaudited interim results announcement of the Group for the six months ended 30 June 2023 and this report, and concluded that the interim results announcement and this report had been prepared in accordance with the applicable accounting standards and relevant requirements, and had made adequate disclosure.

*Note:* Mr. Chen, Kevin Chien-wen has retired as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee in order to devote more time to handle other matters. On 8 September 2023, the extraordinary general meeting of the Company has approved the appointment of Mr. Cui Qiang as an independent non-executive Director in place of Mr. Chen, Kevin Chien-wen. On the same day, the composition of the Audit Committee changed to Mr. Lau, Chun Fai Douglas, an independent non-executive Director, Mr. Wu Zhengping, a non-executive Director, and Ms. Wu Xiaoping, an independent non-executive Director, among whom, Mr. Lau, Chun Fai Douglas is the chairman. For details, please refer to the announcements of the Company dated 16 August 2023 and 8 September 2023, and the circular of the Company dated 23 August 2023.



# Interim condensed consolidated statement of profit or loss

For the six months ended 30 June

		2023	2022
		(Unaudited)	(Unaudited)
	Notes	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>375,573</b>	335,099
Cost of sales and services provided	5	<b>(130,329)</b>	(129,142)
<b>Gross profit</b>		<b>245,244</b>	205,957
Other income and gains, net	4	<b>104,389</b>	33,447
Research and development costs	5	<b>(127,750)</b>	(133,538)
Selling and distribution expenses		<b>(158,717)</b>	(141,739)
Administrative expenses		<b>(40,617)</b>	(38,901)
Impairment losses on financial assets		<b>(53)</b>	(257)
Other expenses		<b>(447)</b>	(429)
Finance costs		<b>(538)</b>	(827)
Share of profit/(loss) of an associate	12	<b>1,182</b>	(887)
<b>Profit/(loss) before tax</b>	5	<b>22,693</b>	(77,174)
Income tax expense	6	<b>(4,558)</b>	(1,297)
<b>Profit/(loss) for the period</b>		<b>18,135</b>	(78,471)
<b>Attributable to:</b>			
Owners of the parent		<b>18,135</b>	(78,471)
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>			
Basic and diluted ( <i>RMB cents</i> )	8	<b>5.7</b>	(26.2)



# Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June

	2023 (Unaudited) <i>RMB'000</i>	2022 (Unaudited) <i>RMB'000</i>
<b>Profit/(loss) for the period</b>	<b>18,135</b>	(78,471)
<b>Other comprehensive income</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	83	121
<b>Other comprehensive income for the period, net of tax</b>	<b>83</b>	121
<b>Total comprehensive income/(loss) for the period</b>	<b>18,218</b>	(78,350)
<b>Attributable to:</b>		
Owners of the parent	<b>18,218</b>	(78,350)



# Interim condensed consolidated statement of financial position

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	9	4,894	6,775
Right-of-use assets	10	9,982	12,804
Intangible assets	11	1,639	5,307
Investment in an associate	12	17,458	16,276
Equity investments at fair value through profit or loss	13	61,007	30,014
Deferred tax assets		13,794	18,347
Prepayments, other receivables and other assets	15	68,580	67,012
		177,354	156,535
<b>Current assets</b>			
Inventories		894	815
Trade receivables	14	46,989	45,373
Prepayments, other receivables and other assets	15	170,058	146,829
Financial assets at fair value through profit or loss	16	201,962	–
Cash and bank balances	17	948,794	1,169,225
		1,368,697	1,362,242
<b>Current liabilities</b>			
Trade payables	18	16,813	20,074
Contract liabilities	19	364,007	331,515
Other payables and accruals	20	124,060	293,304
Lease liabilities	10	6,692	6,567
		511,572	651,460
<b>Net current assets</b>		857,125	710,782
<b>Total assets less current liabilities</b>		1,034,479	867,317

# Interim condensed consolidated statement of financial position (continued)

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
	Notes	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>			
Lease liabilities	10	<b>3,244</b>	6,185
Contract liabilities	19	<b>139,150</b>	109,957
Long-term liabilities	21	<b>20,224</b>	38,862
		<hr/>	<hr/>
Total non-current liabilities		<b>162,618</b>	155,004
		<hr/>	<hr/>
<b>Net assets</b>		<b>871,861</b>	712,313
		<hr/>	<hr/>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		<b>325,772</b>	325,772
Treasury shares held under employee trust benefit scheme and employee share ownership scheme		<b>(28,519)</b>	(113,228)
Reserves		<b>574,608</b>	499,769
		<hr/>	<hr/>
<b>Total equity</b>		<b>871,861</b>	712,313
		<hr/>	<hr/>



# Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

	Attributable to owners of the parent								
	Issued capital	Capital reserve	Statutory reserve (iii)	Treasury shares held under employee trust benefit scheme and employee share ownership scheme (ii)	Merger reserve	Share-based payment reserve (i)	Exchange fluctuation reserve	Accumulated loss	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	325,772	808,384	76,815	(169,700)	(4)	8,698	1,627	(128,203)	923,389
Loss for the period	-	-	-	-	-	-	-	(78,471)	(78,471)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	121	-	121
Total comprehensive loss for the period	-	-	-	-	-	-	121	(78,471)	(78,350)
Share-based payment (note 22)	-	-	-	-	-	409	-	-	409
Statutory surplus reserve compensation	-	-	(76,374)	-	-	-	-	76,374	-
<b>As at 30 June 2022 (unaudited)</b>	<b>325,772</b>	<b>808,384</b>	<b>441</b>	<b>(169,700)</b>	<b>(4)</b>	<b>9,107</b>	<b>1,748</b>	<b>(130,300)</b>	<b>845,448</b>

# Interim condensed consolidated statement of changes in equity (continued)

For the six months ended 30 June 2023

	Attributable to owners of the parent								
	Issued capital	Capital reserve	Statutory reserve (iii)	Treasury shares held under employee trust benefit scheme and employee share ownership scheme (ii)	Merger reserve	Share-based payment reserve (i)	Exchange fluctuation reserve	Accumulated loss	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b>	325,772	752,786*	441*	(113,228)	(4)*	8,634*	1,836*	(263,924)*	712,313
Profit for the period	-	-	-	-	-	-	-	18,135	18,135
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	83	-	83
Total comprehensive income for the period	-	-	-	-	-	-	83	18,135	18,218
Share-based payment (note 22)	-	-	-	-	-	149	-	-	149
Rearrangement of share purchased for employee share ownership scheme (ii)	-	56,472	-	84,709	-	-	-	-	141,181
<b>As at 30 June 2023 (unaudited)</b>	<b>325,772</b>	<b>809,258*</b>	<b>441*</b>	<b>(28,519)</b>	<b>(4)*</b>	<b>8,783*</b>	<b>1,919*</b>	<b>(245,789)*</b>	<b>871,861</b>

\* These reserve accounts comprise the consolidated reserves of RMB574,608,000 (31 December 2022: RMB499,769,000) in the consolidated statement of financial position.

## Notes:

- i) Share-based payment reserve represents the cost of equity-settled transactions under the schemes which are described in note 22 to the financial statements.
- ii) Treasury shares held under employee trust benefit scheme (the **"Employee Trust Benefit Schemes"**) represent the shares held by the trustees for the implementation of the Employee Trust Benefit Scheme which Chanjet Information Technology Company Limited (the **"Company"**) entrusted the trustees to successively purchase from domestic shareholders or open market. Treasury shares held under employee share ownership scheme (the **"Employee Share Ownership Scheme"**) represent the shares held by the limited partnerships for the implementation of the Employee Share Ownership Scheme. On 30 March 2023, Yonyou Up Information Technology Co., Ltd (the **"Yonyou Up"**) (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.
- iii) On 10 May 2022, pursuant to the statutory surplus reserves loss compensation plan approved at the annual general meeting, the Company's entire statutory reserve was used to recover the accumulated loss, with a total amount of RMB76,373,544.



# Interim condensed consolidated statement of cash flows

For the six months ended 30 June

		2023	2022
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
<b>Operating activities</b>			
Profit/(loss) before tax		22,693	(77,174)
Adjustments for:			
Finance cost		538	827
Exchange gains, net	5	(2,653)	(3,386)
Share of (profit)/loss of an associate	12	(1,182)	887
Interest income	4	(12,911)	(18,216)
Fair value (gains)/losses, net	4	(32,955)	3,606
Share-based payment expense	5/22	149	409
Depreciation of items of property, plant and equipment	5/9	1,997	1,945
Depreciation of right-of-use assets	5/10	3,543	3,211
Amortisation of intangible assets	5/11	3,857	3,898
Gain on disposal of property, plant and equipment		(10)	(71)
Gain on disposal of Finance & Taxation Practical Skills Training Product and Service Business	4	(43,755)	–
Impairment of trade receivables and other receivables	5	53	257
		<b>(60,636)</b>	<b>(83,807)</b>
Increase in inventories		(79)	(170)
Increase in trade receivables		(1,603)	(24,164)
Decrease/(increase) in prepayments, other receivables, other assets		19,060	(69,316)
(Decrease)/increase in trade payables		(3,261)	15,123
Increase in contract liabilities		61,685	110,449
Decrease in other payables and accruals		(28,064)	(27,321)
(Decrease)/increase in long-term liabilities		(18,925)	18,871
Cash used in operations		(31,823)	(60,335)
Interest received		3,782	3,356
Income taxes paid		(5)	(5)
Net cash flows used in operating activities		<b>(28,046)</b>	<b>(56,984)</b>

# Interim condensed consolidated statement of cash flows (continued)

		<b>For the six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
Notes		<b>RMB'000</b>	RMB'000
<b>Investing activities</b>			
	Purchases of items of property, plant and equipment	<b>(375)</b>	(2,538)
	Proceeds from disposal of items of property, plant and equipment	<b>269</b>	194
	Purchases of intangible assets	<b>(189)</b>	(39)
	Refund of non-pledged time deposits with original maturity of more than three months when acquired and time deposits restricted from being used	<b>82,487</b>	77,462
	Interest on non-pledged time deposits with original maturity more than three months when acquired and time deposits restricted from being used	<b>5,836</b>	3,030
	Purchases of financial assets	<b>(200,000)</b>	(50,000)
	Proceeds from disposal of financial assets	–	150,000
	Gains on financial assets	–	1,899
	<b>Net cash flows (used in)/from investing activities</b>	<b>(111,972)</b>	180,008
<b>Financial activities</b>			
	Principal portion of lease payments	<b>(3,537)</b>	(3,507)
	Interest paid of lease payments	<b>(252)</b>	(355)
	Payment for the initial public offering related fee	–	(425)
	<b>Net cash flows used in financial activities</b>	<b>(3,789)</b>	(4,287)
	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(143,807)</b>	118,737
	Cash and cash equivalents at the beginning of period	<b>899,740</b>	539,433
	Effect of foreign exchange rate changes, net	<b>2,421</b>	144
	<b>Cash and cash equivalents at the end of period</b>	<b>758,354</b>	658,314
<b>Analysis of balances of cash and cash equivalents</b>			
	Cash and bank balances as stated in the interim condensed consolidated statement of financial position	<b>948,794</b>	1,252,510
	Non-pledged time deposits with original maturity of more than three months when acquired	<b>(150,000)</b>	(304,745)
	Restricted cash and bank balance and interest receivables	–	(259,837)
	Unrestricted interest receivables	<b>(40,440)</b>	(29,614)
	<b>Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows</b>	<b>758,354</b>	658,314



# Notes to the interim condensed consolidated financial statements

## 1. CORPORATE AND GROUP INFORMATION

The Company, formerly known as Chanjet Software Company Limited, was established in the People's Republic of China (the "PRC") as a company with limited liability on 19 March 2010. The Company became a joint stock company with limited liability on 8 September 2011 in the PRC and changed its name to Chanjet Information Technology Company Limited. The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 26 June 2014. The registered office of the Company is located at Floor 3, Building 3, Yard 9, Yongfeng Road, Haidian District, Beijing, the PRC.

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

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

### Information about the subsidiaries

Particulars of the Company's subsidiaries as at 30 June 2023 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	USD 15,500,000	100.00	–	Technical development of computer software	Limited liability corporation
Beijing Chanjet Yunhui Information Technology Co., Ltd. ("Chanjet Yunhui") (note (b))	Beijing, China 12 April 2019	RMB 10,000,000	100.00	–	Technical development, transfer and service of computer software	Limited liability corporation

### *Notes:*

- (a) The paid-in capital of Chanjet U.S. as at 30 June 2023 was USD10,300,000.
- (b) The paid-in capital of Chanjet Yunhui as at 30 June 2023 was RMB1,500,000.



# Notes to the interim condensed consolidated financial statements (continued)

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

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board, and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

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

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>



# Notes to the interim condensed consolidated financial statements (continued)

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

### 2.2 New standards, interpretations and amendments adopted by the Group (continued)

The nature and impact of the 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 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

- (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.

The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (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.

The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2020. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.



# Notes to the interim condensed consolidated financial statements (continued)

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

### 2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these interim condensed consolidated financial statements.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments") <sup>1</sup>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments") <sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2024

2 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

## 3. OPERATING SEGMENT INFORMATION

The cloud service business constituted a significant part of the Group's operation. Resource allocation and performance assessment are managed on a group basis.

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

### Geographical information

Since most of the Group's revenue was in Mainland China and 99% of the Group's identifiable non-current assets were located in Mainland China, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

### Information about a major customer

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



# Notes to the interim condensed consolidated financial statements (continued)

## 4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Revenue from contracts with customers</b>		
Sale of products	98,740	94,065
Rendering of services	275,708	239,890
Sale of purchased goods	1,125	1,144
	<b>375,573</b>	335,099
Disaggregated revenue information for revenue from contracts with customers		
<b>Timing of revenue recognition</b>		
Goods/services transferred at a point in time	137,954	140,626
Services transferred over time	237,619	194,473
Total revenue from contracts with customers	<b>375,573</b>	335,099

The Group reversed certain impairment loss on trade receivables arising from contracts with customers of RMB13,000 for the six months ended 30 June 2023. The impairment loss on trade receivables arising from contracts with customers which was recognized by the Group for the six months ended 30 June 2022 was RMB257,000.

# Notes to the interim condensed consolidated financial statements (continued)

## 4. REVENUE, OTHER INCOME AND GAINS, NET (continued)

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Other income</b>		
Value-added tax refunds	11,033	13,907
Government grants	630	265
Interest income	12,911	18,216
Additional deduction of input value-added tax	364	879
Others	30	193
	<b>24,968</b>	<b>33,460</b>
<b>Gains/(losses), net</b>		
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss (note 1)	32,955	(3,606)
Gain on disposal of Finance & Taxation Practical Skills Training Product and Service Business (note 2)	43,755	—
Exchange gains, net	2,653	3,386
Others	58	207
	<b>79,421</b>	<b>(13)</b>
	<b>104,389</b>	<b>33,447</b>

Notes:

- (1) Further details of financial assets at fair value through profit or loss are set out in notes 13 and 16 to the financial statements.
- (2) Further details of gain on disposal of Finance & Taxation Practical Skills Training Product and Service Business are set out in note 23 (a) transactions with related parties to the financial statements.



# Notes to the interim condensed consolidated financial statements (continued)

## 5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of software sold	627	992
Cost of services provided	128,866	127,399
Cost of purchased goods sold	836	751
	<b>130,329</b>	<b>129,142</b>
Depreciation of property, plant and equipment	1,997	1,945
Depreciation of right-of-use assets	3,543	3,211
Amortisation of intangible assets (note 1)	3,857	3,898
Lease payments not included in the measurement of lease liabilities	1,215	1,506
Research and development costs (note 2)	127,750	133,538
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):		
Wages and salaries	226,780	240,338
Equity-settled share-based payment expense	149	409
Pension scheme contributions (note 3)	20,861	19,581
	<b>247,790</b>	<b>260,328</b>
Foreign exchange differences, net	(2,653)	(3,386)
Impairment of financial assets	53	257
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss	(32,955)	3,606
Gain on disposal of Finance & Taxation Practical Skills Training Product and Service Business	(43,755)	—



# Notes to the interim condensed consolidated financial statements (continued)

## 5. PROFIT/(LOSS) BEFORE TAX (continued)

Notes:

- (1) During the six months ended 30 June 2023, amortisation of intangible assets of approximately RMB3,598,000 (six months ended 30 June 2022: RMB3,595,000) was included in "Cost of sales and services provided" in the consolidated statement of profit or loss.
- (2) During the six months ended 30 June 2023, research and development costs of approximately RMB119,155,000 (six months ended 30 June 2022: RMB123,533,000) were included in employee benefit expenses.
- (3) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 6. INCOME TAX

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax	5	5
Deferred tax	4,553	1,292
Total tax charge for the period	4,558	1,297

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% was applied to the Company and its subsidiary which is in Mainland China for the six months ended 30 June 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 six months ended 30 June 2023 and 2022.

The subsidiary incorporated in the United States was subject to income tax at the rate of 21% during the six months ended 30 June 2023 and 2022.



# Notes to the interim condensed consolidated financial statements (continued)

## 7. DIVIDENDS

The Board did not recommend the distribution of final dividends for the year ended 31 December 2022.

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 315,691,427 (six months ended 30 June 2022: 299,637,075) in issue during the six months ended 30 June 2023, as adjusted to reflect the target shares purchased by the trustees and target shares vested under the Employee Trust Benefit Scheme and the Employee Share Ownership Scheme.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) for the period 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 period, 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:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	<b>18,135</b>	(78,471)

# Notes to the interim condensed consolidated financial statements (continued)

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

	Number of shares For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	<b>315,691,427</b>	299,637,075
Weighted average number of ordinary shares for the purpose of the diluted earnings/(loss) per share calculation	<b>315,691,427</b>	299,637,075

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a cost of RMB375,000 (six months ended 30 June 2022: RMB2,247,000).

Items of property, plant and equipment with an aggregate net carrying value of RMB259,000 were disposed by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB123,000), resulting in a net gain on disposal of RMB10,000 (six months ended 30 June 2022: RMB71,000).

During the six months ended 30 June 2023, the total amount of depreciation of property, plant and equipment was RMB1,997,000 (six months ended 30 June 2022: RMB1,945,000).

## 10. LEASES

### The Group as a lessee

The Group has lease contracts for various items of office buildings and other equipment used in its operations. Leases of office buildings generally have lease terms between 1 and 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options, which are further discussed below.



# Notes to the interim condensed consolidated financial statements (continued)

## 10. LEASES (continued)

### The Group as a lessee (continued)

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the six months ended 30 June 2023 are as follows:

	<b>Office buildings (Unaudited) RMB'000</b>
As at 1 January 2023	<b>12,804</b>
Additions	<b>721</b>
Depreciation charge	<b>(3,543)</b>
	<hr/>
As at 30 June 2023	<b>9,982</b>

The carrying amounts of the Group's right-of-use assets and the movements during the year ended 31 December 2022 are as follows:

	<b>Office buildings (Audited) RMB'000</b>
As at 1 January 2022	2,037
Additions	17,453
Adjustment	(141)
Depreciation charge	(6,545)
	<hr/>
As at 31 December 2022	<b>12,804</b>



# Notes to the interim condensed consolidated financial statements (continued)

## 10. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the six months ended 30 June 2023 are as follows:

	<b>Lease liabilities (Unaudited) RMB'000</b>
Carrying amount at 1 January 2023	<b>12,752</b>
New leases	<b>721</b>
Accretion of interest recognised during the period	<b>252</b>
Payments	<b>(3,789)</b>
	<hr/>
Carrying amount at 30 June 2023	<b>9,936</b>
	<hr/>
Analysed into:	
Current portion	<b>6,692</b>
Non-current portion	<b>3,244</b>
	<hr/>



# Notes to the interim condensed consolidated financial statements (continued)

## 10. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities (continued)

The carrying amount of lease liabilities and the movements during the year ended 31 December 2022 are as follows:

	Lease liabilities (Audited) RMB'000
Carrying amount at 1 January 2022	1,961
New leases	17,453
Adjustment	(146)
Accretion of interest recognised during the year	666
Payments	(7,182)
	<hr/>
Carrying amount at 31 December 2022	12,752
	<hr/>
Analysed into:	
Current portion	6,567
Non-current portion	6,185
	<hr/>

# Notes to the interim condensed consolidated financial statements (continued)

## 10. LEASES (continued)

### The Group as a lessee (continued)

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on lease liabilities	252	355
Depreciation charge of right-of-use assets	3,543	3,211
Expense relating to short-term leases (included in administrative expenses and selling and distribution expenses)	953	1,146
Expense relating to leases of low-value assets (included in administrative expenses)	262	360
Total amount recognised in profit or loss	<b>5,010</b>	5,072

### (d) *Extension and termination options*

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. There are no period following the exercise date of extension and termination options that are not included in the lease terms.



# Notes to the interim condensed consolidated financial statements (continued)

## 10. LEASES (continued)

### The Group as a lessee (continued)

#### (e) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Within operating activities	1,215	1,506
Within financing activities	3,789	3,862
	<b>5,004</b>	5,368

## 11. INTANGIBLE ASSETS

During the six months ended 30 June 2023, the amount of the addition of intangible assets was RMB189,000 (six months ended 30 June 2022: RMB39,000).

During the six months ended 30 June 2023, the total amount of amortisation of intangible assets was RMB3,857,000 (six months ended 30 June 2022: RMB3,898,000) charged to profit or loss.

## 12. INVESTMENT IN AN ASSOCIATE

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Investment in an associate	68,516	67,334
Provision for impairment	(51,058)	(51,058)
	<b>17,458</b>	16,276

# Notes to the interim condensed consolidated financial statements (continued)

## 12. INVESTMENT IN AN ASSOCIATE (continued)

The Group had no trade receivable and payable balances with the associate. The Group's contract liability balance with the associate is disclosed in note 23 to the financial statements.

Particulars of the associate is as follows:

Name	Nominal value of registered share capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Beijing Chanjet Payment Technology Co., Ltd. ("Chanjet Payment")	RMB 200,000,000	Beijing, China	19.28	Internet payment, bank card receipt and technical development

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

The following table illustrates the aggregate financial information of the Group's associate:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Share of the associate's profit/(loss) for the period	1,182	(887)
Share of the associate's total comprehensive income/(loss)	1,182	(887)
	<b>30 June 2023 (Unaudited) RMB'000</b>	<b>31 December 2022 (Audited) RMB'000</b>
Aggregate carrying amount of the Group's investment in the associate	17,458	16,276



# Notes to the interim condensed consolidated financial statements (continued)

## 13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Unlisted equity investments, at fair value</b>		
Beijing Yonyou Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	5,911	1,775
Yonyou Mobile Telecommunications Technology Service Co., Ltd. ("Yonyou Mobile")	53,542	26,811
Xi'an Rongke Telecommunications Technology Co., Ltd.	1,554	1,428
	<u>61,007</u>	<u>30,014</u>

The above equity investments as at 30 June 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.

## 14. TRADE RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	47,461	45,858
Impairment allowance	(472)	(485)
	<u>46,989</u>	<u>45,373</u>

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



# Notes to the interim condensed consolidated financial statements (continued)

## 14. TRADE RECEIVABLES (continued)

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

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
0 to 90 days	<b>22,629</b>	31,148
91 days to 180 days	<b>18,319</b>	10,849
181 days to 1 year	<b>4,357</b>	1,072
Over 1 year	<b>1,684</b>	2,304
	<b>46,989</b>	45,373

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.



# Notes to the interim condensed consolidated financial statements (continued)

## 15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
Staff advances	<b>327</b>	643
Share purchase fund and dividend held by the trustee for share-based payments ( <i>notes 1 and 2</i> )	<b>6,785</b>	6,615
Prepayments	<b>105,207</b>	106,598
Contract costs	<b>75,843</b>	92,131
Deposits, other receivables and other assets ( <i>note 3</i> )	<b>50,844</b>	8,145
	<b>239,006</b>	214,132
Impairment allowance	<b>(368)</b>	(291)
	<b>238,638</b>	213,841
Less: Non-current portion		
Share purchase fund and dividend held by the trustee for share-based payments ( <i>notes 1 and 2</i> ):		
Long-term receivables	<b>6,785</b>	6,615
Prepayments	<b>38,382</b>	23,158
Contract costs	<b>23,383</b>	37,239
Other assets	<b>30</b>	–
	<b>68,580</b>	67,012
Current portion	<b>170,058</b>	146,829



# Notes to the interim condensed consolidated financial statements (continued)

## 15. 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 30 June 2023 and 31 December 2022, the share purchase fund has been deposited with an agreed deposit rate and will be collected when the Employee Trust Benefit Scheme expires and the trust is liquidated.
- (2) The dividend paid for the 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.
- (3) Further details of the amount due from related parties for the disposal of Finance & Taxation Practical Skills Training Product and Service Business are set out in note 23 (b) outstanding balances with related parties to the financial statements.

Additionally, 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 30 June 2023 and 31 December 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 30 June 2023 and 31 December 2022, the loss allowance was assessed to be minimal.



# Notes to the interim condensed consolidated financial statements (continued)

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
Wealth management products	<b>201,962</b>	–

The Group purchases various wealth management products issued by banks in Mainland China. As at 30 June 2023, the Group purchased wealth management products with the cost of RMB200,000,000 (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.

The details and breakdown of each of financial assets at fair value through profit or loss as at the 30 June 2023 are as follows:

<b>Name of bank</b>	<b>Nature of products</b>	<b>Commencement date</b>	<b>Expiry date</b>	<b>Principal amount</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>Carrying value</b> <b>(Unaudited)</b> <b>RMB'000</b>
China Construction Bank Corporation	Structured deposits	24 March 2023	24 March 2024	<b>50,000</b>	<b>50,370</b>
Industrial Bank Co., Ltd.	Structured deposits	17 March 2023	15 March 2024	<b>50,000</b>	<b>50,712</b>
Bank of Nanjing Co., Ltd.	Structured deposits	22 March 2023	18 March 2024	<b>50,000</b>	<b>50,564</b>
China Citic Bank Corporation Limited	Structured deposits	31 March 2023	3 July 2023	<b>50,000</b>	<b>50,316</b>
				<b>200,000</b>	<b>201,962</b>

# Notes to the interim condensed consolidated financial statements (continued)

## 17. CASH AND BANK BALANCES

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
Cash on hand	<b>18</b>	18
Bank balances	<b>127,246</b>	118,910
Time deposits	<b>803,619</b>	1,043,732
Cash equivalents	<b>17,911</b>	6,565
	<hr/>	<hr/>
Cash and bank balances	<b>948,794</b>	1,169,225
Less: Non-pledged time deposits with original maturity of more than three months when acquired	<b>150,000</b>	232,329
Cash and bank balances and interest receivables restricted from being used	<b>—</b>	9
Unrestricted interest receivables	<b>40,440</b>	37,147
	<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated statement of cash flows	<b>758,354</b>	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.



# Notes to the interim condensed consolidated financial statements (continued)

## 18. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2023 and 31 December 2022, based on the invoice date, is as follows:

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
0 to 90 days	<b>13,315</b>	16,686
91 days to 1 year	<b>2,005</b>	2,528
Over 1 year	<b>1,493</b>	860
	<hr/> <b>16,813</b> <hr/>	<hr/> 20,074 <hr/>

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

## 19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
Rendering of services	<b>503,157</b>	441,472
Analysed into:		
Current portion	<b>364,007</b>	331,515
Non-current portion	<b>139,150</b>	109,957
	<hr/> <b>139,150</b> <hr/>	<hr/> 109,957 <hr/>

# Notes to the interim condensed consolidated financial statements (continued)

## 20. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
Tax payable (other than income tax)	<b>24,085</b>	12,520
Staff payroll and welfare payables ( <i>note 1</i> )	<b>69,422</b>	109,069
Advances from customers	<b>11,349</b>	13,914
Treasury shares repurchase obligation ( <i>note 2</i> )	–	141,181
Other payables	<b>19,204</b>	16,620
	<b>124,060</b>	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 21 to the financial statements.
- (2) Treasury shares repurchase obligation arose from the Employee Share Ownership Scheme. On 30 March 2023, Yonyou Up (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 derecognized this repurchase obligation. Further details of the Employee Share Ownership Scheme are set out in note 22 to the financial statements.



# Notes to the interim condensed consolidated financial statements (continued)

## 21. LONG-TERM LIABILITIES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Accrued Bonus	20,224	38,862

On 28 December 2020, the Board approved the adoption of the long-term incentive bonus scheme (the “**Bonus Scheme**”) to motivate the enthusiasm and creativity of the management team members and the core and key employees of the Company. The appraisal dates are the first working day after the expiry of the second anniversary, third anniversary and fourth anniversary of the date of determination of the Bonus Scheme participants. Subject to the satisfaction of the appraisal conditions, the Bonus Scheme participants shall receive the bonus. The bonus shall be paid in three tranches within three months after the respective appraisal dates. On 28 December 2020, the Board has considered and approved the list of the Bonus Scheme participants under the Bonus Scheme, which comprises Mr. Yang Yuchun, the executive director and the president of the Company, and 157 members of other mid to senior level management personnel, experts and key personnel of the Group.

During the six months ended 30 June 2023, the total amount of the long-term incentive bonus expenses recognised in profit or loss under the Bonus Scheme was RMB9,688,000 (six months ended 30 June 2022: RMB19,343,000).

In accordance with the provisions of the Bonus Scheme, 28 December 2023 is the date for the appraisal of awarding of the second tranche of Bonus. As at 30 June 2023, the amount of this tranche of Bonus to be awarded to the Bonus Scheme participants shall be approximately RMB28,326,000 (31 December 2022: RMB41,396,000) (tax inclusive), which has been recognised in staff payroll and welfare payables.



# Notes to the interim condensed consolidated financial statements (continued)

## 22. SHARE-BASED PAYMENT

The Company operates the Employee Share Ownership Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Employee Share Ownership Scheme include the Company's directors and other employees of the Group. The Employee Share Ownership Scheme became effective on 28 December 2020.

The total number of incentive shares to be granted under the Employee Share Ownership Scheme shall not exceed 15,412,716 domestic shares, representing approximately 7.10% of the Company's total issued share capital as at the date of the proposed adoption by the board of directors of the Employee Share Ownership Scheme. The entitlement of the number of the incentive shares of participants of the Employee Share Ownership Scheme (the "**Employee Share Ownership Scheme Participants**") shall be determined in accordance with the position, ranking, performance appraisal result and other relevant factors. The specific allocation criteria and proposal shall be proposed by the president committee of the Company (the "**President Committee**") and approved by the board of directors.

The offer of a grant of incentive shares may be accepted upon payment of RMB9.16 for each incentive share by the grantee. The price is equivalent to 90% of the closing price of the H shares on the trading day immediately prior to the date of the proposed adoption by the board of the Employee Share Ownership Scheme (calculated based on the central parity rate of RMB against HK\$ announced by the People's Bank of China on the trading day immediately prior to the date of the proposed adoption by the board directors of the Employee Share Ownership Scheme).

On 27 September 2021, pursuant to capitalisation issue proposal approved at the extraordinary general meeting, the Company issued shares to all shareholders by way of capitalisation of capital reserve, on the basis of five(5) capitalisation shares for every ten(10) existing shares. Pursuant to capitalisation issue, the number of incentive shares and fair value per share were adjusted in accordance with the relevant provisions of the Employee Share Ownership Scheme.

The unlocking dates of the incentive shares are the first trading day after the expiry of the second anniversary, third anniversary and fourth anniversary of the grant date, upon which and subject to the satisfaction of the unlocking conditions for the corresponding assessment year, being (a) the business performance target of the Company determined and assessed by the board of directors; and (b) the performance appraisal result of the Employee Share Ownership Scheme participant determined by the President Committee, and 40%, 30% and 30% of the incentive shares shall be unlocked respectively.

On 28 December 2022, the Board considered and passed a resolution in relation to unlocking of the first tranche of incentive shares granted under the Employee Share Ownership Scheme. Pursuant to the resolution, except for some scheme participants who have terminated or rescinded their labor contracts with the Company (the Incentive Shares granted to such persons do not meet the Unlocking Conditions), 40% of the total number of incentive shares, being 22,474,074 domestic shares held by the remaining scheme participants who have satisfied the unlocking conditions for the first tranche of incentive shares have been unlocked in accordance with the provisions as stipulated in the Employee Share Ownership Scheme.



# Notes to the interim condensed consolidated financial statements (continued)

## 22. SHARE-BASED PAYMENT (continued)

### Particulars and movements of the target incentive shares under the Employee Share Ownership scheme

#### For the six months ended 30 June 2023 (Unaudited)

Date of grant	Note	Fair value per share (RMB)	As at 1 January	Forfeited during the period	As at 30 June
28 December 2020	(a)	6.21	13,484,444	(247,500)	13,236,944

#### For the six months ended 30 June 2022 (Unaudited)

Date of grant	Fair value per share (RMB)	As at 1 January	Forfeited during the period	As at 30 June
28 December 2020	6.21	22,759,074	(225,000)	22,534,074

#### Note:

- (a) During the six months ended 30 June 2023, 247,500 target shares (six months ended 30 June 2022: 225,000 target shares) under the Employee Share Ownership Scheme forfeited due to the vesting conditions not being fulfilled under the Employee Share Ownership Scheme.

The fair value of the share ownership units granted at the date was calculated based on the market price of the Company's shares at the grant date. The fair value of share ownership units granted under the grant was RMB2,247,000.

During the six months ended 30 June 2023, the total amount of share-based payment expense was RMB149,049 (six months ended 30 June 2022: RMB409,083), which was recognised in profit or loss.

# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES

### (a) Transactions with related parties

During the six months ended 30 June 2023 and 2022, the Group entered into the following transactions with related parties:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<i>Purchases of goods and services from</i>		
<b>The holding company</b>		
Yonyou	1,415	1,774
<b>Associated companies held by Yonyou</b>		
Execution (Beijing) Network Technology Co., Ltd. (執行力(北京)網絡科技有限公司)	1	170
Beijing Xi Ma Guo Zheng Technology Co., Ltd. (“Xi Ma Guo Zheng”) (北京西瑪國正科技發展有限公司)	142	170
Suirui Group Co., Ltd. (隨銳科技集團股份有限公司)	1	24
Sinotone (Beijing) Consulting Co., Ltd. (“Sinotone Consulting”) (漢唐信通(北京)諮詢股份有限公司)	220	63
<b>Fellow subsidiaries</b>		
Shanghai Dayee Cloud Computing Co., Ltd. (上海大易雲計算有限公司)	74	27
Yonyou Mobile	4	—
Shanghai Yonyou Government Affairs Software Co., Ltd. (“Shanghai Yonyou Government Affairs”) (上海用友政務軟件有限公司)	1	2
UFIDA (Nanchang) Industrial Base Development Co., Ltd. (“UFIDA (Nanchang)”) (用友(南昌)產業基地發展有限公司)	111	102
Nanchang Yongyou Xinfu Society Cloud Technology Co., Ltd. (“Nanchang Yongyou Xinfu Society”) (南昌用友薪福社雲科技有限公司)	104	—



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (a) Transactions with related parties (continued)

	For the six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>Companies of which a director of the Company is the ultimate controlling party</b>		
Beijing Red Mansion Culinary Culture Co., Ltd. (北京紅邸餐飲文化有限公司)	71	71
Beijing Hongju Catering Culture Co., Ltd. (北京紅局餐飲文化有限公司)	73	51
<b>A company controlled by the ultimate controlling party</b>		
Huaguori Wine (Beijing) Co., Ltd. (花果日葡萄酒(北京)有限公司)	12	–
<b>Subsidiary of the associated company held by Yonyou</b>		
Sinotone (Beijing) Technology Co., Ltd. ("Sinotone Tech") (漢唐信通(北京)科技有限公司)	6	22
	<b>2,235</b>	2,476
<i>Sales of goods and services to</i>		
<b>Associated companies held by Yonyou</b>		
Xi Ma Guo Zheng	149	143
Sinotone Consulting	116	166
<b>Subsidiary of the associated company held by Yonyou</b>		
Sinotone Tech	10	38
<b>Associates of the Company</b>		
Chanjet Payment	18	–
	<b>293</b>	347



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (a) Transactions with related parties (continued)

On 24 March, 2023, the Company entered into the transfer agreement with Seentao Technology Co., Ltd. ("**Seentao Technology**") (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.

On 30 March 2023, Yonyou Up (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. Further details of the Employee Share Ownership Scheme are set out in note 22 to the financial statements.

The Company signed agreements with Yonyou to sell the Company's cloud products to Tencent Cloud Computing (Beijing) Co., Ltd ("**Tencent Cloud**") and via Yonyou tmall flagship store. The Company's selling price to Yonyou is consistent with the Yonyou's selling price to Tencent Cloud and on Yonyou tmall flagship store. During the six months ended 30 June 2023, the total revenue of the Company's cloud products under the above agreements was RMB86,000 (six months ended 30 June 2022: RMB255).

During the six months ended 30 June 2023, the Group recognised interest income of RMB3,627,000 from deposits placed with ZhongGuanCun Bank Ltd ("**ZhongGuanCun Bank**"), an associated company held by Yonyou (six months ended 30 June 2022: RMB3,626,000).



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (a) Transactions with related parties (continued)

#### *Rent office buildings from related parties*

During the six months ended 30 June 2023 and 2022, the Group rented office buildings from Yonyou. After the adoption of IFRS 16, the carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	<b>Right-of-use assets</b>	<b>Lease Liabilities</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 1 January 2023</b>	<b>9,531</b>	<b>9,805</b>
Depreciation charge	<b>(2,530)</b>	–
Interest expense	–	<b>183</b>
Payments	–	<b>(2,687)</b>
	<hr/>	<hr/>
<b>As at 30 June 2023 (Unaudited)</b>	<b>7,001</b>	<b>7,301</b>
	<hr/>	<hr/>
	Right-of-use assets	Lease Liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	1,546	1,593
Addition	13,041	13,041
Depreciation charge	(2,526)	–
Interest expense	–	296
Payments	–	(2,682)
	<hr/>	<hr/>
As at 30 June 2022 (Unaudited)	12,061	12,248
	<hr/>	<hr/>

In addition to the lease of office buildings shown in the table above, the Group recognised the rental expenses in profit or loss from short-term leases of RMB108,000 from Yonyou for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB241,000).

# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (a) Transactions with related parties (continued)

#### *Rent office buildings from related parties (continued)*

During the six months ended 30 June 2023 and 2022, the Group rent office buildings from UFIDA (Nanchang), a fellow subsidiary. After the adoption of IFRS 16, the carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	<b>Right-of-use assets</b>	<b>Lease Liabilities</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>As at 1 January 2023</b>	<b>2,132</b>	<b>2,116</b>
Addition	<b>274</b>	<b>274</b>
Depreciation charge	<b>(538)</b>	–
Interest expense	–	<b>47</b>
Payments	–	<b>(586)</b>
	<hr/>	<hr/>
<b>As at 30 June 2023 (Unaudited)</b>	<b>1,868</b>	<b>1,851</b>
	<hr/>	<hr/>
	Right-of-use assets	Lease Liabilities
	RMB'000	RMB'000
As at 1 January 2022	–	–
Addition	2,448	2,448
Depreciation charge	(359)	–
Interest expense	–	43
Payments	–	(420)
	<hr/>	<hr/>
As at 30 June 2022 (Unaudited)	2,089	2,071
	<hr/>	<hr/>

In addition to the lease of office buildings shown in the table above, the Group recognised the rental expenses in profit or loss from short-term leases of RMB111,000 from UFIDA (Nanchang) for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB291,000).

The above related party transactions were conducted on mutually agreed terms.



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (b) Outstanding balances with related parties

An analysis of the balances with related parties is as follows:

#### *Due from related parties*

	<b>30 June 2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2022 (Audited) RMB'000
<b>Trade related:</b>		
<b>The holding company</b>		
Yonyou	44	–
<b>Associated companies held by Yonyou</b>		
Xi Ma Guo Zheng	–	114
Sinotone Consulting	460	247
<b>Fellow subsidiaries</b>		
Chongqing Yonyou Software Co., Ltd. (重慶用友軟件有限公司)	–	521
Shanghai Bingjun Network Technology Co., Ltd. (上海秉鈞網絡科技有限公司)	6	6
Shanghai Yonyou Government Affairs	1	1
Nanchang Yongyou Xinfu Society	1,072	–
<b>Other receivables:</b>		
<b>Fellow subsidiaries</b>		
Seentao Technology	43,800	–
UFIDA (Nanchang)	39	39
	<b>45,422</b>	<b>928</b>



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (b) Outstanding balances with related parties (continued)

#### *Deposits placed with*

	<b>30 June 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
<b>Associated company held by Yonyou</b>		
ZhongGuanCun Bank	<b>150,002</b>	150,002

As at 30 June 2023, the Group had interest receivables of RMB34,299,000 due from ZhongGuanCun Bank (31 December 2022: RMB30,672,000).

The amounts due from related parties were unsecured, interest-free and repayable on demand.



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (b) Outstanding balances with related parties (continued)

#### Due to related parties

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Trade related:</b>		
<b>The holding company</b>		
Yonyou	1,479	1,097
<b>Associate of the Company</b>		
Chanjet Payment	632	650
<b>Associated companies held by Yonyou</b>		
Xi Ma Guo Zheng	417	462
Sinotone Consulting	143	259
<b>A company controlled by the ultimate controlling party</b>		
Shenzhen Yyfax Financial Services Co., Ltd. (深圳友金所金融服務有限公司)	38	38
<b>Subsidiary of the associated company held by Yonyou</b>		
Sinotone Tech	55	60
<b>A company of which the ultimate controlling party of the company is a shareholder with significant influence</b>		
Shangzhuangyuan (Beijing) Technology Co., Ltd. (北京商狀元科技有限公司)	14	14
<b>Other payables:</b>		
<b>The holding company</b>		
Yonyou	904	20
<b>Associated companies held by Yonyou</b>		
Xi Ma Guo Zheng	—	10
UFIDA (Nanchang)	203	—
	3,885	2,610



# Notes to the interim condensed consolidated financial statements (continued)

## 23. RELATED PARTY DISCLOSURES (continued)

### (c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Short-term employee benefits	18,042	22,408
Pension scheme contributions	458	370
Equity-settled share-based payment expense	64	169
Total compensation paid to key management personnel	18,564	22,947

The key management personnel mentioned above contain directors, supervisors, the chief executive officer and other key management personnel.



# Notes to the interim condensed consolidated financial statements (continued)

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Equity investments at fair value through profit or loss	61,007	30,014	61,007	30,014
Financial assets at fair value through profit or loss	201,962	—	201,962	—
	<b>262,969</b>	<b>30,014</b>	<b>262,969</b>	<b>30,014</b>

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.



# Notes to the interim condensed consolidated financial statements (continued)

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments classified as financial assets at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to sales (“**P/S**”) and price to earnings (“**P/E**”) multiple, for each comparable company identified. These multiple is calculated by dividing the market capitalisation of the comparable company by its total sales and net assets over a designated period. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group also invests in wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these wealth management products by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a qualitative sensitivity analysis as at 30 June 2023 and 31 December 2022:

	Valuation technique	Significant unobservable input	Range	Correlation of fair value to the input
Unlisted equity investments	Market approach-valuation multiples	Average P/S multiple of peers	30 June 2023: 6.2x to 6.9x (31 December 2022: 4.0x to 5.3x)	Positive correlation
		Average P/E multiple of peers	(31 December 2022: 50.7x)	Positive correlation
		Discount for lack of marketability	30 June 2023: 19.0% to 25.4% (31 December 2022: 16.0% to 27.3%)	Negative correlation

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:



# Notes to the interim condensed consolidated financial statements (continued)

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy (continued)

#### Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	(Unaudited)	(Unaudited)	(Unaudited)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss:				
Equity investments at fair value through profit or loss	–	–	61,007	61,007
Financial assets at fair value through profit or loss	–	201,962	–	201,962
	–	201,962	61,007	262,969

As at 31 December 2022

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	(Audited)	(Audited)	(Audited)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss:				
Equity investments at fair value through profit or loss	–	–	30,014	30,014

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

# Notes to the interim condensed consolidated financial statements (continued)

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

*Assets for which fair values are disclosed:*

As at 30 June 2023

	Fair value measurement using			Total (Unaudited) RMB'000		
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000			
	Long-term receivables	–	6,785		–	6,785

As at 31 December 2022

	Fair value measurement using			Total (Audited) RMB'000		
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000			
	Long-term receivables	–	6,615		–	6,615



# Notes to the interim condensed consolidated financial statements (continued)

## 25. EVENTS AFTER THE REPORTING PERIOD

As at the approval date of the interim condensed consolidated financial statements, the Group had no significant events after the reporting period which need to be disclosed.

## 26. CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group had no significant contingent liabilities.

## 27. APPROVAL OF ISSUANCE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 16 August 2023.



# Definitions

*In this report, unless the context otherwise requires, the following words and expressions shall have the following meanings.*

“Board”	the board of directors of the Company
“Capitalization Issue”	the issue of five (5) capitalization shares for every ten (10) shares to all Shareholders by way of capitalization of capital reserve by the Company in October 2021
“Chanjet U.S.”	Chanjet Information Technology Corporation, a company incorporated in California on 5 November 2012 under the laws of the State of California of the United States and a wholly-owned subsidiary of the Company
“Company” or “our Company”	Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed and traded on the Hong Kong Stock Exchange
“Director(s)”	member(s) of the Board, including all executive, non-executive and independent non-executive directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted shares which are not currently listed or traded on any stock exchange
“Employee Trust Benefit Scheme”	the employee trust benefit scheme adopted by the Company on 8 June 2015 and amended on 18 May 2016
“Employee Share Ownership Scheme”	the 2020 employee share ownership scheme adopted by the Company on 28 December 2020
“Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	overseas listed foreign invested ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
“Happiness Investment”	Happiness Investment Co., Ltd. (北京用友幸福投資管理有限公司), a company established in the PRC with limited liability on 12 May 2010 and one of the promoters of the Company and a holding subsidiary of Yonyou, in which Yonyou holds 60% of its shares



## Definitions (continued)

“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	20 September 2023, being the latest practicable date for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long-term Incentive Bonus Scheme”	the 2020 long-term incentive bonus scheme adopted by the Company on 28 December 2020
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“MSE(s)”	micro and small scale enterprise(s)
“Point Scheme”	the long-term employee incentive point scheme approved and adopted by the Company on 29 March 2019
“PRC” or “China”	the People’s Republic of China and, except where the context otherwise requires, references in this report to the PRC or China do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan of the PRC
“Prospectus”	the prospectus published by the Company on 16 June 2014
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of the Company with nominal value of RMB1.00 each



## Definitions (continued)

“Shareholder(s)”	holder(s) of the Shares of the Company
“Shareholding Platforms”	five limited partnerships established by the Employee Share Ownership Scheme Participants, including Tianjin Binhai New Area Huiyun Hongchuang Technology Partnership (limited partnership) (天津濱海新區慧雲宏創科技合夥企業(有限合夥)), Tianjin Binhai New Area Yundao Tongsheng Technology Partnership (limited partnership) (天津濱海新區雲道同盛科技合夥企業(有限合夥)), Tianjin Binhai New Area Yunzhi Jietong Technology Partnership (limited partnership) (天津濱海新區雲智捷通科技合夥企業(有限合夥)), Tianjin Binhai New Area Yunda Xiangsheng Technology Partnership (limited partnership) (天津濱海新區雲達祥晟科技合夥企業(有限合夥)) and Tianjin Binhai New Area Yuntongjuxin Technology Partnership (limited partnership) (天津濱海新區雲通聚新科技合夥企業(有限合夥)), for the purpose of implementing the Employee Share Ownership Scheme
“Substantial Shareholder(s)”	has the meaning ascribed to it in the SFO
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Yonyou”	Yonyou Network Technology Co., Ltd. (用友網絡科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on 18 January 1995, the shares of which are listed and traded on the Shanghai Stock Exchange (Stock Code: 600588), a controlling Shareholder of the Company
“%”	percent