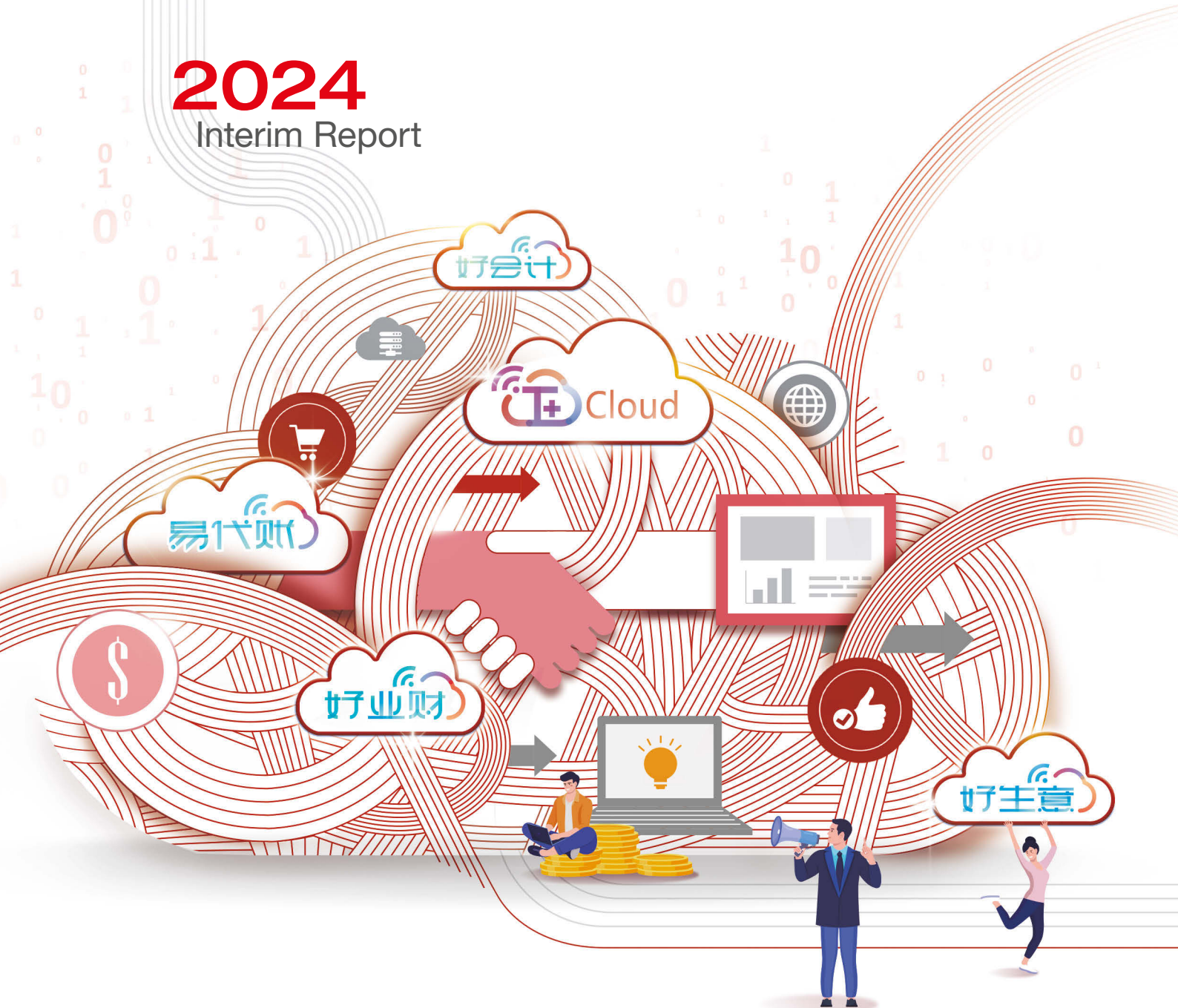


畅捷通 Chanjet

暢捷通信息技術股份有限公司
CHANJET INFORMATION
TECHNOLOGY COMPANY LIMITED

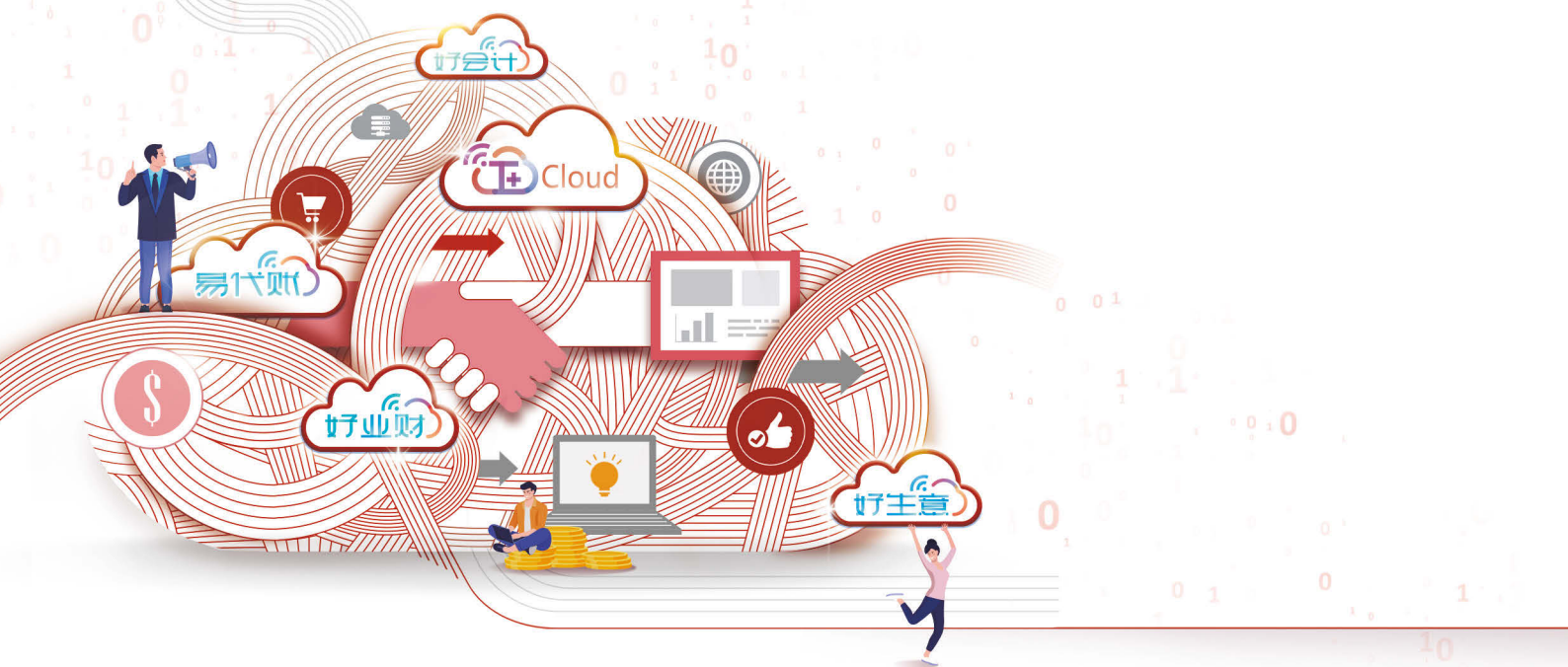
(a joint stock company incorporated in the
People's Republic of China with limited liability)
Stock Code: 1588

2024 Interim Report



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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

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*)
Wu Zhengping
Wu Xiaoqing

NOMINATION COMMITTEE

Wu Xiaoqing (*Chairman*)
Wang Wenjing
Lau, Chun Fai Douglas

REMUNERATION AND APPRAISAL COMMITTEE

Cui Qiang (*Chairman*)
Yang Yuchun
Wu Xiaoqing

STRATEGIC COMMITTEE

Wang Wenjing (*Chairman*)
Yang Yuchun
Cui Qiang

JOINT COMPANY SECRETARIES

Bao Jie
Ngai Wai Fung

AUTHORIZED REPRESENTATIVES

Yang Yuchun
Ngai Wai Fung



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

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 248 Queen's Road East
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H SHARE REGISTRAR

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Shops 1712-1716, 17th Floor, Hopewell Centre
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STOCK CODE

1588

COMPANY WEBSITE

www.chanjet.com

CONTACT INFORMATION FOR INVESTORS

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Financial highlights

	For the six months ended 30 June		Change in amount	Percentage change
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000		
Revenue	452,883	375,573	77,310	21
Gross profit	327,125	245,244	81,881	33
(Loss)/profit before tax	(11,927)	22,693	(34,620)	N/A
(Loss)/profit for the period	(9,879)	18,135	(28,014)	N/A
In which: (Loss)/profit attributable to owners of the parent	(9,879)	18,135	(28,014)	N/A
Basic (loss)/earnings per share (RMB cents/share) ^{Note}	(3.1)	5.7	(8.8)	N/A
	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000	Change in amount RMB'000	Percentage change %
Total assets	1,659,153	1,585,582	73,571	5
Total liabilities	799,303	715,924	83,379	12
Total equity	859,850	869,658	(9,808)	(1)
In which: Equity attributable to owners of the parent	859,850	869,658	(9,808)	(1)
Net assets per share (RMB/share) ^{Note}	2.7	2.7	0	0

Note: Basic (loss)/earnings 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 Trend of the Industry

In the first half of 2024, China's gross domestic product (GDP) increased by 5.0% year-on-year, and its overall operation has been stable and making steady progress. The General Office of the State Taxation Administration and the General Office of the All-China Federation of Industry and Commerce jointly issued the *2024 Special Action Plan of "Spring Rain Nourishes Seedlings" to Help Micro and Small Business Entities Develop* (《2024年助力小微經營主體發展「春雨潤苗」專項行動方案》), which launched 12 service measures on the basis of continuing and deepening the action of "Spring Rain Nourishes Seedlings" in the past three years, so as to improve the tax filing efficiency of small and micro business entities, reduce their tax costs, and allow them to enjoy preferential policies in a timely manner. The Special Action Plan aims to deeply explore quality small and micro business entities, customise phased cultivation programs for upgrading, and encourage and guide individual businesses to transform into enterprises. The Special Action Plan enhances the full-scenario and full-cycle policy guidance for small and micro business entities in scientific and technological innovation and manufacturing, promotes the implementation of structural tax and fee reduction policies, continuously improves their core competitiveness, and supports the development of new quality productive forces.

During the Reporting Period, China has kept promoting the nationwide popularisation and application of the All-electronic Invoices, and the National Unified and Standardized Electronic Tax Bureau (全國統一規範電子稅務局) (the "**New Electronic Tax Bureau**") has been implemented and promoted in many places. The uniformity and openness of invoice and tax provided a good technical foundation for MSEs to apply digital services which integrated business, invoice, finance and tax. In the meantime, MSEs are also actively embracing the digital intelligent finance and taxation and improving their own financial and tax management to adapt to the regulatory requirements and market competition in the new era.

The year of 2024 is known as the first year of enterprise-level AI, and the implementation of the enterprise-level AI with focus on B-end scenarios has been accelerated. For domestic information technology service providers, changes in technology have brought about brand new industry innovation and upgrading. To continuously explore the deep integration of AI technology with enterprise management and business models, and equip enterprises with "AI engines" (AI引擎) is an important driving force for enterprises to achieve digital and intelligent transformation and enhance competitiveness.

The aforesaid development trends of the industry have played a positive role in promoting the Group's development in the fields of digital intelligent finance and taxation and digital intelligent business for MSEs, and have provided a long-term and broad market space for the development of the Group.



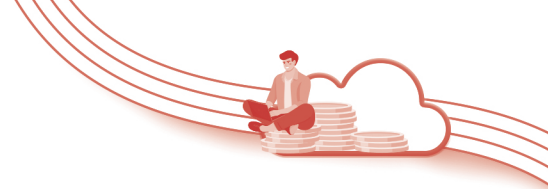
Management Discussion and Analysis (continued)

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. Adhering to the principle of customer success, the Group expedited product innovation and development in the fields of “new finance and taxation, new commerce, new retail, new manufacturing and new service” (the “**Five-New**”), enhanced the product advantages of the business-finance integration, and built a next-generation enterprise-level AI-native application development platform to continuously improve product competitiveness. The Group continued to strengthen the channel layout stationing and promote the channel sinking to cover county-level market, enhanced the market coverage in key regions in terms of density and breadth, and empowered channel partners to improve customer acquisition and customer success operation capability with the help of AI, big data and other technologies. The Group continued to enhance the ecological openness and integration capabilities of Chanjet’s Open Platform, and sped up the diversified cooperation with ISV ecological partners. In terms of the direct sales business, the Group continued to optimise the operation strategy and system, acquired large-scale of business opportunity leads with the help of AI large models and improved the payment conversion rate, thereby achieving sustained and rapid growth in the direct sales business.

During the Reporting Period, the Group achieved a revenue of RMB452.88 million, representing an increase of 21% over the same period of last year, of which revenue from cloud subscriptions was RMB307.85 million, representing an increase of 35% over the same period of last year, and revenue from cloud subscriptions accounted for 68% of the total revenue; as at the end of the Reporting Period, contract liabilities from cloud subscriptions were RMB644.96 million, representing an increase of 21% over the end of last year.

During the Reporting Period, the Group achieved a gross profit of RMB327.13 million, representing an increase of 33% over the same period of last year. The Group recorded a loss attributable to owners of the parent of RMB9.88 million, as compared to a profit attributable to owners of the parent of RMB18.14 million for the same period of last year, among which: (i) the gain recognised from the disposal of the Finance & Taxation Practical Skills Training Product and Service Business was RMB43.75 million for the same period of last year (for details, please refer to the announcement of the Company dated 24 March 2023 in relation to the disposal of the Finance & Taxation Practical Skills Training Product and Service Business), whereas there was no such gain for the current period; and (ii) a fair value gain on unlisted equity investments at fair value through profit or loss was RMB30.99 million for the same period of last year, whereas a fair value loss of RMB9.82 million was recorded for the current period. After excluding the impact of the aforementioned two non-operating factors, the Group’s loss attributable to owners of the parent during the Reporting Period amounted to RMB0.06 million, representing a substantial decrease in loss from the loss attributable to owners of the parent of RMB56.61 million for the same period of last year.



Management Discussion and Analysis (continued)

During the Reporting Period, the net cash flows from operating activities of the Group turned positive, achieving RMB49.33 million. As at the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB1,234.56 million, continuing to maintain a healthy and stable financial position.

During the Reporting Period, the Group's cloud service business newly added 73,000 paying enterprise users, representing an increase of 29% over the same period of last year. As at the end of the Reporting Period, the number of accumulated paying enterprise users of the cloud service business reached 706,000.

1. *Development of products*

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

During the Reporting Period, along with the nationwide popularisation of the All-electronic Invoices and the gradual promotion of the New Electronic Tax Bureau, and the implementation of relevant regulations of reimbursement and filing of electronic accounting vouchers, MSEs' awareness and acceptance as to financial and taxation products that could provide full-process management of invoicing, accounting, taxation and filing have been increasing. The Group's digital intelligent finance and taxation products fully support the whole-process management of All-electronic Invoices and one-click tax declaration, and have been made more automatic and intelligent. Leveraging the development of AI technology, the intelligent finance and taxation BaaS service that provides fully automatic bookkeeping and tax filing services for micro enterprises continuously improved efficiency and accuracy, and laid a solid foundation for the large-scale promotion of BaaS service.

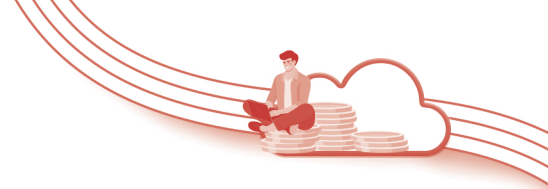
During the Reporting Period, in terms of the digital intelligent finance and taxation, we continued to strengthen ecological cooperation. The newly launched finance and taxation open platform established an effective business-finance connection with the mainstream collaborative office platform in the market and CRM, WMS, e-commerce, human resources and other types of SaaS products, helping customers achieve business-finance integration.



Management Discussion and Analysis (continued)

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

During the Reporting Period, in terms of digital intelligent business, we continued to strengthen product innovation and development in the fields of new commerce, new retail, new manufacturing and new service. Combined with the steady development of low-code or zero-code platforms, the industrialised and personalised needs of customers have been met, the customers' satisfaction has been improved and delivery costs have been reduced. In terms of new commerce, leveraging the multimodal large language models and advanced technologies of AI Agent, we have built an intelligent billing function, which supports multiple fast billing methods such as voice, image, and handwriting to meet the needs of online and offline multi-channel billing, and improve the billing efficiency and operation management of enterprises. In the industry of fast moving consumer goods, we focused on brand distributors and wholesalers, and continued to build an integrated operation model from front-end multi-channel OMS (order management system) to back-end warehouse and distribution management. Through the business-finance integration and refined multidimensional profit analysis, we helped distributors operate efficiently. Coupled with the BC integrated solution with brand owners, we enhanced the capability to collaborate upstream and downstream so as to improve the overall operational efficiency of the industrial chain. In terms of new retail, we enhanced solutions for cultural tourism retail, light meal and tea beverages and other industries, improved the operation capabilities of members and assisted MSEs to carry out digital transformation efficiently. In terms of new manufacturing, we continued to deeply focus on electronics, machinery, metal processing, food and other industries, strengthened smart workshop management and quality management, and provided more flexible manufacturing management solutions aiming at the production characteristics of small batches and multiple varieties of small and micro manufacturing enterprises, as well as the characteristics of frequent engineering changes in the production process. In terms of new service, with respect to industries such as construction and installation, information technology, scientific research and business services, we continued to improve the project-centered and business-finance integrated solutions, and enhanced the fully mobile and industrialised characteristics of products to improve customer delivery satisfaction.



Management Discussion and Analysis (continued)

(3) *Open Platform, accelerating the development of ecological open integration capabilities and AI application capabilities*

During the Reporting Period, in terms of platform technology, the Group focused on building a new generation of enterprise-level AI-native application development platform, which integrated technologies such as cloud native, prompt word engineering, large model adaptation and AI Agent, and improved the working ability and efficiency of developers in building AI-native applications. The intelligent interactive robot Chanjet Assistant (小暢助手), which applied AI technology, has realised the intelligentization of services such as knowledge-based question and answering, product interaction, data query and task execution, which could further improve customer experience, enhance customer stickiness and reduce labor service costs.

During the Reporting Period, the ecological open integration capabilities of Chanjet's Open Platform have been upgraded to the 2.0 stage. As at the end of the Reporting Period, the Open Platform had more than 3,000 certified ISVs and introduced more than 20 types of connectors that exchange data with third-party applications. The Open Platform also continued to enhance its docking capabilities with ISV products such as collaborative platforms, invoice and tax, e-commerce, payment and bank-enterprise cloud connection, so as to further enrich the product layout and functions, better meet the all-round, industrialised and personalised management needs of MSEs, enhance the competitiveness of the Group's SaaS products and expand revenue sources.

(4) *Escalating the information security management of cloud service*

The Group has always adhered to high standards and strict requirements to protect the security of user information and privacy, so as to provide safe and reliable information technology services for MSEs. During the Reporting Period, the Group continuously strengthened and improved the handling and emergency response mechanism of information security issues to defend various new cyber security challenges. C.MSP (暢雲管家), a one-stop application hosting platform independently developed by the Group, has upgraded its security capabilities in multiple dimensions to provide a full range of security and operation and maintenance services for MSEs in terms of application management, network and host security protection, automatic backup, security assurance, etc., and helped MSEs effectively defend cyber-attacks and safely realise cloud integration. During the Reporting Period, the new order amount of C.MSP increased by 75% over the same period of last year.



Management Discussion and Analysis (continued)

2. *Development of business operations*

During the Reporting Period, with the market opportunity arising from the comprehensive popularisation and promotion of All-electronic Invoices, the Group has further enriched its digital intelligent finance and taxation products, and carried out “integrating invoice, finance and tax” digital intelligent finance and taxation special campaign to empower customers, with the focus on the popularization and application of All-electronic Invoices for MSEs, intelligent tax services, financial and tax health inspection reports, tax risk prevention and other aspects, so as to speed up the popularisation market coverage in the promotion of finance and tax. In the “Five-New” fields, we accelerated the construction of a stronghold for industrialised and digital intelligent operation, and worked with channel partners to convene the “Digital Intelligent Salon” industry operation seminar and the “Advanced 100 Visiting Customer Site (先進100走進客戶現場)” digital intelligent management experience exchange meetings, so as to provide MSEs with operation management upgrading solution and facilitate MSEs’ integration of business, invoice, finance and taxation and digital intelligent transformation. We implemented the strategy of channel layout of sinking to cover the county-level market, enhanced the density and breadth of market coverage in key areas, and enriched diversified cooperation with ecological partners. With the help of technologies such as AI and big data, we empowered channel partners to improve customer acquisition and customer success operation capability, continued to enhance the ability of channel partners to develop cloud business, and promoted the transformation of traditional channel partners into digital and intelligent value-added service providers, so as to grow together with channel partners and achieve win-win development.

In the direct sales channel, we continued to optimise the operation strategies and system to achieve standardised marketing across the entire chain. Efforts were made to optimise resource allocation and expand online cooperation channels so as to enhance product integration to obtain ecological platform traffic, and enrich content marketing with the help of AI large models to obtain business opportunities on a large scale. Through in-depth integration and mining of business opportunity data, we adopted classified operation of business opportunities to improve the payment conversion rate of business opportunities. In terms of e-commerce operation, we accelerated the expansion of online store coverage matrix, enriched store operation strategies and promoted customer ordering and customer operation, with the new e-commerce order amount increasing by 109% over the same period of last year. In terms of new media operation, we deeply tapped into industry customers through channels such as Xiaohongshu and Douyin, established standardised operating procedures, improved operational efficiency, and achieved sustained and high growth in direct sales business.



Management Discussion and Analysis (continued)

In terms of ecological cooperation channel, we continued to deepen ecological cooperation with telecom operators, Huawei Cloud and industrial internet platforms, and actively explored integrated cooperation with various banks and data resource platforms. We participated in the application and selection of digital transformation service providers for small and medium-sized enterprises in various regions, have been successfully shortlisted for the recommended list of service providers in 13 pilot cities for digital transformation, and have driven partners to participate in the cloud-based enterprise projects carried out by local governments to help MSEs achieve digital and intelligent transformation and high-quality development. The number of cloud products launched on collaborative office platforms such as DingTalk, WeCom, Feishu, and Kingsoft Office further increased, and we have made continued efforts to enhance the in-depth integration of products so as to implement refined customer operations. During the Reporting Period, the new order amount doubled as compared to the same period of last year.

At the level of customer success operation, we built an operation indicator model, continuously optimised the operation strategy, strengthened the operation and management of the whole life cycle of customers, promoted the in-depth application of products and services by customers, and improved customer retention rate and whole life cycle value.

3. Development of brand and market

During the Reporting Period, leveraging its excellent service quality, good user reputation and product technology innovation capabilities, the Company was awarded the “2023 Best Digital Intelligent Service Provider for Small and Micro Enterprises (2023 小微企業數智化最佳服務商)” at the 2023 Conference on Research Results of Digital Transformation of Middle and Small-sized Enterprises (2023 年中小企業數字化轉型研究成果發佈會). The Company was shortlisted for “2023 Corporate Finance and Tax Service Innovation Ranking (2023 企業財稅服務創新排行榜)” and “2023 Top 100 Digital Transformation Service Providers for Micro, Small and Medium-sized Enterprises (2023 中小微企業數字化轉型服務商TOP100)” jointly released by Internet Weekly (《互聯網週刊》), eNet Research Institute and Deben Consulting. At the 2024 China Data Element × Industry Application Innovation Conference (2024 中國數據要素×行業應用創新大會), the Company was awarded the “2024 Business, Finance and Tax Application SaaS Pilot Enterprise for Small and Micro Enterprises (2024 小微企業業財稅應用SaaS領航企業)”. Chanjet Good Accountant (好會計) was awarded the “2023 Top 10 Outstanding Innovative Software Products in SaaS Service for Small and Micro Enterprises (2023 小微企業十大SaaS服務優秀創新軟件產品)” in the 2023 (7th session) China Software and Information Service Industry Annual List (2023(第七屆)中國軟件和信息服務業年度風雲榜). Chanjet Good Accountant, Good Business and Finance (好業財) and T+Cloud were successfully shortlisted for three core areas of “Finance and Taxation”, “Enterprise Resource Planning” and “Cloud Services” in the Panorama of High-quality Digital Transformation Products and Services (2023) (《高質量數字化轉型產品及服務全景圖(2023年度)》) released by the China Academy of Information and Communications Technology. In the 2024 service voucher product collection for middle and small-sized enterprises organised by the Beijing Municipal Bureau of Economy and Information Technology, T+Cloud and Good Business and Finance were both shortlisted for service voucher products.



Management Discussion and Analysis (continued)

4. *Development of Employees and Organisations*

As at the end of the Reporting Period, the Group had 1,026 employees in total, representing a decrease of 8% from the end of the previous year. During the Reporting Period, the Group fully implemented cost-effective operations, continuously optimised its organisational structure and improved its staff efficiency output. By optimising performance management tools, we unleashed the potential of employees and improved team efficiency. We strengthened the selection and training of a senior talent team of cadres and experts and core talents in key positions, created an empowerment system in the form of “practical skill training” to make our team more competitive. We continued to implement long-term incentive plans, improve the remuneration and welfare system, and strengthen the corporate culture construction, so as to stimulate the enthusiasm and innovative spirit of the management team and backbone employees, continuously enhance organisational cohesion and market competitiveness, and provide solid human resources foundation for the sound development of the Group in the long run.

PROSPECTS

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



Management Discussion and Analysis (continued)

1. Strengthening its absolute leadership in digital intelligent finance and taxation by leveraging on the core advantages of relevant products, enhancing the competitive advantages of digital intelligent business products and improving the comprehensive competitiveness of business-finance integration products

The Group will continue to expedite product innovation and development. In terms of the digital intelligent finance and taxation, in combination with the nationwide popularization and promotion of All-electronic Invoices, we will continuously optimise the whole process management of All-electronic Invoices and the automation and intelligence level of one-click tax declaration, and strengthen the integrated development of business, invoice, finance and taxation. In terms of intelligent finance and taxation BaaS service, we will further optimise the accuracy of bookkeeping with the help of large models, improve the automation capability in the whole process, strengthen business breakthroughs in key areas, and expand customers on a large scale. In terms of digital intelligent business, based on the capability of low-code or zero-code platform, we will strengthen the industrialised and personalised features of new commerce, new retail, new manufacturing and new service to continuously improve customer satisfaction with application. The Group will deeply integrate general artificial intelligence based on large models with business scenarios, and make breakthroughs in enterprise applications in terms of intelligent business operations, natural human-computer interaction, intelligent knowledge generation, semantic application generation (including code generation) with the help of knowledge graphs, industry models, multimodal technologies and the application of AI Agent. The deep integration of big data and AI will provide more accurate data analysis and prediction capabilities, further promoting the development of intelligent decision-making, and facilitating MSEs' digital and intelligent transformation and upgrading.

2. Developing channels, direct sales, and ecology in parallel, expanding market coverage, and facilitating MSEs' digital and intelligent transformation and upgrading

The Group will continue to strengthen the channel layout stationing and promote the channel sinking to cover county-level market, intensify efforts to empower channel partners to develop their businesses, increase the number of their employees, continuously carry out online and offline integrated operations, promote digital marketing and refined operation solutions with AI technology, improve channel partners' capability to acquire and convert business opportunities, promote the upgrading of channel business models, and promote their business growth. In the "Five-New" fields, we will further promote the "Digital Intelligent Salon" industry operation seminar and the "Advanced 100 Visiting Customer Site (先進100走進客戶現場)" digital intelligent management experience exchange meetings, to facilitate MSEs' digital intelligent transformation and upgrading.



Management Discussion and Analysis (continued)

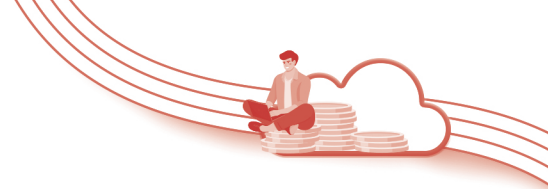
The Group will continue to deepen its precise customer acquisition marketing strategy in the direct sales channel, focus on the popularisation of finance and taxation market, and expand the market coverage of finance and taxation products; the Group will continuously optimise the allocation of resources for cooperative channels such as e-commerce platforms, ecological platforms, social platforms, and social training institutions, improve the operation system and process of transferring public domain traffic to private domains so as to realise the large-scale conversion of paying users; and the Group will also establish a scientific potential customer cultivation system, acquire large-scale of business leads with the help of AI large models to improve the quality of such leads and secure sustained and high growth of direct sales business.

In terms of ecological cooperation, the Group will continue to strengthen its in-depth cooperative relations with telecom operators, banks, internet platforms and other strategic partners as a way to continuously expand the coverage of the terminal market and promote the large-scale development of business; and the Group will speed up the expansion of low-code or zero-code developers and ISV ecosystem partners, strengthen product integration, and enrich product application scenarios to enhance the application value of products.

The Group will enhance the operation and management of the whole life cycle of customers at the level of customer success. By distinguishing different usage phases, the Group will help customers apply products and services rapidly and deeply to enhance customer satisfaction and stickiness. The Group will actively apply AI technology to improve intelligent services, improve service efficiency and reduce service costs, laying a solid foundation for the large-scale development of the Group's customers.

3. Building a strong team by strengthening capabilities, cultivating talents and improving staff efficiency

The Group will focus on the overall development strategy, and continuously pay attention to the improvement of input-output ratio and staff efficiency; the Group will continue to implement a professional talent development system based on the qualification system, identify the key organisational competencies for business development, continuously optimise the personnel structure, and put into place a key personnel promotion plan to achieve comprehensive capability enhancement; and the Group will continuously optimise the remuneration and performance system to stimulate the vitality of the enterprise and drive business development, and continuously implement corporate culture and values to help the Group achieve long-term and healthy development.



Management Discussion and Analysis (continued)

FINANCIAL REVIEW

	For the six months ended 30 June		Change in amount	Percentage change
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000		
Revenue	452,883	375,573	77,310	21
Cost of sales and services provided	(125,758)	(130,329)	4,571	(4)
Gross profit	327,125	245,244	81,881	33
Gross profit margin	72%	65%	7%	
Other income and gains, net	17,612	104,389	(86,777)	(83)
Research and development costs	(102,490)	(127,750)	25,260	(20)
Selling and distribution expenses	(216,820)	(158,717)	(58,103)	37
Administrative expenses	(35,231)	(40,617)	5,386	(13)
Impairment losses on financial assets	(244)	(53)	(191)	360
Other expenses	(248)	(447)	199	(45)
Finance costs	(314)	(538)	224	(42)
Share of (loss)/profit of an associate	(1,317)	1,182	(2,499)	N/A
(Loss)/profit before tax	(11,927)	22,693	(34,620)	N/A
Income tax credit/(expense)	2,048	(4,558)	6,606	N/A
(Loss)/profit for the period	(9,879)	18,135	(28,014)	N/A
Attributable to:				
Owners of the parent	(9,879)	18,135	(28,014)	N/A



Management Discussion and Analysis (continued)

Operating Results

For the six months ended 30 June 2024, the Group recorded a revenue of RMB452.88 million, representing an increase of 21% as compared to the same period of last year; loss for the period and loss attributable to owners of the parent were both RMB9.88 million, while profit for the period and profit attributable to owners of the parent were both RMB18.14 million for the same period of last year; the basic loss per share of the Group was RMB0.031, while the basic earnings per share was RMB0.057 for the same period of last year.

After excluding the impact of two non-operating factors, namely the gain recognised from the disposal of the Finance & Taxation Practical Skills Training Product and Service Business and losses/gains on unlisted equity investments at fair value through profit or loss, during the relevant comparison period: the Group's loss attributable to owners of the parent during the Reporting Period amounted to RMB0.06 million, representing a substantial decrease in loss from the loss attributable to owners of the parent of RMB56.61 million for the same period of last year, mainly because the Group firmly implemented the long-term strategy of prioritising cloud service business and subscriptions. The digital intelligent finance and taxation combined with the nationwide popularisation and promotion of All-electronic Invoices, and the promotion of the regional and industrialised development of "new commerce, new retail, new manufacturing and new service" by digital intelligent business, facilitated the development of the business on a large scale, leading to a rapid increase in the number of new paying enterprise users and revenue from cloud subscriptions. At the same time, efficiency-driven operations were implemented, resulting in a decrease in labor costs as compared to the same period of last year.

Revenue

For the six months ended 30 June 2024, the revenue of the Group was RMB452.88 million, representing an increase of 21% as compared to the same period of last year, of which revenue from cloud subscriptions was RMB307.85 million, representing an increase of 35% as compared to the same period of last year. Revenue from cloud subscriptions accounted for 68% of the total revenue.



Management Discussion and Analysis (continued)

Cost of Sales and Services Provided

For the six months ended 30 June 2024, the Group's cost of sales and services provided amounted to RMB125.76 million, representing a decrease of 4% 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 %
	2024		2023			
	RMB'000	%	RMB'000	%		
Contract operation costs	97,019	77	101,843	78	(4,824)	(5)
Operation and maintenance costs	9,870	8	10,173	8	(303)	(3)
Labour costs	9,832	8	8,609	7	1,223	14
Service costs	7,472	6	4,053	3	3,419	84
Amortisation of intangible assets	10	0	3,598	3	(3,588)	(100)
Software development and production costs	398	0	595	0	(197)	(33)
Other costs	1,157	1	1,458	1	(301)	(21)
Cost of sales and services provided	125,758	100	130,329	100	(4,571)	(4)

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, the Group's gross profit was RMB327.13 million, representing an increase of 33% 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 increasing by 7 percentage points over the same period of last year to 72%.

Other Income and Gains, Net

For the six months ended 30 June 2024, the Group's other income and gains, net amounted to RMB17.61 million, representing a decrease of 83% over the same period of last year, which was mainly because: (i) the gain recognised from the disposal of the Finance & Taxation Practical Skills Training Product and Service Business of RMB43.75 million was recorded for the same period of last year, whereas there was no such gain for the current period; and (ii) a fair value gain on unlisted equity investments at fair value through profit or loss of RMB30.99 million was recorded for the same period of last year, whereas a fair value loss of RMB9.82 million was recorded for the current period.

Management Discussion and Analysis (continued)

Total Research and Development Investment

	For the six months ended 30 June					
	2024		2023		Change in amount RMB'000	Percentage change %
	RMB'000	%	RMB'000	%		
Research and development costs	102,490	90	127,750	100	(25,260)	(20)
Additions to deferred development costs	11,349	10	–	–	11,349	N/A
Total research and development investment	113,839	100	127,750	100	(13,911)	(11)

For the six months ended 30 June 2024, the Group's total research and development investment amounted to RMB113.84 million, representing a decrease of 11% as compared to the same period of last year, mainly due to the decrease in labor costs. Among which, research and development costs amounted to RMB102.49 million, representing a decrease of 20% as compared to the same period of last year, and additions to deferred development costs amounted to RMB11.35 million during the current period.

Selling and Distribution Expenses

For the six months ended 30 June 2024, the selling and distribution expenses of the Group were RMB216.82 million, representing an increase of 37% over the same period of last year, mainly due to the relatively faster increase in sales and promotion expenses as a result of the Group's continuous promotion of the development of the business on a large scale, proactive diversification of the layout of its business partners and increase in its investment in direct sales during the Reporting Period.

Administrative Expenses

For the six months ended 30 June 2024, the administrative expenses of the Group were RMB35.23 million, representing a decrease of 13% over the same period of last year, which was mainly due to the decrease in labour costs.

Income Tax Credit/(Expense)

For the six months ended 30 June 2024, the income tax credit of the Group amounted to RMB2.05 million, mainly due to the income tax credit arising from changes in fair value on unlisted equity investments.

(Loss)/Profit Attributable to Owners of the Parent

For the six months ended 30 June 2024, the Group recorded a loss attributable to owners of the parent of RMB9.88 million, as compared to a profit attributable to owners of the parent of RMB18.14 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		
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000	Change in amount RMB'000
Net cash flows from/(used in) operating activities	49,326	(28,046)	77,372
Net cash flows used in investing activities	(344,341)	(111,972)	(232,369)
Net cash flows used in financing activities	(4,195)	(3,789)	(406)

Net cash flows from/(used in) operating activities

For the six months ended 30 June 2024, net cash flows from operating activities of the Group turned positive with net cash flows from operating activities amounting to RMB49.33 million, which was mainly attributable to the increase in receipts from the Group's cloud services business and the decrease in the related payments to employees.

During the Reporting Period, the Group paid a total of RMB28.98 million (for the same period of last year: RMB74.88 million) in cash to employees under the Point Scheme and the Long-term Incentive Bonus Scheme.

Net cash flows used in investing activities

For the six months ended 30 June 2024, net cash flows used in investing activities of the Group was RMB344.34 million, mainly due to the fact that the amount of purchases of time deposits and wealth management products exceeded the amount of receipts on maturity during the Reporting Period.

Net cash flows used in financing activities

For the six months ended 30 June 2024, net cash flows used in financing activities of the Group was RMB4.20 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

	As at 30 June 2024 (unaudited) RMB'000	As at 31 December 2023 (audited) RMB'000
Cash and bank balances	1,234,557	1,037,565
Wealth management products presented in financial assets at fair value through profit or loss	–	153,055
Total	1,234,557	1,190,620
Current ratio ^{note 1}	166%	229%
Gearing ratio ^{note 2}	0%	0%

Notes:

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

Cash and bank balances of the Group were mainly denominated in RMB, with certain amount denominated in HK\$ and small amount denominated in US\$. Cash and bank balances of the Group were mainly used for business development and daily operations, acquisitions and capital expenditure, payments of dividend, etc. With accumulated funds from previous operations and stable cash inflows generated from the daily business operations, the Group has sufficient resources for future development.

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

The current ratio of the Group as at 30 June 2024 was 166% (31 December 2023: 229%). The decrease in the current ratio was mainly due to the decrease in current assets as a result of the Group's purchase of certain time deposits with a maturity of more than one year.

As at 30 June 2024, as the Group had no interest-bearing liabilities (other than lease liabilities), the Group's gearing ratio was nil (31 December 2023: Nil).



Management Discussion and Analysis (continued)

Capital Expenditure

For the six months ended 30 June 2024, the capital expenditure of the Group primarily included the additional expenditure on property, plant and equipment of RMB0.36 million (for the same period of last year: RMB0.38 million); the additional expenditure on right-of-use assets (mainly refers to leased office buildings) of RMB3.24 million (for the same period of last year: RMB0.72 million); and the additional expenditure on intangible assets of RMB11.35 million (for the same period of last year: RMB0.19 million).

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group had no significant contingent liabilities.

Charges on Assets

As at 30 June 2024 and 31 December 2023, the Group did not have any charges on assets.

Significant Investments

During the Reporting Period, the Group did not have any single significant investment with a value of 5% or more of the Group's total assets at the end of the Reporting Period. The Board did not approve any major investment or plan on acquisition of capital assets as at the date of this report.

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 during the Reporting Period. The Group, mainly through closely monitoring the foreign exchange fluctuation, conducts foreign exchange settlement and foreign exchange for the balances of proceeds raised when appropriate to mitigate foreign exchange fluctuation risks.

Interest Rate Risks

The Group did not assume any debt obligations with a floating interest rate, and thus there was no interest rate risk in this regard.

Subsequent Events

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



Management Discussion and Analysis (continued)

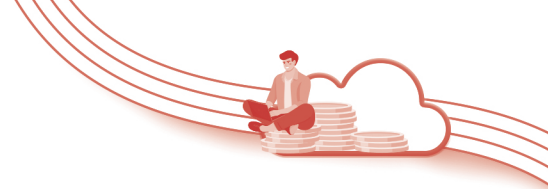
STAFF REMUNERATION POLICY AND TRAINING PLAN

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 Share Ownership Scheme, the Long-term Incentive Bonus Scheme and other cash incentive measures. For details, please refer to the paragraphs headed "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》), the Group's annual master plan, the annual work strategies of each business center and the annual objectives of human resources, the Group has established and implemented an annual training plan. During the Reporting Period, the Group was committed to continuously improving its organisational efficiency by assisting various types of employees and external partners to enhance their competence and efficiency through the three training and empowerment routes based on the management competence requirements of cadres, the professional competence requirements of business strategies and the general competence requirements, and built up the reserve force of junior managers by launching the "Reserve Cadre Training Camp", enhanced the management efficiency of junior managers by launching the "Behavioral Improvement Training Camp for Managers" and effectively strengthened the learning and construction of the Company's culture while promoting the effective dissemination of management and professional knowledge by launching the "Classroom Presentation and Structured Course Design-Junior Trainer Development" training courses.

EMPLOYEE SHARE OWNERSHIP SCHEME

In order to improve the incentive constraint mechanism of the Company to attract, retain and inspire the mid to senior level management personnel and key personnel, who are essential for the Company in realising 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 of the Company held on 28 December 2020, and approved amendments to the relevant terms of the Employee Share Ownership Scheme at the annual general meeting held on 21 May 2024. For details of the Employee Share Ownership Scheme and its amendments, please refer to the announcements of the Company dated 23 November 2020, 28 December 2020 and 21 May 2024, and the circulars of the Company dated 10 December 2020 and 24 April 2024.



Management Discussion and Analysis (continued)

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:

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

Note: The Company completed the Capitalisation Issue and issued five (5) capitalisation 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.



Management Discussion and Analysis (continued)

The abovementioned incentive shares were transferred to the Shareholding Platforms by the controlling Shareholder, Yonyou on 23 November 2020 at a price of RMB9.16 per share, and will be subject to the lock-up provisions under the Employee Share Ownership Scheme. According to the provisions of 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, and the source of which shall be their lawful salaries, self-raised funds and other methods as permitted under the laws and regulations.

The Company completed the grant of all incentive shares under the Employee Share Ownership Scheme on 28 December 2020 and therefore there was no new grant of incentive shares under the Employee Share Ownership Scheme during the Reporting Period.

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 incentive 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.

On 28 December 2023, the Board considered and passed a resolution in relation to unlocking of the second tranche of incentive shares granted under the Employee Share Ownership Scheme. 30% of incentive shares held by the scheme participants who have satisfied the unlocking conditions for the second 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 2023.

LONG-TERM INCENTIVE BONUS SCHEME

In order to improve the incentive constraint mechanism of the Company to attract, retain and inspire the mid to senior level management personnel and key personnel, who are essential for the Company in realising 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 realise the comprehensive transformation of cloud business, to achieve the planned strategic goal, the Company approved and adopted a Long-term Incentive Bonus Scheme at the extraordinary general meeting of the Company held on 28 December 2020. For details of the Long-term Incentive Bonus Scheme, please refer to the announcements of the Company dated 23 November 2020 and 28 December 2020 and the circular of the Company dated 10 December 2020.



Management Discussion and Analysis (continued)

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. The Bonus shall be awarded in three tranches within three months after each appraisal date upon satisfaction of the corresponding appraisal conditions. 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 determining the Long-term Incentive Bonus Scheme participants. The amount of the bonus payable for the corresponding tranche shall be calculated according to the corresponding proportion of bonuses 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.

On 28 December 2023, the Board considered and passed a resolution in relation to the appraisal of the second tranche of bonus under the Long-term Incentive Bonus Scheme. For details, please refer to the announcement of the Company dated 28 December 2023.

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 2024, 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 ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation) ⁽²⁾	Approximate percentage of shareholdings in the relevant class of share capital of the Company ⁽³⁾
Directors					
Mr. Wang Wenjing	Interest in a controlled corporation ⁽⁴⁾	The Company	222,210,241 Domestic Shares (L)	68.21%	91.34%
	Interest in a controlled corporation ⁽⁴⁾	Yonyou ⁽⁵⁾	1,421,079,511 shares (L)	41.57%	N/A
	Interest in a controlled corporation	Happiness Investment ⁽⁶⁾	N/A ⁽⁶⁾	60% ⁽⁶⁾	N/A
	Interest in a controlled corporation	Yonyou Up ⁽⁷⁾	N/A ⁽⁷⁾	100% ⁽⁷⁾	N/A
	Interest in a controlled corporation	Yonyou Research Institute ⁽⁸⁾	N/A ⁽⁸⁾	79.64% ⁽⁸⁾	N/A
Mr. Wu Zhengping ⁽⁹⁾	Beneficial owner	Yonyou ⁽⁵⁾	1,867,450 shares (L)	0.05%	N/A
	Interest in a controlled corporation	Yonyou ⁽⁵⁾	80,361,271 shares (L)	2.35%	N/A
	Beneficial owner	Happiness Investment ⁽⁶⁾	N/A ⁽⁶⁾	15% ⁽⁶⁾	N/A
Supervisors					
Mr. Guo Xiping ⁽¹⁰⁾	Interest in a controlled corporation	Yonyou ⁽⁵⁾	128,080,000 shares (L)	3.75%	N/A
Mr. Zhang Peilin	Beneficial owner	Yonyou ⁽⁵⁾	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 2024.
- (3) The calculation was based on the total number of 243,272,499 Domestic Shares of the Company in issue as at 30 June 2024.
- (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有限公司) (“**Yonyou Research Institute**”), respectively, which in turn held 921,161,630 shares (including 6,195,787 shares that Beijing Yonyou Technology Co., Ltd. (北京用友科技有限公司) has agreed to donate to Jiangxi University of Finance and Economics Education Development Foundation (江西財經大學教育發展基金), the transfer procedures of which will commence after 12 November 2026 and the completion date will be the day on which the transfer procedures are completed), 392,069,275 shares and 107,848,606 shares of Yonyou, respectively, accounting for approximately 26.95%, 11.47% and 3.15% of the issued shares of Yonyou, respectively, as at 30 June 2024. 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 2024, Yonyou directly and indirectly held 216,458,791 Domestic Shares of the Company, which accounted for approximately 66.44% 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 2024, 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 total 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 2024, Yonyou Up held 13,972,978 Domestic Shares of the Company, representing approximately 4.29% of the total share capital of the Company.
- (8) Yonyou Research Institute is a limited liability company incorporated in the PRC with a total registered capital of RMB23.94 million and does not have any issued shares under the PRC laws. Mr. Wang Wenjing holds 79.64% interests of Yonyou Research Institute. Therefore, Yonyou Research Institute is deemed as a controlled corporation of Mr. Wang Wenjing. As at 30 June 2024, Yonyou Research Institute held 5,751,450 Domestic Shares of the Company, representing approximately 1.77% of the total share capital of the Company.

Other information (continued)

- (9) As at 30 June 2024, 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 2.35% 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.
- (10) As at 30 June 2024, Shanghai Yibei Management Consulting Co., Ltd. (上海益倍管理諮詢有限公司) (“**Shanghai Yibei**”) held approximately 3.75% 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.

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

As at 30 June 2024, 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 ⁽¹⁾	Nature of interest	Approximate percentage of shareholdings in the total share capital of the Company ⁽²⁾	Approximate percentage of shareholdings in the relevant class of share capital of the Company ⁽³⁾
Yonyou ⁽⁴⁾	201,479,637 Domestic Shares (L) 14,979,154 Domestic Shares (L) Total: 216,458,791 Domestic Shares (L)	Beneficial owner Interest in a controlled corporation	66.44%	88.98%
UBS Group AG	15,026,887 H Shares (L)	Interest in a controlled corporation	4.61%	18.21%
Gaocheng Fund I, L.P. ⁽⁵⁾	8,250,000 H Shares (L)	Beneficial owner	2.53%	10.00%
Gaocheng Holdings GP, Ltd ⁽⁵⁾	8,250,000 H Shares (L)	Interest in a controlled corporation	2.53%	10.00%
Tsing Young Holding Limited ⁽⁵⁾	8,250,000 H Shares (L)	Interest in a controlled corporation	2.53%	10.00%
Hong Jing (洪婧) ⁽⁵⁾	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 2024.
- (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 2024, respectively.
- (4) As at 30 June 2024, Yonyou directly held 201,479,637 Domestic Shares, indirectly held 1,006,176 Domestic Shares through Happiness Investment and indirectly held 13,972,978 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 Capitalisation Issue in October 2021 on the basis of five (5) Capitalisation Shares for every ten (10) Shares by way of capitalisation 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 2024, which accounted for approximately 2.53% of the total share capital of the Company. 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 2024, 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 of the Company which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

USE OF PROCEEDS

The Company's H Shares were listed and commenced trading 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 had been planned to be used for the following purposes within two years. To the extent that the net proceeds are not immediately applied to the purposes below, the Company intends that such proceeds will be placed in short-term interest-bearing instruments or money market funds with licensed banks or financial institutions in the Chinese Mainland or Hong Kong.

Other information (continued)

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 2024 are detailed as follows:

Planned use	Budgeted amount <i>HK\$</i>	Amount used		Unutilised amount <i>HK\$</i>	Intended timetable for use of the unutilised amount
		during the Reporting Period <i>HK\$</i>	Accumulated amount used <i>HK\$</i>		
For the R&D and marketing of the T+ series software products	Approximately 290.69 million	–	Approximately 290.69 million	–	N/A
For the R&D of cloud platform and innovative application products	Approximately 194.08 million	–	Approximately 194.08 million	–	N/A
To support the marketing and operation of cloud services	Approximately 199.21 million	–	Approximately 199.21 million	–	N/A
To acquire relevant business and assets compatible with business strategies	Approximately 85.49 million	–	Approximately 4.66 million	Approximately 80.83 million	On or before 31 December 2025 and subject to the identification of target(s) by the Company
To fund general working capital	Approximately 85.49 million	–	Approximately 85.49 million	–	N/A
Total	Approximately 854.96 million	–	Approximately 774.13 million	Approximately 80.83 million	

As at 30 June 2024, the unutilised proceeds of the Company are the funds for acquisition of relevant business and assets compatible with our business strategies, mainly due to the fact that the Company has not yet identified any relevant business and assets compatible with our business strategies. The balance of the net unutilised proceeds has been deposited into reputable banks in Hong Kong and the Chinese Mainland, 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 THE LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares within the meaning of the Listing Rules). As at 30 June 2024, the Company did not hold any such treasury shares.

UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

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:

Name of Director(s)/Supervisor(s)	Details of Changes
Director Yang Yuchun	<ul style="list-style-type: none">appointed as an executive director and manager of Chanjet Yunzhi with effect from June 2024
Supervisor Ruan Guangli	<ul style="list-style-type: none">ceased to be a supervisor of Seentao Technology with effect from August 2024

MATERIAL LEGAL MATTERS

So far as the Board is aware, as at 30 June 2024, 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 2024 (six months ended 30 June 2023: Nil).



Other information (continued)

CORPORATE GOVERNANCE

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules, and has required the Directors and Supervisors to deal with securities in accordance with the Model Code. The Model Code is also applicable to the senior management of the Company. After making specific enquiries by the Company, all Directors and Supervisors confirmed that they had 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. Lau, Chun Fai Douglas, an independent non-executive Director, Mr. Wu Zhengping, a non-executive Director, and Ms. Wu Xiaoqing, an independent non-executive Director, among whom, Mr. Lau, Chun Fai Douglas was the chairman. On 22 August 2024, the audit committee reviewed the unaudited interim results announcement of the Group for the six months ended 30 June 2024 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.



Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	4	452,883	375,573
Cost of sales and services provided	5	(125,758)	(130,329)
Gross profit		327,125	245,244
Other income and gains, net	4	17,612	104,389
Research and development costs	5	(102,490)	(127,750)
Selling and distribution expenses		(216,820)	(158,717)
Administrative expenses		(35,231)	(40,617)
Impairment losses on financial assets		(244)	(53)
Other expenses		(248)	(447)
Finance costs		(314)	(538)
Share of (loss)/profit of an associate	12	(1,317)	1,182
(Loss)/profit before tax	5	(11,927)	22,693
Income tax credit/(expense)	6	2,048	(4,558)
(Loss)/profit for the period		(9,879)	18,135
Attributable to:			
Owners of the parent		(9,879)	18,135
(Loss)/Earnings per share attributable to ordinary equity holders of the parent			
Basic and diluted (<i>RMB cents</i>)	8	(3.1)	5.7

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/profit for the period	(9,879)	18,135
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	12	83
Other comprehensive income for the period, net of tax	12	83
Total comprehensive (loss)/income for the period	(9,867)	18,218
Attributable to:		
Owners of the parent	(9,867)	18,218



Interim Condensed Consolidated Statement of Financial Position

30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	1,965	3,346
Right-of-use assets	10	6,284	6,766
Intangible assets	11	12,199	985
Investment in an associate	12	14,685	16,002
Equity investments at fair value through profit or loss	13	53,488	63,310
Deferred tax assets		14,587	12,533
Prepayments, other receivables and other assets	15	74,102	65,122
Cash and bank balances	17	454,230	150,712
		<hr/>	<hr/>
Total non-current assets		631,540	318,776
Current assets			
Inventories		770	954
Trade and bills receivables	14	64,088	57,076
Prepayments, other receivables and other assets	15	182,428	168,868
Financial assets at fair value through profit or loss	16	–	153,055
Cash and bank balances	17	780,327	886,853
		<hr/>	<hr/>
Total current assets		1,027,613	1,266,806
Current liabilities			
Trade payables	18	11,333	14,012
Contract liabilities	19	479,786	402,134
Other payables and accruals	20	123,070	130,100
Lease liabilities	10	4,501	6,546
		<hr/>	<hr/>
Total current liabilities		618,690	552,792
		<hr/>	<hr/>
Net current assets		408,923	714,014
		<hr/>	<hr/>
Total assets less current liabilities		1,040,463	1,032,790
		<hr/>	<hr/>

Interim Condensed Consolidated Statement of Financial Position (continued)

30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities	10	1,309	218
Contract liabilities	19	179,304	145,924
Long-term liabilities	21	–	16,990
		<hr/>	<hr/>
Total non-current liabilities		180,613	163,132
		<hr/>	<hr/>
Net assets		859,850	869,658
		<hr/>	<hr/>
Equity			
Equity attributable to owners of the parent			
Issued capital		325,772	325,772
Treasury shares held under employee trust benefit scheme and employee share ownership scheme		(28,519)	(28,519)
Reserves		562,597	572,405
		<hr/>	<hr/>
Total equity		859,850	869,658
		<hr/>	<hr/>



Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent								
	Issued capital	Capital reserve	Statutory reserve	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
As at 1 January 2023	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
As at 30 June 2023 (unaudited)	325,772	809,258	441	(28,519)	(4)	8,783	1,919	(245,789)	871,861

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2024

	Attributable to owners of the parent								
	Issued capital	Capital reserve	Statutory reserve	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
As at 1 January 2024	325,772	809,905*	441*	(28,519)	(4)*	8,237*	1,874*	(248,048)*	869,658
Loss for the period	-	-	-	-	-	-	-	(9,879)	(9,879)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	12	-	12
Total comprehensive loss for the period	-	-	-	-	-	-	12	(9,879)	(9,867)
Share-based payment (note 22)	-	-	-	-	-	59	-	-	59
As at 30 June 2024 (unaudited)	325,772	809,905*	441*	(28,519)	(4)*	8,296*	1,886*	(257,927)*	859,850

* These reserve accounts comprise the consolidated reserves of RMB562,597,000 (31 December 2023: RMB572,405,000) 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 interim condensed consolidated 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.



Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Operating activities			
(Loss)/profit before tax		(11,927)	22,693
Adjustments for:			
Finance costs		314	538
Exchange gains, net	5	(607)	(2,653)
Share of loss/(profit) of an associate	12	1,317	(1,182)
Interest income	4	(12,578)	(12,911)
Fair value losses/(gains), net	4	8,670	(32,955)
Share-based payment expense	5/22	59	149
Depreciation of property, plant and equipment	5/9	1,575	1,997
Depreciation of right-of-use assets	5/10	3,607	3,543
Amortisation of intangible assets	5/11	135	3,857
Gains on disposal of property, plant and equipment		(2)	(10)
Gains on disposal of right-of-use assets		(21)	–
Gain on disposal of Finance & Taxation Practical Skills Training Product and Service Business	4	–	(43,755)
Impairment of trade receivables and other receivables	5	244	53
		(9,214)	(60,636)
Decrease/(increase) in inventories		184	(79)
Increase in trade and bills receivables		(7,256)	(1,603)
(Increase)/decrease in prepayments, deposits, and other receivables		(22,671)	19,060
Decrease in trade payables		(2,679)	(3,261)
Increase in contract liabilities		111,032	61,685
Decrease in other payables and accruals		(7,030)	(28,064)
Decrease in long-term liabilities		(17,167)	(18,925)
Cash generated from/(used in) operations		45,199	(31,823)
Interest received		4,127	3,782
Income taxes paid		–	(5)
Net cash flows generated from/(used in) operating activities		49,326	(28,046)

Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Investing activities			
Purchases of items of property, plant and equipment		(358)	(375)
Proceeds from disposal of items of property, plant and equipment		114	269
Purchases of intangible assets		(11,296)	(189)
(Purchases)/refund of non-pledged time deposits with original maturity of more than three months when acquired and time deposits restricted from being used		(493,151)	82,487
Interest on non-pledged time deposits with original maturity more than three months when acquired and time deposits restricted from being used		5,891	5,836
Purchases of financial investments		–	(200,000)
Proceeds from disposal of financial investments		150,000	–
Gains on disposal of financial investments		4,459	–
Net cash flows used in investing activities		(344,341)	(111,972)
Financial activities			
Principal portion of lease payments		(4,058)	(3,537)
Interest paid of lease payments		(137)	(252)
Net cash flows used in financial activities		(4,195)	(3,789)
Net decrease in cash and cash equivalents		(299,210)	(143,807)
Cash and cash equivalents at the beginning of period		785,789	899,740
Effect of foreign exchange rate changes, net		11	2,421
Cash and cash equivalents at the end of period		486,590	758,354
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	17	1,234,557	948,794
Time deposits, non-current portion	17	(454,230)	–
Non-pledged time deposits with original maturity of more than three months when acquired	17	(283,753)	(150,000)
Interest receivables	17	(9,984)	(40,440)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		486,590	758,354

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2024

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.

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

Information about subsidiaries

Particulars of the Company's subsidiaries as at 30 June 2024 are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered capital	Percentage of equity attributable to the Company		Principal activities	Legal category
			Direct	Indirect		
Chanjet Information Technology Corporation ("Chanjet U.S.") (note (a))	California, the United States 5 November 2012	USD15,500,000	100.00	-	Technical development of computer software	Limited liability corporation
Beijing Chanjet Yunhui Information Technology Co., Ltd. ("Chanjet Yunhui")(note (b))	Beijing, China 12 April 2019	RMB10,000,000	100.00	-	Technical development, transfer and service of computer software	Limited liability corporation
Hebei Chanjet Cloud Intelligent Technology Co., Ltd. ("Chanjet Yunzhi")(note (c))	Hebei, China 4 June 2024	RMB3,000,000	-	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 2024 was USD10,300,000.
- (b) The paid-in capital of Chanjet Yunhui as at 30 June 2024 was RMB10,000,000.
- (c) The paid-in capital of Chanjet Yunzhi as at 30 June 2024 was RMB1,000,000.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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 2024 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 2023.

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 2023, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments.

As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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> ²
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2025

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

Information about a major customer

Since no revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer during the 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)

30 June 2024

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sale of products	118,791	98,740
Rendering of services	333,305	275,708
Sale of purchased goods	787	1,125
Total	452,883	375,573
Disaggregated revenue information for revenue from contracts with customers		
Timing of revenue recognition		
Goods/services transferred at a point in time	130,541	137,954
Services transferred over time	322,342	237,619
Total	452,883	375,573

The impairment loss on trade receivables arising from contracts with customers which was recognized by the Group for the six months ended 30 June 2024 was RMB244,000. 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other income		
Value-added tax refunds	12,430	11,033
Government grants	140	630
Interest income	12,578	12,911
Additional deduction of input value-added tax	–	364
Others	110	30
Total other income	25,258	24,968
(Losses)/gains, net		
Fair value (losses)/gains, net:		
Equity investments and wealth management products at fair value through profit or loss (note 1)	(8,670)	32,955
Gain on disposal of the Finance & Taxation Practical Skills Training Product and Service Business (note 2)	–	43,755
Exchange gains, net	607	2,653
Others	417	58
Total (losses)/gains, net	(7,646)	79,421
Total other income and gains, net	17,612	104,389

Notes:

- (1) Further details of equity investments and wealth management products at fair value through profit or loss are set out in notes 13 and 16 to the financial statements.
- (2) Further details of the gain on disposal of the 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)

30 June 2024

5. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of products sold	398	627
Cost of services provided	124,758	128,866
Cost of purchased goods sold	602	836
	<hr/>	<hr/>
Cost of sales and services provided	125,758	130,329
	<hr/>	<hr/>
Depreciation of property, plant and equipment	1,575	1,997
Depreciation of right-of-use assets	3,607	3,543
Amortisation of intangible assets <i>(note 1)</i>	135	3,857
Lease payments not included in the measurement of lease liabilities	1,049	1,215
Research and development costs <i>(note 2)</i>	102,490	127,750
Employee benefit expenses (including directors', supervisors' and chief executive's remuneration):		
Wages and salaries	189,859	226,780
Equity-settled share-based payment expense	59	149
Pension scheme contributions <i>(note 3)</i>	19,523	20,861
	<hr/>	<hr/>
	209,441	247,790
	<hr/>	<hr/>
Foreign exchange differences, net	(607)	(2,653)
Impairment of financial assets	244	53
Fair value losses/(gains), net:		
Equity investments and wealth management products at fair value through profit or loss	8,670	(32,955)
Gain on disposal of the Finance & Taxation Practical Skills Training Product and Service Business	-	(43,755)

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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

Notes:

- (1) During the six months ended 30 June 2024, amortisation of intangible assets of approximately RMB10,000 (six months ended 30 June 2023: RMB3,598,000) 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 2024, research and development costs of approximately RMB93,800,000 (six months ended 30 June 2023: RMB119,155,000) 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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax	6	5
Deferred tax	(2,054)	4,553
Total tax (credit)/charge for the period	(2,048)	4,558

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 subsidiaries which are in Chinese Mainland for the six months ended 30 June 2024 and 2023.

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 2024 and 2023.

The subsidiary incorporated in the United States was subject to income tax at the rate of 21% during the six months ended 30 June 2024 and 2023.

7. DIVIDENDS

The Board did not recommend the distribution of final dividends for the year ended 31 December 2023.

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 321,798,399 (six months ended 30 June 2023: 315,691,427) in issue during the six months ended 30 June 2024, 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 (loss)/earnings per share amount is based on the (loss)/profit 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 (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent used in the basic and diluted (loss)/earnings per share calculation	(9,879)	18,135
	<hr/>	<hr/>
	Number of shares	
	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	321,798,399	315,691,427
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of the diluted (loss)/earnings per share calculation	321,798,399	315,691,427
	<hr/>	<hr/>

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a cost of RMB358,000 (six months ended 30 June 2023: RMB375,000).

Items of property, plant and equipment with an aggregate net carrying value of RMB112,000 were disposed by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB259,000), resulting in a net gain on disposal of RMB2,000 (six months ended 30 June 2023: RMB10,000).

During the six months ended 30 June 2024, the total amount of depreciation of property, plant and equipment was RMB1,628,000 (six months ended 30 June 2023: RMB1,997,000), of which the total amount of depreciation charged to profit or loss was RMB1,575,000 (six months ended 30 June 2023: RMB1,997,000).

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.

(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 2024 are as follows:

	Office buildings (Unaudited) RMB'000
As at 1 January 2024	6,766
Additions	3,243
Adjustment	(118)
Depreciation charge	(3,607)
	<hr/>
As at 30 June 2024	6,284



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

10. LEASES (continued)

The Group as a lessee (continued)

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

The carrying amounts of the Group's right-of-use assets and the movements during the year ended 31 December 2023 are as follows:

	Office buildings (Audited) RMB'000
As at 1 January 2023	12,804
Additions	1,054
Adjustment	(35)
Depreciation charge	(7,057)
	<hr/>
As at 31 December 2023	6,766

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the six months ended 30 June 2024 are as follows:

	Lease liabilities (Unaudited) RMB'000
Carrying amount at 1 January 2024	6,764
New leases	3,243
Adjustment	(139)
Accretion of interest recognised during the period	137
Payments	(4,195)
	<hr/>
Carrying amount at 30 June 2024	5,810
Analysed into:	
Current portion	4,501
Non-current portion	1,309

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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 2023 are as follows:

	Lease liabilities (Audited) RMB'000
Carrying amount at 1 January 2023	12,752
New leases	1,054
Adjustment	(39)
Accretion of interest recognised during the period	429
Payments	(7,432)
	<hr/>
Carrying amount at 31 December 2023	<u>6,764</u>
Analysed into:	
Current portion	6,546
Non-current portion	<u>218</u>

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

	<u>For the six months ended 30 June</u>	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on lease liabilities	137	252
Depreciation of right-of-use assets	3,607	3,543
Expense relating to short-term leases (included in administrative expenses and selling and distribution expenses)	808	953
Expense relating to leases of low-value assets (included in administrative expenses)	241	262
	<hr/>	<hr/>
Total amount recognised in profit or loss	<u>4,793</u>	<u>5,010</u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

10. LEASES (continued)

The Group as a lessee (continued)

(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.

(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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Within operating activities	1,049	1,215
Within financing activities	4,195	3,789
Total	5,244	5,004

11. INTANGIBLE ASSETS

During the six months ended 30 June 2024, the amount of the addition of intangible assets was RMB11,349,000 (six months ended 30 June 2023: RMB189,000), of which deferred development costs was RMB11,349,000 (six months ended 30 June 2023: Nil).

During the six months ended 30 June 2024, the total amount of amortisation of intangible assets charged to profit or loss was RMB135,000 (six months ended 30 June 2023: RMB3,857,000).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

12. INVESTMENT IN AN ASSOCIATE

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Investment in an associate	<u>65,743</u>	<u>67,060</u>
Provision for impairment	<u>(51,058)</u>	<u>(51,058)</u>
Total	<u>14,685</u>	<u>16,002</u>

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 interim condensed consolidated financial statements.

Particulars of the associate are 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")	RMB200,000,000	Beijing, China	19.28	Internet payment, bank card receipt and technical development

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



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

12. INVESTMENT IN AN ASSOCIATE (continued)

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Share of the associate's (loss)/profit for the period	(1,317)	1,182
Share of the associate's total comprehensive (loss)/income	(1,317)	1,182
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Aggregate carrying amount of the Group's investment in the associate	14,685	16,002

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Unlisted equity investments, at fair value		
Beijing Yonyou Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	3,514	2,097
Yonyou Mobile Telecommunications Technology Service Co., Ltd. (" Yonyou Mobile ")	48,420	59,785
Xi'an Rongke Telecommunications Technology Co., Ltd.	1,554	1,428
Total	53,488	63,310

The above equity investments as at 30 June 2024 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

14. TRADE AND BILLS RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	65,373	57,967
Bills receivables	–	150
	65,373	58,117
Impairment allowance	(1,285)	(1,041)
Net carrying amount	64,088	57,076

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

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
0 to 90 days	40,717	45,886
91 days to 180 days	8,013	5,524
181 days to 1 year	12,771	2,334
1 to 2 years	2,331	2,824
Over 2 years	256	508
Total	64,088	57,076

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

14. TRADE AND BILLS RECEIVABLES (continued)

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.

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Staff advances	184	490
Share purchase fund and dividend held by the trustee for share-based payments (<i>notes 1 and 2</i>)	6,889	6,768
Prepayments	165,409	146,807
Contract costs	72,979	68,776
Deposits, other receivables and other assets	11,438	11,516
	256,899	234,357
Impairment allowance	(369)	(367)
	256,530	233,990
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	6,889	6,768
Prepayments	59,151	42,058
Contract costs	6,069	14,055
Other assets	1,993	2,241
	74,102	65,122
Current portion	182,428	168,868

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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 2024 and 31 December 2023, the share purchase fund has been deposited with an agreed deposit rate and will be collected when the Employee Trust Benefit Scheme expires and the trust is liquidated.
- (2) The dividend paid for the invalid from the very beginning or lapsed shares held by the trustees under the Employee Trust Benefit Scheme will be collected by the Group when the Employee Trust Benefit Scheme expires and the trust is liquidated.

Deposits and other receivables included rental deposits and deposits with suppliers.

Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The credit risk exposure and expected credit losses for the amount due from the share purchase fund held by the trustee for share-based payments and deposits and other receivables were immaterial as at 30 June 2024 and 31 December 2023.

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 2024 and 31 December 2023, the loss allowance was assessed to be minimal.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Wealth management products	<u>—</u>	<u>153,055</u>

The Group purchased various wealth management products issued by banks in Chinese Mainland. As at 31 December 2023, the Group purchased wealth management products with the cost of RMB150,000,000 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

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

17. CASH AND BANK BALANCES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash on hand	18	18
Bank balances	150,468	120,717
Time deposits	1,078,195	904,414
Cash equivalents	5,876	12,416
Cash and bank balances	<u>1,234,557</u>	<u>1,037,565</u>
Less: Time deposits, non-current portion (note)	<u>454,230</u>	<u>150,712</u>
Cash and bank balances, current portion	780,327	886,853
Less: Non-pledged time deposits with original maturity of more than three months when acquired	283,753	90,000
Interest receivables	9,984	11,064
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>486,590</u>	<u>785,789</u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

17. CASH AND BANK BALANCES (continued)

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.

Note:

At 30 June 2024, the time deposits are placed at ZhongGuanCun Bank Ltd. ("ZhongGuanCun Bank"), Bank of Nanjing Co., Ltd., Bank of Ningbo Co., Ltd. and China Minsheng Banking Corp., Ltd. The principal amounts are RMB450,000,000 and the amounts of interest receivables are RMB4,230,000. As at 31 December 2023, the time deposit was placed at ZhongGuanCun Bank. The principal amount was RMB150,000,000 and the amount of interest receivable was RMB712,000. The principal and interest receivables of the time deposits had been classified as the non-current portion.

18. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2024 and 31 December 2023, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
0 to 90 days	6,636	10,479
91 days to 1 year	1,960	1,879
Over 1 year	2,737	1,654
Total	11,333	14,012

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



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Rendering of services	659,090	548,058
Analysed into:		
Current portion	479,786	402,134
Non-current portion	179,304	145,924

20. OTHER PAYABLES AND ACCRUALS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Tax payable (other than income tax)	9,021	17,648
Staff payroll and welfare payables (<i>note</i>)	60,518	81,598
Advances from customers	9,938	9,031
Other payables	43,593	21,823
Total	123,070	130,100

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

Note:

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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

21. LONG-TERM LIABILITIES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Accrued Bonus	—	16,990

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

During the six months ended 30 June 2024, the total amount of the long-term incentive bonus expenses recognised in profit or loss under the long-term incentive bonus scheme was RMB3,102,000 (six months ended 30 June 2023: RMB9,688,000).

As at 30 June 2024, the amount of the bonus under the long-term incentive bonus scheme to be awarded to the scheme participants was approximately RMB20,092,000 (31 December 2023: RMB28,981,000) (tax inclusive), which had been recognised in staff payroll and welfare payables.

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.



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

22. SHARE-BASED PAYMENT (continued)

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)

30 June 2024

22. SHARE-BASED PAYMENT (continued)

On 28 December 2023, the Board considered and passed a resolution in relation to unlocking of the second 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 and individual scheme participant who did not achieve the required individual performance appraisal results for the year of 2022 (the Incentive Shares granted to such persons do not meet the Unlocking Conditions), 30% of the total number of incentive shares, being 21,979,074 domestic shares held by the remaining scheme participants who have satisfied the unlocking conditions for the second tranche of incentive shares have been unlocked in accordance with the provisions as stipulated in the Employee Share Ownership Scheme.

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

For the six months ended 30 June 2024 (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)	<u>6.21</u>	<u>6,604,972</u>	<u>(27,000)</u>	<u>6,577,972</u>

For the six months ended 30 June 2023 (Unaudited)

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

Note:

- (a) During the six months ended 30 June 2024, 27,000 target shares (six months ended 30 June 2023: 247,500 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 2024, the total amount of share-based payment expense was RMB59,000 (six months ended 30 June 2023: RMB149,049), which was recognised in profit or loss.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

During the six months ended 30 June 2024 and 2023, the Group entered into the following transactions with related parties:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<i>Purchases of goods and services from</i>		
The holding company		
Yonyou	1,338	1,415
Associated companies held by Yonyou		
Execution (Beijing) Network Technology Co., Ltd. (執行力(北京)網絡科技有限公司)	-	1
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)	97	142
Suirui Group Co., Ltd. (隨銳科技集團股份有限公司)	1	1
Sinotone (Beijing) Consulting Co., Ltd. ("Sinotone Consulting") (漢唐信通(北京)諮詢股份有限公司)	259	220
Fellow subsidiaries		
Shanghai Dayee Cloud Computing Co., Ltd. (上海大易雲計算有限公司)	57	74
Yonyou Mobile	-	4
Shanghai Yonyou Government Affairs Software Co., Ltd. (上海用友政務軟件有限公司)	-	1
UFIDA (Nanchang) Industrial Base Development Co., Ltd. ("UFIDA (Nanchang)") (用友(南昌)產業基地發展有限公司)	114	111
Nanchang Yonyou Xinfushe Cloud Technology Co., Ltd. ("Nanchang Yonyou Xinfushe") (南昌用友薪福社雲科技有限公司)	2,299	104

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(a) Transactions with related parties (continued)

During the six months ended 30 June 2024 and 2023, the Group entered into the following transactions with related parties: (continued)

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Companies of which a director of the Company is the ultimate controlling party		
Beijing Red Mansion Culinary Culture Co., Ltd. (北京紅邸餐飲文化有限公司)	40	71
Beijing Hongju Catering Culture Co., Ltd. (北京紅局餐飲文化有限公司)	51	73
A company controlled by the ultimate controlling party		
Huaguori Wine (Beijing) Co., Ltd. (花果日葡萄酒(北京)有限公司)	–	12
Subsidiary of an associated company held by Yonyou		
Sinotone (Beijing) Technology Co., Ltd. ("Sinotone Tech") (漢唐信通(北京)科技有限公司)	1	6
Total	4,257	2,235
<i>Sales of goods and services to</i>		
Associated companies held by Yonyou		
Xi Ma Guo Zheng	118	149
Sinotone Consulting	77	116
ZhongGuanCun Bank	27	–
Beijing Lianxin Credit Consulting Co., Ltd. ("Beijing Lianxin Credit") (北京聯信徵信諮詢有限責任公司)	412	–

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(a) Transactions with related parties (continued)

During the six months ended 30 June 2024 and 2023, the Group entered into the following transactions with related parties: (continued)

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Subsidiary of an associated company held by Yonyou		
Sinotone Tech	2	10
Associate of the Company		
Chanjet Payment	309	18
Total	945	293

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

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 the Yonyou tmall and jd flagship store. The Company's selling price to Yonyou is consistent with the Yonyou's selling price to Tencent Cloud and on the Yonyou tmall and jd flagship store. During the six months ended 30 June 2024, the total revenue of the Company's cloud products under the above agreements was RMB315,000 (six months ended 30 June 2023: RMB86,000).

During the six months ended 30 June 2024, the Group recognised interest income of RMB2,123,000 from deposits placed with ZhongGuanCun Bank, an associated company held by Yonyou (six months ended 30 June 2023: RMB3,627,000).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(a) Transactions with related parties (continued)

Rent of office buildings from related parties

During the six months ended 30 June 2024 and 2023, 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:

	Right-of-use assets RMB'000	Lease Liabilities RMB'000
As at 1 January 2024	4,470	4,741
Addition	2,090	2,090
Depreciation charge	(2,525)	–
Interest expense	–	97
Payments	–	(2,687)
	<hr/>	<hr/>
As at 30 June 2024 (Unaudited)	4,035	4,241
	<hr/>	<hr/>
	Right-of-use assets RMB'000	Lease Liabilities RMB'000
As at 1 January 2023	9,531	9,805
Depreciation charge	(2,530)	–
Interest expense	–	183
Payments	–	(2,687)
	<hr/>	<hr/>
As at 30 June 2023 (Unaudited)	7,001	7,301
	<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. There was no such rented expenses recognised for the six months ended 30 June 2024.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(a) Transactions with related parties (continued)

Rent of office buildings from related parties (continued)

During the six months ended 30 June 2024 and 2023, 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:

	Right-of-use assets RMB'000	Lease Liabilities RMB'000
As at 1 January 2024	1,329	1,327
Depreciation charge	(538)	–
Interest expense	–	22
Payments	–	(586)
	<hr/>	<hr/>
As at 30 June 2024 (Unaudited)	791	763
	<hr/>	<hr/>
	Right-of-use assets RMB'000	Lease Liabilities RMB'000
As at 1 January 2023	2,132	2,116
Addition	274	274
Depreciation charge	(538)	–
Interest expense	–	47
Payments	–	(586)
	<hr/>	<hr/>
As at 30 June 2023 (Unaudited)	1,868	1,851
	<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 relating to short-term leases of RMB127,000 from UFIDA (Nanchang) for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB111,000).

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade related:		
The holding company		
Yonyou	–	1
Associated companies held by Yonyou		
ZhongGuanCun Bank	–	9
Sinotone Consulting	500	515
Fellow subsidiaries		
Shanghai Bingjun Network Technology Co., Ltd. (上海秉鈞網絡科技有限公司)	6	6
Nanchang Yonyou Xinfushe	2,314	1,477
Other receivables:		
Fellow subsidiary		
UFIDA (Nanchang)	37	37
Total	2,857	2,045

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(b) Outstanding balances with related parties (continued)

Deposits placed with

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Associated company held by Yonyou		
ZhongGuanCun Bank	150,099	150,099

As at 30 June 2024, the Group had interest receivables of RMB2,835,000 due from ZhongGuanCun Bank (31 December 2023: RMB712,000).

The amounts due from related parties were unsecured, interest-free (except for deposits placed with ZhongGuanCun Bank) and repayable on demand.

Due to related parties

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade related:		
The holding company		
Yonyou	1,478	1,148
Associate of the Company		
Chanjet Payment	227	536
Associated companies held by Yonyou		
Xi Ma Guo Zheng	476	430
Sinotone Consulting	46	99
Beijing Lianxin Credit	789	580

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(b) Outstanding balances with related parties (continued)

Due to related parties (continued)

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
A company controlled by the ultimate controlling party		
Shenzhen Yyfax Financial Services Co., Ltd. (深圳友金所金融服務有限公司)	38	38
Subsidiary of an associated company held by Yonyou		
Sinotone Tech	51	53
A company of which the ultimate controlling party of the Company is a shareholder with significant influence		
Shangzhuangyuan (Beijing) Technology Co., Ltd. (北京商狀元科技有限公司)	14	14
Other payables:		
The holding company		
Yonyou	746	44
Fellow subsidiary		
UFIDA (Nanchang)	81	–
Associated company held by Yonyou		
Xi Ma Guo Zheng	10	10
Total	3,956	2,952

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

23. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Short-term employee benefits	10,552	18,042
Pension scheme contributions	484	458
Equity-settled share-based payment expense	25	64
Total compensation paid to key management personnel	11,061	18,564

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

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 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets				
Time deposits, non-current portion	454,230	150,712	454,230	146,804
Share purchase fund and dividend held by the trustee for share-based payments	6,889	6,768	6,889	6,768
Financial assets at fair value through profit or loss:				
Equity investments at fair value through profit or loss	53,488	63,310	53,488	63,310
Financial assets at fair value through profit or loss	—	153,055	—	153,055
Total	514,607	373,845	514,607	369,937



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

Management has assessed that the fair values of cash and cash equivalents, trade and bills 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.

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**") multiple, for each comparable company identified. These multiple is calculated by dividing the market capitalisation of the comparable company by its total sales 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 and time deposits issued by banks in Chinese Mainland. The Group has estimated the fair value of these wealth management products and time deposits (non-current portion) by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a qualitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

	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 2024: 4.7x to 5.8x (31 December 2023: 5.8x to 5.9x)	Positive correlation
		Discount for lack of marketability	30 June 2024: 18.0% to 30.9% (31 December 2023: 19.0% to 27.8%)	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:

Assets measured at fair value:

As at 30 June 2024

	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	
Financial assets at fair value through profit or loss:				
Equity investments at fair value through profit or loss	-	-	53,488	53,488

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2023

	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	
Financial assets at fair value through profit or loss:				
Equity investments at fair value through profit or loss	–	–	63,310	63,310
Financial assets at fair value through profit or loss	–	153,055	–	153,055
Total	–	153,055	63,310	216,365

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

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 2023: Nil).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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 2024

	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	
Time deposits, non-current portion	–	454,230	–	454,230
Share purchase fund and dividend held by the trustee for share-based payments	–	6,889	–	6,889
	–	461,119	–	461,119

As at 31 December 2023

	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	
Time deposits, non-current portion	–	146,804	–	146,804
Share purchase fund and dividend held by the trustee for share-based payments	–	6,768	–	6,768
Total	–	153,572	–	153,572



Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2024

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 2024 and 31 December 2023, 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 22 August 2024.



Definitions

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

“All-electronic Invoice(s)”	the comprehensive digital electronic invoice(s)
“Board”	the board of directors of the Company
“Capitalisation Issue”	the issue of five (5) capitalisation shares for every ten (10) shares to all Shareholders by way of capitalisation of capital reserve by the Company in October 2021
“Chairman”	the chairman of the Board
“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
“Chanjet Yunzhi”	Hebei Chanjet Cloud Intelligent Technology Co., Ltd (河北暢捷雲智能科技有限公司), a company established in the PRC with limited liability on 4 June 2024, 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
“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	member(s) of the Board, including all executive, non-executive and independent non-executive directors of the Company
“Domestic Share(s)”	ordinary share(s) 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 Share Ownership Scheme”	the 2020 employee share ownership scheme adopted by the Company on 28 December 2020 and amended on 21 May 2024
“Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)

Definitions (continued)

“H Shares”	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
“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
“IFRSs”	International Financial Reporting Standards promulgated by the International Accounting Standards Board (“IASB”). IFRSs include the International Accounting Standards and their interpretations
“Latest Practicable Date”	19 September 2024, 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 C3 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



Definitions (continued)

“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
“President”	the president of the Company
“Prospectus”	the prospectus published by the Company on 16 June 2014
“Reporting Period”	the six months ended 30 June 2024
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Seentao Technology”	Seentao Technology Co., Ltd. (新道科技股份有限公司), the shares of which are listed on the National Equities Exchange and Quotations (Stock Code: 833694), and a subsidiary of Yonyou
“SFO” or “Securities and Futures Ordinance”	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
“Shareholder(s)”	holder(s) of the Share(s) 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



Definitions (continued)

“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 (上海證券交易所) (Stock Code: 600588), a controlling Shareholder of the Company
“%”	percent