畅捷通
Chanjet

2015 Interim Report

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

Contents

CORPORATE INFORMATION

As at 30 June 2015

DIRECTORS

Non-executive Directors

Wang Wenjing *(Chairman)*

Wu Zhengping

Executive Director

Zeng Zhiyong *(CEO)*

Independent Non-executive Directors

Liu Yunjie

Chen, Kevin Chien-wen

Lau, Chun Fai Douglas

SUPERVISORS

Shareholders Representative Supervisors

Guo Xinping *(Chairman)*

Wang Jialiang

Independent Supervisors

Ruan Guangli

Ma Yongyi

Employees Representative Supervisors

Deng Xuexin

Zhang Wei

AUDIT COMMITTEE

Chen, Kevin Chien-wen *(Chairman)*

Wu Zhengping

Lau, Chun Fai Douglas

NOMINATION COMMITTEE

Liu Yunjie *(Chairman)*

Wang Wenjing

Chen, Kevin Chien-wen

REMUNERATION AND APPRAISAL COMMITTEE

Lau, Chun Fai Douglas *(Chairman)*

Zeng Zhiyong

Liu Yunjie

STRATEGIC COMMITTEE

Wang Wenjing *(Chairman)*

Zeng Zhiyong

Liu Yunjie

JOINT COMPANY SECRETARIES

You Hongtao

Ngai Wai Fung

AUTHORIZED REPRESENTATIVES

Zeng Zhiyong

Ngai Wai Fung

As at 30 June 2015

AUDITORS

International Auditor
Ernst & Young

PRC Auditor
Ernst & Young Hua Ming LLP

COMPLIANCE ADVISER

Guotai Junan Capital Limited

LEGAL ADVISERS

As to Hong Kong law: DLA Piper Hong Kong (歐華律師事務所)
As to PRC law: Tian Yuan Law Firm (天元律師事務所)

REGISTERED OFFICE AND HEADQUARTERS

Unit D, Building 20
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Haidian District
Beijing
the PRC

PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

H SHARE REGISTRAR

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

STOCK CODE

1588

COMPANY WEBSITE

www.chanjet.com

CONTACT INFORMATION FOR INVESTORS

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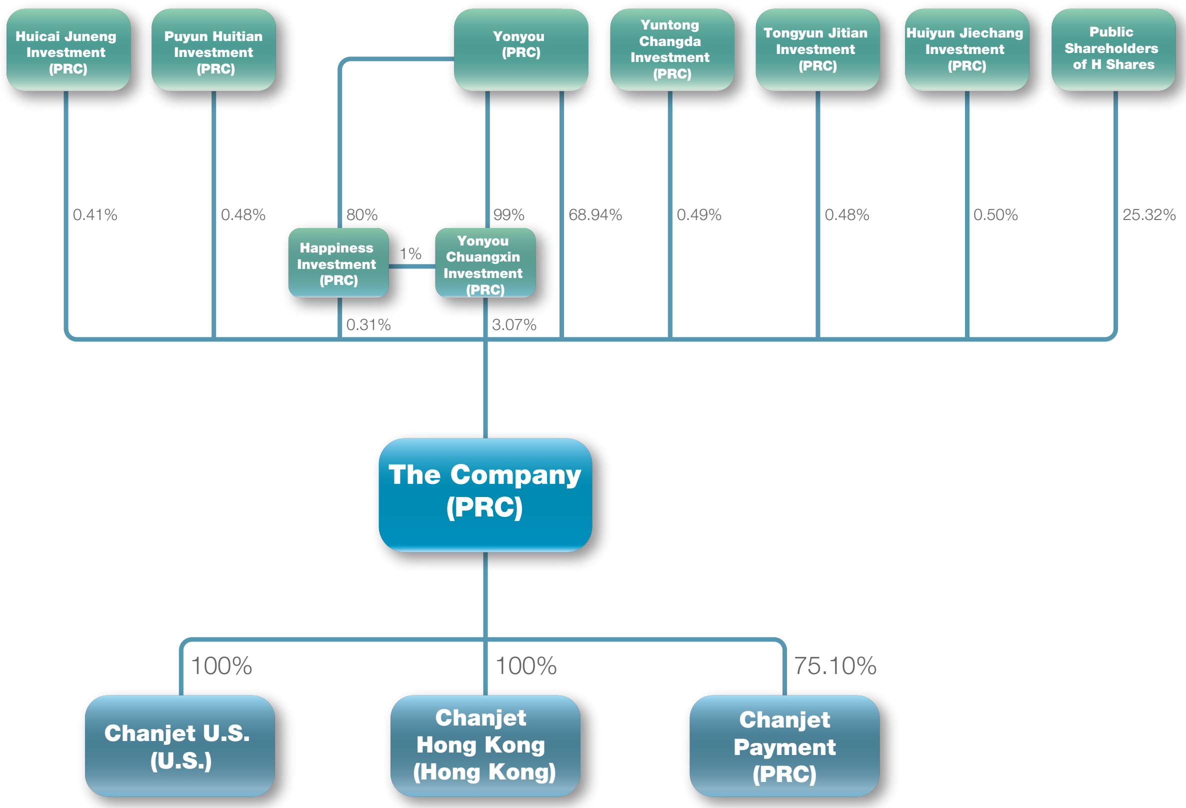
CORPORATE STRUCTURE

As at 30 June 2015



Notes:

1. The remaining 24.90% equity interest of Chanjet Payment was owned as to 9.90%, 9.00% and 6.00% respectively by Shanghai Tongjin Investment Co., Ltd. (上海通金投資有限公司), an independent third party, Beijing Ruijie Tongcheng Investment Management Centre (Limited Partnership) (北京瑞捷通成投資管理中心（有限合夥)) and Beijing Ruifu Tongjie Investment Management Centre (Limited Partnership) (北京瑞富通捷投資管理中心（有限合夥)). Both of Beijing Ruijie Tongcheng Investment Management Centre (Limited Partnership) and Beijing Ruifu Tongjie Investment Management Centre (Limited Partnership) are owned by the employees of Chanjet Payment. The general meeting held on 8 June 2015 has approved the grant of waiver to Yonyou in respect of the relevant Non-Competition Undertakings, pursuant to which Yonyou has signed the equity transfer agreement with such minority shareholders on 10 August 2015 to acquire a total of 24.9% equity interest in Chanjet Payment from such minority shareholders. The registration formalities of industrial and commercial change in respect of the aforesaid equity transfer has been completed and Chanjet Payment has become a joint venture between the Company and Yonyou in which they hold 75.1% and 24.9% equity interest, respectively. For details, please refer to the Company's announcements dated 14 May 2015 and 8 June 2015 as well as the Company's circular dated 21 May 2015.

2. On 20 July 2015, (i) Hwabao Trust, entrusted by the Company, entered into an equity transfer agreement with Yonyou Chuangxin Investment, pursuant to which, Hwabao Trust agreed to purchase the 1,231,255 Domestic Shares (accounting for approximately 0.57% of the total shares of the Company) held by Yonyou Chuangxin Investment; (ii) National Trust, entrusted by the Company, entered into an equity transfer agreement with Yonyou Chuangxin Investment, pursuant to which, National Trust agreed to purchase 2,240,000 Domestic Shares (accounting for approximately 1.03% of the total shares of the Company) held by Yonyou Chuangxin Investment; and (iii) Hwabao Trust, entrusted by the Company, entered into an equity transfer agreement with Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment, pursuant to which, Hwabao Trust agreed to purchase 3,028,745 Domestic Shares (collectively accounting for approximately 1.39% of the total shares of the Company) collectively held by Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment. Upon completion of the equity transfer, the shareholding percentage of Yonyou Chuangxin Investment in the Company will be 1.47%; the shareholding percentages of Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment in the Company will be 0.12%, 0.05%, 0.19%, 0.37% and 0.24% respectively; the shareholding percentages of Hwabao Trust and National Trust in the Company will be 1.96% and 1.03% respectively. For details, please refer to the Company's announcement dated 20 July 2015.

BUSINESS REVIEW

Development trend of the industry

In terms of policy environment, the State Council intended to promote “Internet Plus” action to help to reduce the taxation imposed upon and alleviate the burden of MSEs, and to facilitate pioneering work and innovation. The favorable policy environment not only rendered development opportunities to the MSEs in the PRC but also brought about more opportunities to the software and information technology service industry for its development.

In terms of technology environment, at the era of “Internet Plus”, informatization of enterprises entered into a new phrase. More MSEs will be based on informatization and will make use of cloud computing, big data, mobile internet and other new technologies to solve the problems restraining the development of MSEs and to realize upgrading transformation.

According to the statistical data of the State Administration for Industry and Commerce (國家工商行政管理總局), in the first half of 2015, there were 6,851 thousand newly registered market entities nationwide, representing an increase of 15.4% over the same period of last year, 2,001 thousand of which were newly registered enterprises, representing an increase of 19.4%, and 4,728 thousand of which were newly registered privately or individually-owned businesses, representing an increase of 15.9%. Owing to the obvious effect the business system reform has achieved and the booming of MSEs, the market space for the industry of software and information services targeting MSEs has been expanded.

Principal businesses and operating condition of the Group

During the Reporting Period, the Group achieved revenue of RMB189.46 million, representing an increase of 2% as compared with the same period of 2014; the profit for the period was RMB51.55 million, representing a decrease of 27% as compared with the same period of 2014; the profit attributable to owners of the parent was RMB54.48 million, representing a decrease of 25% as compared with the same period of 2014. The decrease of the profit for the period as compared with the same period of last year was mainly due to the increased operation and R&D costs incurred by the Group in relation to cloud service business during the Reporting Period, as well as the newly increased cost of Employee Trust Benefit Scheme.

During the Reporting Period, the Group firmly implemented its business development plan for strategic transformation. As at 30 June 2015, the newly registered enterprise users of its software products exceeded 60,000, and the accumulated registered enterprise users exceeded 900,000; while the newly increased MSEs users in Chanjet Cloud Service Platform reached 130,000, and the accumulated MSEs users exceeded 260,000.

1. ***Development of software products business***

During the Reporting Period, the Group continued to promote the implementation of the "software and cloud" strategy, and strived to develop mobile internetization software for enterprise management. The Group issued three versions of T^+ V12.0 products including popular version, standard version, and professional version to meet the different management demands of MSEs. T^+ V12.0 strengthened the combination with cloud applications, and integrated T^+ invoice examination and approval service and report subscription service into cloud application Biz Chat (工作圈); besides, T^+ V12.0 integrated Baidu big data technology, which assisted enterprise users with market analysis, and provided more conveniences for the management members of MSEs.

During the Reporting Period, the Group focused on promoting the "Financial Literacy Programs", "Internet and Management: New Opportunities for MSEs' Development", and other large scale market activities with great efforts. The Group provided "Internet Plus" management software to MSEs, promoted the integration of MSEs and internet, as well as facilitated the internetization development of MSEs.

During the Reporting Period, the revenue of T^+ series products increased over 50% as compared with the same period of 2014, accounting for more than 45% of the Group's revenue.

2. ***Development of enterprise's cloud service business***

(1) Development of Chanjet Cloud Service Platform

During the Reporting Period, the Group launched Chanjet Cloud Service Open Platform V2.0, which improved developer's community and development tools and started to support third-party developer to develop, issue and operate their applications on the cloud service platform. Now, there are more than 30 third-party developers intending to or having started to make application development based on the cloud service platform, three of which have already finished development and are preparing to issue and operate the same.

The Open Platform V2.0 realized enterprise shared service including data share among applications and process integration. It reconstructed metadata service and improved metadata's loading rate and access performance. It also realized automatic update of cloud applications based on different platform editions and increased development efficiency and speed of edition iteration of cloud applications.

(2) *Development of cloud applications*

During the Reporting Period, the Group continuously iterated and optimized its cloud applications including Easy Accounting Agent (易代賬), Accountant Home (會計家園), Biz Chat, and Customer Management (客戶管家), among which Biz Chat and Accountant Home are connected with T^+ series products and further realized the implementation of "software and cloud" strategy.

Easy Accounting Agent

Easy Accounting Agent optimized the user experience of mobile end, tax computation and tax declaration, which improved the efficiency of tax declaration. The application supported automatic generation of cash flow statement and automatic depreciation calculation of fixed assets depreciation sheets. Easy Accounting Agent adopted fans operation strategy and continued to strengthen precision marketing, which developed a huge amount of fan users by the ways of Accountant Home's online new user absorption and offline city community and thereby resulted in good effect of marketing of public praise.

Accountant Home

The Group launched Accountant Home V4.0 and continued to implement the operating strategy of social interactions between accountants within the city, owing to which communications and interactions between accountants within the city were enhanced and city communities have been established in more than 60 cities. Accountant Home insisted the community operation idea and allowed users to create contents. It formed a self-operated community by adopting crowd-sourcing, and established user credits system and credits store, which further stimulated the self-operation by users.

Biz Chat

Biz Chat focused on the field of collaborative work, and issued announcements, instruction requests, reimbursements, loans, working reports, and other light applications. With the constant enhancement of third-party open platform's functions, Biz Chat kept establishing cooperation within the industry via the framework of light applications, and launched many cooperative products, which gradually showed the strengths of mobile portals.

Customer Management

Five main functions, including customer share, to-do list reminding, working record share, field signature, and data backup, were added to Customer Management. Besides, the user experience thereof has been further promoted. Based on the Group's superior channel resources, the application fully exerted promotion advantages of the current cooperative partners so as to facilitate the popularization thereof targeting MSEs.

3. *Development of payment business*

During the Reporting Period, Chanjet Payment, a controlled subsidiary of the Company, fully optimized its payment business, and focused on expanding payment service among enterprises as well as its business integration with software system and cloud application services. Chanjet Payment launched the Chanjet E-bank and solutions for enterprise capital concentration, which improved the competitive advantages of payment business.

4. *Development of brands and the market*

During the Reporting Period, the Company launched MSEs Internet Plus White Paper (《小微企業互聯網+白皮書》) at the "2015 Small and Medium Enterprises Informatization Service Information Release Conference" (2015中小企業信息化服務信息發佈會) of PRC Ministry of Industry and Information Technology (中國工業和信息化部), which stated in detail the background and significance of "Internet Plus", and the Group's strategy and implementation plan to promote "Internet Plus" of the MSEs. The Group will strive to build MSEs cloud platform and intelligent cloud computing for MSEs.

During the Reporting Period, the Company launched strategic cooperation with Chuangyejia Communications and participated in activities such as black horse games, "Black Horse Plus" cloud incubating, and black horse competition, which helped to make more entrepreneurial companies to learn more about the Group and become the Group's users while introducing the Group to more entrepreneurs with developing ability and helped to attract third-party developers and talents.

5. *Development of employees and organizations*

During the Reporting Period, the Group optimized its organizational structure and allocation of resources in order to support the development of cloud service business. As at 30 June 2015, the Group had 753 employees in total, 79% of which had undergraduate degree or higher. In terms of talent development strategy, the Group helped the internal talents transform into new business talents by oriented-training and communication within industry. Meanwhile, the Group further expanded talent recruitment channels and accelerated the introduction of middle and high-end technical talents so as to establish talent structure that meets the demands of development of enterprises' internet business. In terms of talent retaining and motivation, the Group adopted creative incentive tool to establish Employee Trust Benefit Scheme, and started to implement the same after being approved at the general meeting of the Company dated 8 June 2015. The implementation of the Scheme will provide salary levels competitive in the market for the target talents needed for the achievement of the Company's strategic goal, and have positive effect on attraction, reservation and motivation of employees to develop jointly with the Company in the long run. In terms of employer brand building, in the first half year of 2015, the Group focused on strengthening internet brand building and setting up a good image for internet employer, and won the award of 2014 "The Best Chinese Employer for the Year – Internet Sector (中國互聯網年度最佳新銳僱主) in January 2015. The Company further optimized internal management and improved employees' overall satisfaction with the Company by establishing corporate culture to run after clients' experiences.

DEVELOPMENT PLAN FOR THE SECOND HALF YEAR

1. Further consolidating and expanding the market shares of software business

The Group will increase R&D investment in T+ series products and focus on strengthening its integration with cloud applications, optimizing mobile applications, integrating online payment, which will jointly improve the ecology chain of T+ series products. Besides, the Group will complete the delivery of T+ V12.1 new product and expand the market by innovating the product functions. The Group will continue to provide software product support service and optimize the Group's long-term revenue model to achieve a stable, sustained and sound development of business.

2. Striving to establish MSEs financial service ecological chain

The Group will focus on and release MSEs one-stop service platform and attract thousands of service providers to settle therein, which will provide various professional service such as commerce registration, account-keeping, tax auditing, etc. The Group will launch the accounting agent company version of Easy Accounting Agent which can help accounting agent companies to serve customers of account-keeping better, manage businesses better, and deal with account-keeping tax declaration with higher efficiency. The Group will intensify the R&D for Chanjet Cloud Service Platform so as to better support third-party developers to develop, launch and operate their application thereon, and to finish the R&D for big data platform. The Group will also increase R&D investment in cloud applications so as to develop PSI cloud applications for micro enterprises and provide service in terms of PSI management cloud applications for micro enterprises. The Group will fully start online digital marketing to enhance brand impact.

3. Accelerating development of payment business

The Group will further accelerate the R&D for enterprise payment products and expand payment business market with the current enterprise user resources. Besides, the Group will intensify marketing promotion of enterprise payment products and accelerate the construction of payment business channel system.

4. Fully building a professional team matching the transformation of cloud service business

The Group will pay high attention to talent recruitment, assignment and motivation. In the second half year, the Group will strive to introduce core talent of internet R&D and operation from other industries; at the same time, the Group will expand the recruitment scale of graduating students, which will make the talent structure of the Group more multi-level and younger. Besides, the Group will continue to promote the implementation of the Employee Trust Benefit Scheme, improve long-term incentive mechanism and salary structure system, as well as keep and enhance the competitiveness of salary. The Group will fully inspire the potentials of new and old employees and facilitate the successful completion of the transformation of the Group's cloud service business, by building corporate culture of perfection, struggling, cooperation and win-win.

FINANCIAL REVIEW

	For the six months ended 30 June			
	2015	2014	Change	Rate of
	(Unaudited)	(Unaudited)		change
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**189,456**	185,504	3,952	2
Cost of sales and services provided	**(15,269)**	(14,694)	(575)	4
Gross profit	**174,187**	170,810	3,377	2
Gross profit margin	**92%**	92%	0%	
Other income and gains, net	**37,216**	26,931	10,285	38
R&D costs	**(49,682)**	(30,302)	(19,380)	64
Selling and distribution expenses	**(64,863)**	(43,754)	(21,109)	48
Administrative expenses	**(40,561)**	(44,956)	4,395	-10
Profit before tax	**56,297**	78,729	(22,432)	-28
Income tax expense	**(4,745)**	(7,956)	3,211	-40
Profit for the period	**51,552**	70,773	(19,221)	-27
Profit attributatble to:				
Owners of the parent	**54,480**	72,745	(18,265)	-25
Non-controlling interests	**(2,928)**	(1,972)	(956)	48

Operating Results

For the six months ended 30 June 2015, the revenue of the Group was RMB189.46 million, representing an increase of 2% over the same period of last year. The profit before tax was RMB56.30 million, representing a decrease of 28% over the same period of last year and the profit for the period was RMB51.55 million, representing a decrease of 27% over the same period of last year. The profit attributable to the owners of the parent was RMB54.48 million, representing a decrease of 25% over the same period of last year; earnings per share of the Group was RMB0.25, while it was RMB0.44 for the same period of last year.

The decrease of the profit for the period over the same period of last year was mainly due to the increased R&D and operation costs incurred by the Group in relation to cloud service business and the increased cost of the Employee Trust Benefit Scheme during the Reporting Period.

Revenue

For the six months ended 30 June 2015, the revenue of the Group was RMB189.46 million, representing an increase of 2% as compared with the same period of last year, mainly due to the increase in revenue from software and services.

Cost of sales and services provided

For the six months ended 30 June 2015, the Group's cost of sales and services provided was RMB15.27 million, representing an increase of 4% as compared with the same period of last year, mainly due to the increase in cost of product support services along with the increase of revenue from product support services.

Gross profit and gross profit margin

For the six months ended 30 June 2015, the gross profit of the Group was RMB174.19 million, representing an increase of 2% as compared with the same period of last year. This was mainly due to the increase of the Group's revenue. The gross profit margins of the Group were both 92% in these two periods, basically remaining stable.

Other income and gains, net

For the six months ended 30 June 2015, the Group's other income and gains, net was RMB37.22 million, representing a growth of 38% as compared with the same period of last year, which was mainly due to the proceeds from listing, the interest income received by the Group from banks increased by RMB6.60 million as compared with the same period of last year, and the Group's contribution to principal-guaranteed wealth management products with its internal funds the revenue of which increased by RMB3.37 million as compared with the same period of last year.

Total R&D investment

The following table shows the breakdown of the total R&D investment of the Group:

	For the six months ended 30 June			
	2015		2014	
	(Unaudited) *RMB'000*	%	(Unaudited) *RMB'000*	%
R&D costs of software	**16,956**	**26**	16,356	32
R&D costs of cloud service business	**28,387**	**43**	10,817	21
R&D costs of Internet finance	**4,339**	**7**	3,129	7
R&D costs	**49,682**	**76**	30,302	60
R&D costs of cloud service business	**15,802**	**24**	20,531	40
Additional deferred development costs	**15,802**	**24**	20,531	40
Total R&D investment	**65,484**	**100**	50,833	100

For the six months ended 30 June 2015, R&D costs of the Group amounted to RMB49.68 million, representing an increase of 64% over the same period of last year, mainly due to the partial settlement of the R&D capitalization projects, resulting in more R&D investment in cloud service business included in the R&D costs. The R&D costs of cloud service business represented an increase of RMB17.57 million as compared with the same period of last year.

For the six months ended 30 June 2015, the total R&D investment of the Group amounted to RMB65.48 million, representing an increase of 29% as compared with the same period of last year, which was mainly due to the increase in the R&D investment made by the Group in cloud service business, and the total R&D investment in cloud service business increased by RMB12.84 million as compared with the same period of last year.

Selling and distribution expenses

For the six months ended 30 June 2015, the selling and distribution expenses of the Group were RMB64.86 million, representing an increase of 48% as compared with the same period of last year. The increase was mainly due to the increase in the operation, maintenance input and marketing expenditure on cloud service business of the Group.

Administrative expenses

For the six months ended 30 June 2015, the administrative expenses of the Group was RMB40.56 million, representing a decrease of 10% as compared with the same period of last year, which was mainly due to with the settlement of R&D capitalization projects, the amount for amortization of intangible assets increased by RMB10.19 million as compared with the same period of last year and the expenses of the Employee Trust Benefit Scheme incurred during the Reporting Period amounting to RMB10.39 million. The listing and intermediary expenses incurred in the same period of last year amounted to RMB23.27 million.

Income tax expense

For the six months ended 30 June 2015, the income tax expense of the Group was RMB4.75 million, representing a decrease of 40% as compared with the same period of last year, which was mainly due to the decrease in the profit before tax.

Profit attributable to owners of the parent

For the six months ended 30 June 2015, the profit attributable to owners of the parent of the Group was RMB54.48 million, representing a decrease of 25% as compared with the same period of last year.

Loss attributable to non-controlling interests

For the six months ended 30 June 2015, the loss attributable to non-controlling interest of the Group was RMB2.93 million, representing an increase of 48% as compared with the same period of last year, which was mainly due to the increased R&D as well as operation and management input made by the Group in the payment business as the Group continued to expand payment business.

Liquidity and financial resources

Condensed cash flow statements

	For the six months ended 30 June		
	2015	2014	Change
	(Unaudited)	(Unaudited)	
	RMB'000	*RMB'000*	*RMB'000*
Net cash flow from operating activities	**63,136**	71,828	(8,692)
Net cash flow used in investing activities	**(221,413)**	(34,022)	(187,391)
Net cash flow (used in)/generated from financing activities	**(205,170)**	558,425	(763,595)

Net cash flow from operating activities

For the six months ended 30 June 2015, net cash flow from operating activities of the Group was RMB63.14 million, representing a decrease of RMB8.69 million as compared with the same period of last year, which was mainly due to the increased operation and R&D input in the cloud service business of the Group.

Net cash flow used in investing activities

For the six months ended 30 June 2015, net cash flow used in investing activities of the Group was RMB221.41 million, representing an increase of RMB187.39 million as compared with the same period of last year, which was mainly due to the wealth management products, the non-pledged time deposit with original maturity of more than three months when acquired and other restricted deposit purchased during the Reporting Period , amounting to RMB200.00 million, were before maturity. The Company invested RMB9.90 million in YONYOU Mobile Telecommunications Technology Service Co., Ltd. at the same period of last year while the Group did not make such investment during the Reporting Period.

Net cash flow (used in)/generated from financing activities

For the six months ended 30 June 2015, the net cash flow used in financing activities of the Group was RMB205.17 million, which was the payment made to trustees for the Employee Trust Benefit Scheme. The net cash flow generated from financing activities of the same period of last year mainly included the injected proceeds raised from listing of the Company and the payment of dividend for 2013.

Working capital

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Cash and bank balance *(RMB'000)*	892,885	1,171,430
Current ratio	709%	1,210%
Gearing ratio	0%	0%

As at 30 June 2015, the cash and bank balance of the Group was RMB892.89 million (31 December 2014: RMB1,171.43 million).

The current ratio (calculated based on total current assets divided by the total current liabilities) of the Group as at 30 June 2015 was 709% (31 December 2014: 1,210%). The decrease in current ratio was mainly due to the increase in current liabilities resulting from the unpaid dividend for 2014 as at 30 June 2015.

The Group's gearing ratio was nil. Gearing ratio was calculated based on net debt divided by total equity. Net debt was calculated as the total amount of interest-bearing debts less restricted bank balances and cash and bank balances. The Group had no interest-bearing debt.

With stable cash inflows generated in the daily business operation, plus the net proceeds raised from listing, the Group has sufficient resources for future expansion.

Capital expenditure

For the six months ended 30 June 2015, capital expenditures of the Group mainly included deferred development costs of RMB15.80 million (for the corresponding period of last year: RMB20.53 million); expenditure on office equipment, furniture and fittings of RMB5.36 million (for the corresponding period of last year: RMB4.97 million); during the Reporting Period, the Group did not have any expenditure on software license (for the corresponding period of last year: RMB0.35 million).

Contingent liabilities

As at 30 June 2015 and 31 December 2014, the Group did not have any contingent liabilities, nor have any proposal on contingent liabilities issue.

Charges on assets

As at 30 June 2015 and 31 December 2014, the Group did not have any charges on assets.

Material investments

During the Reporting Period, the Group did not have any material investment.

Material acquisition and disposal of assets

During the Reporting Period, the Group did not have any material acquisition or disposal of assets in relation to subsidiaries or associated companies.

Foreign exchange risks

The Group conducted primarily its domestic business in Renminbi, which was also its functional currency. Chanjet U.S. and Chanjet Hong Kong, the subsidiaries of the Company, are settled in foreign currencies (primarily US dollars and HK dollars). Most of the foreign currencies held by the Group were proceeds from the listing. The Group will proceed with exchange settlement according to the progress and the plan of proceeds usage to alleviate the risk of exchange fluctuation.

Interest rate risks

The Group bore no debt obligations with a floating interest rate, thus there was no interest rate risk related to the Group.

STAFF REMUNERATION POLICY

Remuneration of the staff of the Company 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 salary and allowance. Staff's salary comprises basic salary and performance based salary. In particular, basic salary is payable monthly while performance-based salary is payable in appropriate forms based on each appraisal period and specific management requirements of the Company pursuant to the relevant laws and regulations of the PRC. Allowance comprises wage subsidy, supplementary subsidy, welfare benefits and legal benefits, etc. The Company has paid housing fund and social insurance for its employees on a monthly basis in compliance with relevant national and local laws and regulations regarding labor and social security. In particular, social insurance includes pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance, etc..

EMPLOYEE TRUST BENEFIT SCHEME

The Company adopted the Employee Trust Benefit Scheme on the annual general meeting convened on 8 June 2015, The Scheme is a long-term incentive scheme designed for the scheme participants of the Company and its subsidiaries, with Domestic Shares and/or H Shares as target shares, trust beneficial right subject to effective conditions as incentive tool and trust benefit units determined by the trustees as unit of measurement. On 16 June 2015, the Board approved the initial grant of trust benefit unit subject to effective conditions to 182 scheme participants at nil consideration under the Scheme. The total number of the target shares under the initial grant is 17,370,000, representing approximately 8% of the issued share capital of the Company as at 16 June 2015. For details, please refer to the announcements of the Company dated 13 April 2015 and 8 June 2015 and the circular of the Company dated 23 April 2015 in relation to the adoption of the Scheme, as well as the announcement of the Company dated 16 June 2015 in relation to the initial grant of trust benefit units under the Scheme. During the Reporting Period, the actual amount of proceeds used by the Company for the Employee Trust Benefit Scheme was approximately HK$74.93 million.

EVENTS AFTER THE BALANCE SHEET DATE

On 20 July 2015, (i) Hwabao Trust, entrusted by the Company, entered into an equity transfer agreement with Yonyou Chuangxin Investment, pursuant to which Hwabao Trust agreed to purchase the 1,231,255 Domestic Shares held by Yonyou Chuangxin Investment (accounting for approximately 0.57% of the total shares of the Company); (ii) National Trust, entrusted by the Company, entered into an equity transfer agreement with Yonyou Chuangxin Investment, pursuant to which National Trust agreed to purchase the 2,240,000 Domestic Shares held by Yonyou Chuangxin Investment (accounting for approximately 1.03% of the total shares of the Company); and (iii) Hwabao Trust, entrusted by the Company, entered into an equity transfer agreement with Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment, pursuant to which Hwabao Trust agreed to purchase a total of 3,028,745 Domestic Shares held by Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment, respectively (in total, accounting for approximately 1.39% of the total shares of the Company). Upon the completion of equity transfer, the shareholding percentage of Yonyou Chuangxin Investment in the Company will be 1.47%; the shareholding percentages of Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment in the Company will be 0.12%, 0.05%, 0.19%, 0.37% and 0.24%, respectively; and the shareholding percentages of Hwabao Trust and National Trust in the Company will be 1.96% and 1.03%, respectively. For details, please refer to the announcement of the Company dated 20 July 2015.

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 2015, the interests or short positions of the Directors, Supervisors and the chief executive 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 of shares of the relevant corporation (including associated corporation) held	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation)[1]	Approximate percentage of shareholdings in the relevant class of Shares of the Company[2]
Directors					
Mr. Wang	Interest in a controlled corporation [3]	The Company	157,059,513 Domestic Shares	72.32%	96.84%
	Interest in a controlled corporation [3]	Yonyou [4]	651,249,408 shares	46.33%	N/A
	Interest in a controlled corporation	Happiness Investment [5]	N/A [5]	80%[5]	N/A
	Interest in a controlled corporation	Yonyou Chuangxin Investment [6]	N/A [6]	100%[6]	N/A
Mr. Wu Zhengping [7]	Beneficial owner	Yonyou [4]	1,040,682 shares	0.07%	N/A
	Interest in a controlled corporation	Yonyou [4]	42,000,000 shares	2.99%	N/A
Mr. Zeng [8]	Interest in a controlled corporation	The Company	5,122,153 Domestic Shares	2.36%	3.16%
Supervisors					
Mr. Guo Xinping [9]	Interest in a controlled corporation	Yonyou [4]	70,029,888 shares	4.98%	N/A

Notes:

(1) The calculation is based on the total number of 217,181,666 Shares in issue of the Company as at 30 June 2015.

(2) The calculation is based on the total number of 162,181,666 Domestic Shares in issue of the Company as at 30 June 2015.

(3) Mr. Wang is the beneficial owner of 100%, 85.14% and 76.26% equity interest of Beijing Yonyou Technology Co., Ltd. (北京用友科技有限公司), Shanghai Yonyou Consultant Co., Ltd. (上海用友科技諮詢有限公司) and Beijing Yonyou Enterprise Management Research Co., Ltd. (北京用友企業管理研究所有限公司), respectively, which in turn hold approximately 29.47%, 12.70% and 4.17% of the issued shares of Yonyou, respectively. Therefore, Mr. Wang is deemed to be interested in the Shares held by Yonyou.

(4) Yonyou is the holding company of the Company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at 30 June 2015, Yonyou held 157,059,513 Domestic Shares which accounted for approximately 72.32% of the total share capital of the Company.

(5) Happiness Investment is a limited liability company incorporated in the PRC with a registered capital of RMB6.25 million and does not have any issued shares under the PRC laws. As the shareholding percentage of Yonyou in Happiness Investment is 80%, Happiness Investment is deemed as a controlled corporation of Mr. Wang. Happiness Investment holds 670,784 Domestic Shares, representing approximately 0.31% of the total share capital of the Company.

(6) Yonyou Chuangxin Investment is a limited partnership incorporated in the PRC with the total amount of subscribed and capital contribution of RMB200 million and does not have any issued shares under the PRC laws. Yonyou Chuangxin Investment is owned by Yonyou and Happiness Investment as to 99% and 1%, respectively. Therefore, Yonyou Chuangxin Investment is deemed as a controlled corporation of Mr. Wang. Yonyou Chuangxin Investment holds 6,656,255 Domestic Shares, representing approximately 3.07% of the total share capital of the Company.

(7) Mr. Wu Zhengping directly holds 1,040,682 shares of Yonyou. In the meanwhile, he is the beneficial owner of 80% equity interest of Shanghai Youfu Information Consulting Co., Ltd. (上海優富信息諮詢有限公司) ("**Shanghai Youfu**") which in turn holds 2.99% issued shares of Yonyou. Therefore, Mr. Wu Zhengping is deemed to be interested in the shares of Yonyou held by Shanghai Youfu.

(8) Mr. Zeng is the general partner of Huiyun Jiechang Investment, Yuntong Changda Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Huicai Juneng Investment and has a beneficial interest in the above limited liability partnership as to approximately 0.5%, 27.60%, 19.01%, 15.61% and 21.58%, respectively. Therefore, by virtue of Part XV of SFO, Mr. Zeng is deemed to be interested in the Domestic Shares held by Huiyun Jiechang Investment, Yuntong Changda Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Huicai Juneng Investment in the Company, respectively.

(9) Mr. Guo Xinping is the beneficial owner of 90% equity interest of Shanghai Yibei Management Consulting Co., Ltd. (上海益倍管理諮詢有限公司) ("**Shanghai Yibei**"), which in turn holds 4.98% of the issued shares of Yonyou. 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 2015, so far as the Directors, Supervisors and the chief executive of the Company are aware of, 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 Directors, 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 of Shares held	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 Shares of the Company[3]
Yonyou[4]	149,732,474	Beneficial owner		
	7,327,039	Interest in a controlled corporation		
	Total: 157,059,513 Domestic Shares		72.32%	96.84%
UBS Group AG	148,400(L)	Person who has security interest in shares		
	11,386,003(L)	Interest in a controlled corporation		
	Total: 11,534,403 H Shares(L)		5.31%	20.97%
UBS AG	3(L)	Beneficial owner		
	148,400(L)	Person who has security interest in shares		
	11,386,000(L)	Interest in a controlled corporation		
	Total: 11,534,403 H Shares(L)		5.31%	20.97%
Hillhouse Capital Management, Ltd.	3,311,000 H Shares(L)	Investment manager	1.52%	6.02%
Gaoling Fund, L.P.	3,211,000 H Shares(L)	Beneficial owner	1.48%	5.84%

Notes:

(1) (L) – Long position.

(2) The calculation is based on the total number of 217,181,666 Shares in issue of the Company as at 30 June 2015.

(3) The calculation was based on the number of 162,181,666 Domestic Shares in issue and 55,000,000 H Shares in issue of the Company as at 30 June 2015, respectively.

(4) As at 30 June 2015, Yonyou directly held 149,732,474 Domestic Shares and indirectly held 7,327,039 Domestic Shares through Happiness Investment and Yonyou Chuangxin Investment, respectively. As Happiness Investment and Yonyou Chuangxin Investment were both controlled corporations of Yonyou, Yonyou was deemed to be interested in the Domestic Shares held by Happiness Investment and Yonyou Chuangxin Investment.

Save as disclosed above, as at 30 June 2015, so far as the Directors, Supervisors and the chief executive of the Company are aware of, no other persons have interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

USE OF PROCEEDS

The H Shares of the Company 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 was HK$854.96 million.

According to the use of proceeds disclosed in the Prospectus of the Company, the actual usage as at 30 June 2015 are detailed as follows:

Planned use	**Budgeted amount**	**Actual usage amount**
	HK$	*HK$*
For the R&D and marketing of the T+ series software products	Approximately 290.69 million	Approximately 117.10 million
For the R&D of cloud platform and innovative application products	Approximately 194.08 million	Approximately 105.24 million
To support the marketing and operation of cloud services	Approximately 199.21 million	Approximately 45.92 million
To acquire relevant business and assets compatible with business strategies	Approximately 85.49 million	Nil
To fund general working capital	Approximately 85.49 million	Approximately 53.57 million
Total	Approximately 854.96 million	Approximately 321.83 million

As at 30 June 2015, the balance of the special account for the proceeds from H Shares issuance of the Company was HK$116.49 million and RMB344.90 million (including interest income of HK$5.82 million and RMB8.33 million).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MATERIAL LEGAL MATTERS

So far as the Board is aware of, as at 30 June 2015, the Group was not involved in any material litigation or arbitration, nor any pending or possible threatened legal litigation or claims against the Group that could be raised.

INTERIM DIVIDENDS

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

CORPORATE GOVERNANCE CODE

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

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules, and requires Directors and Supervisors to deal with securities in accordance with the Model Code. The Model Code is also applicable to the senior management of the Company. After making specific enquiries by the Company, all Directors and Supervisors confirmed that they had fully complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee according to the provisions of the Listing Rules. The audit committee consists of Mr. Chen, Kevin Chien-wen, Mr. Wu Zhengping and Mr. Lau, Chun Fai Douglas, among whom, Mr. Chen, Kevin Chien-wen is the chairman of the committee. External auditors of the Company have reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015. On 28 August 2015, the audit committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015 and concluded that such financial statements had been prepared in accordance with applicable accounting standards and requirements and had made adequate disclosure.

EY 安永

The Board of Directors of Chanjet Information Technology Company Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 58, which comprises the condensed consolidated statement of financial position of Chanjet Information Technology Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") as at 30 June 2015 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provision thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
28 August 2015

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2015 (Unaudited) *RMB'000*	2014 (Unaudited) *RMB'000*
Revenue	3	**189,456**	185,504
Cost of sales and services provided	4	**(15,269)**	(14,694)
Gross profit		**174,187**	170,810
Other income and gains, net	3	**37,216**	26,931
Research and development costs	4	**(49,682)**	(30,302)
Selling and distribution expenses		**(64,863)**	(43,754)
Administrative expenses		**(40,561)**	(44,956)
Profit before tax	4	**56,297**	78,729
Income tax expense	5	**(4,745)**	(7,956)
Profit for the period		**51,552**	70,773
Attributable to:			
Owners of the parent		**54,480**	72,745
Non-controlling interests		**(2,928)**	(1,972)
		51,552	70,773
Earnings per share attributable to ordinary equity holders of the parent			
Basic *(cents)*	7	**25.1**	44.4
Diluted *(cents)*	7	**25.1**	44.4

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit for the period	**51,552**	70,773
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(12)**	164
Other comprehensive income for the period, net of tax	**(12)**	164
Total comprehensive income for the period, net of tax	**51,540**	70,937
Attributable to:		
Owners of the parent	**54,468**	72,909
Non-controlling interests	**(2,928)**	(1,972)
	51,540	70,937

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	8	17,287	15,893
Intangible assets	9	115,330	110,077
Available-for-sale equity investments	10	19,900	19,900
Deferred tax assets		5,030	4,470
Total non-current assets		157,547	150,340
Current assets			
Inventories		558	1,175
Trade receivables	11	1,529	534
Prepayments, deposits and other receivables	12	272,558	13,140
Due from a related party	22(b)	–	6,820
Cash and bank balances	13	892,885	1,171,430
Customer reserves	14	11,261	–
Available-for-sale investment	15	60,000	–
Total current assets		1,238,791	1,193,099
Current liabilities			
Trade payables	16	6,203	5,539
Other payables and accruals	17	159,653	82,589
Due to related parties	22(b)	637	–
Tax payable		8,159	10,455
Total current liabilities		174,652	98,583
Net current assets		1,064,139	1,094,516
Total assets less current liabilities		1,221,686	1,244,856

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Non-current liabilities			
Deferred tax liabilities		383	777
Total non-current liabilities		383	777
Net assets		1,221,303	1,244,079
Equity attributable to owners of the parent			
Issued capital	18	217,182	217,182
Reserves		987,842	922,989
Proposed final dividend	6	–	84,701
		1,205,024	1,224,872
Non-controlling interests		16,279	19,207
Total equity		1,221,303	1,244,079

	Attributable to owners of the parent										
	Issued capital	Capital reserve*/(i)	Merger reserve*	Capital contribution */ (ii)	Statutory reserve*	Exchange fluctuation reserve*	Retained profits/ (Accumulated losses)*	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2014	162,182	247,033	(4)	545	39,853	(106)	(4,957)	102,174	546,720	23,922	570,642
Profit for the period	–	–	–	–	–	–	72,745	–	72,745	(1,972)	70,773
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	164	–	–	164	–	164
Total comprehensive income for the period	–	–	–	–	–	164	72,745	–	72,909	(1,972)	70,937
Final 2013 dividend declared	–	–	–	–	–	–	–	(102,174)	(102,174)	–	(102,174)
Issue of shares *(iii)*	55,000	660,285	–	–	–	–	–	–	715,285	–	715,285
Share issue expenses	–	(36,523)	–	–	–	–	–	–	(36,523)	–	(36,523)
As at 30 June 2014 (Unaudited)	217,182	870,795	(4)	545	39,853	58	67,788	–	1,196,217	21,950	1,218,167

* These reserve accounts comprise the consolidated reserves of RMB979,035,000 in the consolidated statement of financial position as at 30 June 2014.

	Attributable to owners of the parent											
	Issued capital	Capital reserve*/*(i)*	Merger reserve*	Share-based payment reserve*/*(iv)*	Capital contribution*/ *(ii)*	Statutory reserve*	Exchange fluctuation reserve*	Retained profits*	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2015	217,182	870,795	(4)	–	545	51,415	(182)	420	84,701	1,224,872	19,207	1,244,079
Profit for the period	–	–	–	–	–	–	–	54,480	–	54,480	(2,928)	51,552
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(12)	–	–	(12)	–	(12)
Total comprehensive income for the period	–	–	–	–	–	–	(12)	54,480	–	54,468	(2,928)	51,540
Share-based payment *(note 19)*	–	–	–	10,385	–	–	–	–	–	10,385	–	10,385
Final 2014 dividend declared	–	–	–	–	–	–	–	–	(84,701)	(84,701)	–	(84,701)
As at 30 June 2015 (Unaudited)	217,182	870,795	(4)	10,385	545	51,415	(194)	54,900	–	1,205,024	16,279	1,221,303

* These reserve accounts comprise the consolidated reserves of RMB987,842,000 in the consolidated statement of financial position as at 30 June 2015.

Notes:

i) Capital reserve represents the amount in excess of the par value paid by investors.

ii) Capital contribution represents the expenses incurred by the holding company for the Company's share-based payment scheme.

iii) In connection with the Company's global offering, 55,000,000 ordinary shares of the Company of RMB1.00 each were issued at a price of HK$16.38 per share for a total cash consideration, before expenses, of approximately RMB715,285,000. Dealings in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") commenced on 26 June 2014.

iv) Share-based payment reserve represents the cost of equity-settled transactions under an employee trust benefit scheme (the "**Scheme**"), which is described in note 19 to the financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Operating activities		
Profit before tax	**56,297**	78,729
Adjustments for:		
Exchange gains	**(4,902)**	(95)
Interest income	**(9,099)**	(2,498)
Depreciation of property, plant and equipment	**3,837**	1,210
Amortisation of intangible assets and other non-current assets	**10,578**	146
Gain on disposal of property, plant and equipment	**(7)**	(29)
Interest on financial investments	**(2,362)**	–
Gains on financial investments	**(2,082)**	(1,074)
Expensed listing fees	**–**	23,265
Share-based payment expense	**10,385**	–
	62,645	99,654
(Increase)/decrease in financial assets	**12,628**	(36)
Decrease in financial liabilities	**(14,180)**	(20,289)
Others	**618**	(5,083)
Cash generated from operations	**61,711**	74,246
Interest received	**9,420**	2,498
Income taxes paid	**(7,995)**	(4,916)
Net cash flows from operating activities	**63,136**	71,828

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	*RMB'000*	*RMB'000*
Investing activities			
Additions to intangible assets		(16,364)	(20,263)
Purchases of financial investments		(450,000)	(20,000)
Proceeds from disposal of financial investments		330,000	20,000
Non-pledged time deposits with original maturity of more than three months when acquired		(20,000)	–
Increase of other restricted deposit		(60,000)	–
Purchases of available-for-sale equity investments		–	(9,900)
Others		(5,049)	(3,859)
Net cash flows used in investing activities		(221,413)	(34,022)
Financing activities			
Proceeds from issue of shares		–	715,285
Listing expenses		–	(54,686)
Dividends paid		–	(102,174)
Shares purchase fund held by the trustee for share-based payment	12	(205,170)	–
Net cash flows (used in)/generated from financing activities		(205,170)	558,425
Net (decrease)/increase in cash and cash equivalents		(363,447)	596,231
Cash and cash equivalents at the beginning of period		1,171,430	572,952
Effect of foreign exchange rate changes, net		4,902	95
Cash and cash equivalents at the end of period		812,885	1,169,278
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the statement of financial position	13	892,885	1,120,278
Available-for-sale investment		–	49,000
Non-pledged time deposits with original maturity of more than three months when acquired	13	(20,000)	–
Other restricted deposit	13	(60,000)	–
Cash and cash equivalents as stated in the statement of cash flows		812,885	1,169,278

1. CORPORATE INFORMATION

Chanjet Information Technology Company Limited (the "**Company**"), formerly known as Chanjet Software Company Limited, was established in the People's Republic of China (the "**PRC**") as a company with limited liability on 19 March 2010. The Company became a joint stock company with limited liability on 8 September 2011 in the PRC and changed its name to Chanjet Information Technology Company Limited. The registered office of the Company is located at Block D, Building 20, YONYOU Software Park, No. 68 Beiqing Road, Haidian District, Beijing, the PRC. The Company is principally engaged in the internet information services (excluding news, publication, education, medical care, medicine and medical devices, and including electronic bulletin service); 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.

The Company's H shares were listed on the Main Board of the Hong Kong Stock Exchange on 26 June 2014.

In the opinion of the directors, the holding company of the Company is Yonyou Network Technology Co., Ltd. ("**YONYOU**") and the ultimate holding company of the Company is Beijing Yonyou Technology Co., Ltd. which is incorporated in the PRC.

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

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 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 unaudited 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 audited financial statements as at 31 December 2014.

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

2.2 Impact of new and amended International Financial Reporting Standards ("IFRSs")

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 July 2014. It is expected that the amendments are not relevant to the Group since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

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

2.2 Impact of new and amended International Financial Reporting Standards (Continued)

Annual Improvements 2010 – 2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition shall contain a service condition
- A performance target shall be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in the current interim period, and thus, this amendment has had no impact on the Group's accounting policies.

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

2.2 Impact of new and amended International Financial Reporting Standards (Continued)

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment has had no impact on the Group's accounting policies.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- an entity shall disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar".

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group's operating activities are attributable to a single operating segment. These amendments have had no impact on the consolidated financial statements of the Group.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued with reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

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

2.2 Impact of new and amended International Financial Reporting Standards (Continued)

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011 – 2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- this scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This is consistent with the Group's current accounting policies, and thus this amendment has had no impact on the Group's accounting policies.

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

2.3 Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the financial statements.

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[4]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results and financial position.

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

2.4 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014.

Share-based payment

The Company operates an Employee Trust Benefit Scheme ("**Scheme**") or ("**Employee Trust Benefit Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured with reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes Model and the Monte Carlo method, further details of which are set out in note 19 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

2.4 Significant accounting policies (Continued)

Share-based payment (Continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense shall be recognised in accordance with the unamended terms if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it shall be treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of treasury shares acquired for the Scheme is reflected as additional share dilution in the calculation of earnings per share.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of software sold, after allowances for returns and trade discounts, and excludes sales taxes; it also includes the value of services rendered during the period:

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

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sale of software	**170,096**	169,278
Rendering of services	**18,898**	14,619
Sale of purchased goods	**462**	1,607
	189,456	185,504
Other income and gains		
Value-added tax refunds	**23,645**	20,935
Government grants	**–**	2,212
Interest income	**9,099**	2,498
Interest on financial investments	**2,362**	–
Gains on financial investments	**2,082**	1,074
Others	**28**	212
	37,216	26,931

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of software sold	**7,028**	8,156
Cost of services rendered	**7,527**	5,588
Cost of purchased goods sold	**714**	950
Total cost of sales and services provided	**15,269**	14,694
Depreciation	**3,837**	1,210
Amortisation of intangible assets	**10,578**	146
Research and development costs	**49,682**	30,302
Listing expenses	**–**	23,265
Employee benefit expenses (including directors' and chief executive's remuneration other than below):	**96,552**	79,136
Equity-settled share-based expense	**10,385**	–
Pension scheme contributions	**9,307**	7,442
	116,244	86,578
Less: Employee benefit expenses being capitalised in intangible assets	**(15,414)**	(18,067)
	100,830	68,511

5. INCOME TAX

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax	**5,699**	7,265
Deferred tax	**(954)**	691
Total tax charge for the period	**4,745**	7,956

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% is applied to the Company and its subsidiary established in the PRC for the six months ended 30 June 2014 and 2015.

The Company was recognised as a key software enterprise in the state planning for the years 2013 and 2014, so the Company enjoyed a 10% income tax rate for the six months ended 30 June 2014. The Company has not started to apply for key software enterprise in the state planning as at 30 June 2015 and there is no assurance that the Company will be recognised as a key software enterprise.

The Company, as a qualified high and new technology enterprise, was subject to income tax at the rate of 15% during the six months ended 30 June 2015.

The Company, as a high and new technology enterprise, was also entitled to deduct qualifying research and development expense from taxable profit during the six months ended 30 June 2014 and 2015.

The subsidiary incorporated in Hong Kong is subject to profits tax at the rate of 16.5% during the six months ended 30 June 2014 and 2015. No provision for Hong Kong profits tax has been made as the Group did not have any assessable profit arising in Hong Kong during the six months ended 30 June 2014 and 2015.

The subsidiary incorporated in the US is subject to income tax at the rate of 23.84% during the six months ended 30 June 2014 and 2015.

6. DIVIDENDS

The board of directors of the Company does not recommend the distribution of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

The proposed final dividend for the year ended 31 December 2014 was approved by the Company's shareholders during the 2014 annual general meeting of shareholders.

The proposed final dividend for the year ended 31 December 2014 is based on the total number of ordinary shares of 217,181,666.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 163,709,444 during the six months ended 30 June 2014 and the weighted average number of ordinary shares of 217,181,666 during the six months ended 30 June 2015 in issue, respectively, as adjusted to reflect the new shares issued during the six months ended 30 June 2014 and the six months ended 30 June 2015.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic 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 Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2014 and 2015.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the calculation of the basic earnings per share *(RMB'000)*	**54,480**	72,745
Shares		
Weighted average number of ordinary shares in issue during the period used in the calculation of basic earnings per share	**217,181,666**	163,709,444

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment at a cost of RMB5,362,000 (six months ended 30 June 2014: RMB4,973,000).

Items of property, plant and equipment with an aggregate net carrying value of RMB3,000 (six months ended 30 June 2014: RMB11,000) were disposed of by the Group during the six months ended 30 June 2015, resulted in a net gain on disposal of RMB7,000 (six months ended 30 June 2014: RMB29,000).

During the six months ended 30 June 2015, the total amount of depreciation of property, plant and equipment was RMB3,965,000, of which an amount of RMB3,837,000 was charged to profit or loss, and an amount of RMB128,000 was capitalised into deferred development costs.

During the six months ended 30 June 2014, the total amount of depreciation of property, plant and equipment was RMB1,830,000, of which an amount of RMB1,210,000 was charged to profit or loss, and an amount of RMB620,000 was capitalised into deferred development costs.

9. INTANGIBLE ASSETS

During the six months ended 30 June 2015, the addition of intangible assets was RMB15,835,000 (six months ended 30 June 2014: RMB20,883,000).

During the six months ended 30 June 2015, the total amount of amortisation of intangible assets was RMB10,582,000 (six months ended 30 June 2014: RMB146,000), of which an amount of RMB10,578,000 was charged to profit or loss, and an amount of RMB4,000 was capitalised into deferred development costs.

10. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Unlisted investments, at cost	**19,900**	19,900

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Beijing YONYOU Happiness Yunchuang Entrepreneurship Investment Centre (Limited Partnership)	Beijing, China 22 November 2013	RMB100,000,000	10.0	–	Investment and asset management
YONYOU Mobile Telecommunications Technology Service Co,. Ltd ("**YONYOU Mobile**")	Beijing, China 4 March 2014	RMB50,000,000	19.8	–	Technical development

11. TRADE RECEIVABLES

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Trade receivables	**1,529**	534

Only a very small portion of the Group's customers could enjoy the credit policy and the average trade credit period is approximately 90 days. Other customers are required to make payments in advance. In view of the fact that the balance of trade receivables is immaterial and the above balances relate to receivables for which there was no recent history of default, there is no significant concentration of credit risk.

Trade receivables are non-interest-bearing. Amounts included in trade receivables were denominated in RMB.

The ageing of the trade receivables as at 30 June 2015 and 31 December 2014, based on the invoice date, is all within 180 days.

12. PREPAYMENTS, DEPOSITES AND OTHER RECIEVABLES

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Staff advances	439	228
Shares purchase fund held by the trustee for share-based payment	205,170	–
Deposit and other receivables	66,949	12,912
	272,558	13,140
Less: Impairment	–	–
	272,558	13,140

The shares purchase fund held by the trustee for share-based payment was paid to Hwabao Trust Co., Ltd. ("**Hwabao Trust**") in order to purchase the target shares under the Employee Trust Benefit Scheme.

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

13. CASH AND BANK BALANCES

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Cash on hand	**186**	304
Bank balances	**368,025**	717,150
Non-pledged time deposits	**524,674**	453,976
Cash and bank balances	**892,885**	1,171,430
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**(20,000)**	–
Other restricted deposit	**(60,000)**	–
Cash and cash equivalents as stated in the statement of cash flows	**812,885**	1,171,430

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

The Group's non-pledged time deposits with original maturity of more than three months when acquired is an intelligent deposit from China Merchants Bank held by Beijing Chanjet Payment Technology Co., Ltd. ("**Chanjet Payment**"), a non-wholly-owned subsidiary of the Company. Other restricted deposit is a structural deposit from China Everbright Bank Co., Ltd held by the Company.

14. CUSTOMER RESERVES

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Customer reserves	**11,261**	–

Customer reserves represent the client's reserves received by Chanjet Payment.

15. AVAILABLE-FOR-SALE INVESTMENT

As at 30 June 2015, a current guaranteed floating income product amounting to RMB60,000,000 purchased from the China CITIC Bank by the Company with an interest rate capped to 4.6% could not be redeemed in advance and its original maturity is more than three months from the date of purchase.

16. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2015 and 31 December 2014, based on the invoice date, is as follows:

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Within 90 days	**4,801**	5,519
90 days to 1 year	**1,390**	8
Over 1 year	**12**	12
	6,203	5,539

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

17. OTHER PAYABLES AND ACCRUALS

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Advances from customers	**21,439**	24,759
Tax payable (other than income tax)	**7,929**	12,282
Staff payroll and welfare payables	**25,489**	32,213
Dividend payable	**84,701**	–
Other payables	**20,095**	13,335
	159,653	82,589

Except for the dividend payable, which was distributed on 17 July 2015, other payables and accruals are non-interest-bearing and have no fixed terms of repayment.

18. ISSUED CAPITAL

The number of shares of the Company and their nominal value as at 30 June 2015 are as follows:

	30 June 2015		31 December 2014	
	Number of shares (Unaudited) ***'000 shares***	**Nominal value (Unaudited)** ***RMB'000***	Number of shares (Audited) *'000 shares*	Nominal value (Audited) *RMB'000*
Registered, issued and fully paid:				
Domestic shares of RMB1.00 each	**162,182**	**162,182**	162,182	162,182
H shares of RMB1.00 each	**55,000**	**55,000**	55,000	55,000
	217,182	**217,182**	217,182	217,182

18. ISSUED CAPITAL (Continued)

A summary of the movements in the Company's issued share capital for the six months ended 30 June 2015 is as follows:

	30 June 2015		31 December 2014	
	Number of shares (Unaudited) *'000 shares*	Nominal value (Unaudited) *RMB'000*	Number of shares (Audited) *'000 shares*	Nominal value (Audited) *RMB'000*
At beginning of period/year	217,182	217,182	162,182	162,182
Public offer of H shares	–	–	55,000	55,000
	217,182	217,182	217,182	217,182

Regarding the public offer of H shares, please refer to the notes to the unaudited interim condensed consolidated statement of changes in equity for details.

19. SHARE-BASED PAYMENT

The Company operates an Employee Trust Benefit 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 Scheme (including certain directors and supervisors) shall be employees of the Company and its subsidiaries including mid-level and senior management, experts and core personnel who are essential for realising the strategic goal of the Company. The Scheme became effective on 8 June 2015 and, unless otherwise cancelled or amended, will remain in force for 6 years from that date.

The Company engaged or through its subsidiaries engaged three separate qualified agents which are independent from each other to act as the trustees under the Scheme to set up three trusts, a connected trust that holds domestic shares only for the benefit of the Scheme participants who are connected persons of the Company and two non-connected trusts (one for mainland China Scheme participants and one for overseas Scheme participants) that hold domestic shares and/or H shares for the benefit of the Scheme participants who are not connected persons of the Company.

The trust fund paid by the Company or through its subsidiaries to each trustee for setting up the connected trust and non-connected trust comes from the internal funds as well as its initial public offering proceeds that can be used in this regard.

19. SHARE-BASED PAYMENT (Continued)

The total number of the target shares to be purchased by the trustees under the Scheme shall be 10% of the total share capital of the Company in issue as at the date of approval of the Scheme at the 2014 annual general meeting (the "**AGM**"), being 21,718,166 shares out of 217,181,666 shares. Trust benefit units subject to the effective conditions will be granted to the Scheme participant through initial grant, subsequent grant(s) and re-grant(s). Initial grant and subsequent grant(s) shall be completed by 31 December 2016 and re-grant(s) shall be completed within two years from the date of approval of the Scheme at the AGM.

During the term of the Scheme, the total number of the target shares will be subject to adjustment in accordance with the adjustment mechanisms stated in the rules of Scheme following capitalising the common reserves, bonus issues, share sub-divisions, share consolidation, etc. In the event of rights issue, the board of directors of the Company will be authorised by the general meeting to decide whether actions shall be taken by the Company to adjust the total number of target shares under the Scheme to 10% of the enlarged total share capital of the Company so that the ratio of target shares in the total share capital of the Company under the Scheme remains unchanged.

For each grant, there are three unlocking dates, being the expiry dates of the first anniversary, second anniversary and third anniversary of the grant date, subject to the unlocking conditions and upon expiry of which, 30%, 30% and 40% of the trust benefit units granted to each Scheme participant shall be unlocked. The lock-up period is from the grant date to each of the aforesaid unlocking dates, during which the disposal of the trust benefit units is prohibited.

The exercise period for the Scheme participants excluding directors, supervisors and senior management of the Company is within one (1) year after the unlocking date, during which they have the right to apply for exercising their trust benefit units. The Scheme participants who are directors, supervisors and senior management of the Company can apply for exercising the trust benefit units from the unlocking date to the date of liquidation of the trusts as prescribed in the trust deeds between the Company and the trustees.

On 16 June 2015, the board of directors of the Company approved the initial grant of trust benefit units subject to effective conditions to 182 Scheme participants, including one director, two supervisors, mid-level and senior management, experts and core personnel of the Group, at nil consideration under the Scheme. The total number of the target shares under the initial grant is 17,370,000, representing approximately 8% of the issued share capital of the Company as at 16 June 2015. The trustees will purchase 17,370,000 target shares under the initial grant from domestic shareholders or on the secondary market.

19. SHARE-BASED PAYMENT (Continued)

The Scheme participants are entitled to the dividends attached to the target shares.

The fair value at the grant date is estimated using the Black-Scholes Model and the Monte Carlo method, taking into account the terms and conditions upon which the shares were granted. The fair value of shares granted during the six months ended 30 June 2015 was estimated on the date of grant using the following assumptions:

Dividend yield	0.00%
Expected volatility	51.50% – 63.20%
Risk-free interest rate	0.157% – 1.815%
Expected life *(years)*	1 – 10
Weighted average share price *(RMB per share)*	24.60

The fair value of the shares granted at the grant date was RMB427,285,000. For the six months ended 30 June 2015, the Group has recognized a share-based payment expense of RMB10,385,000 in profit or loss.

20. OPERATING LEASES ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms initially ranging from one to four years.

As at 30 June 2015 and 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Within one year	**4,359**	1,446
In the second to fifth years, inclusive	**374**	176
	4,733	1,622

21. COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Contracted, but not provided for:		
Capital contributions payable to equity investment	**3,750**	–

22. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

During the six months ended 30 June 2014 and 2015, the Group entered into the following significant transactions with related parties:

Nature of transaction/ relationship/ name of related party	For the six months ended 30 June 2015 (Unaudited) *RMB'000*	2014 (Unaudited) *RMB'000*
Purchases of goods and services from		
The holding company		
YONYOU	377	304
Fellow subsidiary of the holding company		
YONYOU Mobile	26	–
	403	304

Nature of transaction/ relationship/ name of related party	Six months ended 30 June 2015 (Unaudited) *RMB'000*	2014 (Unaudited) *RMB'000*
Rental expenses paid to		
The holding company		
YONYOU	2,052	1,924
Fellow subsidiaries of the holding company		
YONYOU YUNDA Information Technology Services (Nanchang) Co., Ltd.	–	465
YONYOU (Nanchang) Industry Base Development Co., Ltd. ("**YONYOU NANCHANG**")	446	–
	2,498	2,389

The purchases from related parties as well as the rental expenses paid to related parties are made on terms equivalent to those that prevail in arm's length transactions.

22. RELATED PARTY DISCLOSURES (Continued)

(b) Outstanding balances with related parties

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

Due from a related party

Relationship/ name of related party	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Trade related:		
Fellow subsidiary of the holding company		
YONYOU Mobile	–	6,820
	–	6,820

The amount due from a related party was unsecured, interest-free and repayable on demand.

Due to related parties

Relationship/ name of related party	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
Trade related:		
The holding company		
YONYOU	191	–
Fellow subsidiary of the holding company		
YONYOU NANCHANG	446	–
	637	–

22. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Short term employee benefits	4,333	2,392
Post-employment benefits	191	132
Share-based payment	3,269	–
Total compensation paid to key management personnel	7,793	2,524

23. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of available-for-sale investments which is categorised as Level 2 fair value hierarchy has been estimated by discounting the expected future cash flows using an equivalent market interest rate of 4.6%, for a similar available-for-sale investment.

The Group determines there is no transfer occurred between levels in the hierarchy by reassessing the categorisation of the available-for-sale investments at the end of the interim period.

24. EVENTS AFTER THE REPORTING PERIOD

To implement the Scheme, the Company has entrusted Hwabao Trust to set up the trust for the benefit of the participants of the Scheme who are not connected persons of the Company, and has entrusted National Trust Co., Ltd. ("**National Trust**") to set up the trust for the benefit of participants of the Scheme who are connected persons of the Company.

On 20 July 2015, Hwabao Trust, entrusted by the Company, entered into the Equity Transfer Agreement with Beijing YONYOU Chuangxin Investment Management Centre (Limited Partnership) ("**Chuangxin Investment**"), pursuant to which Hwabao Trust agreed to purchase the 1,231,255 domestic shares held by Chuangxin Investment. The aggregate consideration is RMB26,668,983.30.

On 20 July 2015, National Trust, entrusted by the Company, entered into the Equity Transfer Agreement with Chuangxin Investment, pursuant to which National Trust agreed to purchase the 2,240,000 domestic shares held by Chuangxin Investment. The aggregate consideration is RMB48,518,400.00.

On 20 July 2015, Hwabao Trust, entrusted by the Company, entered into the Equity Transfer Agreement with Beijing Huicai Juneng Investment Management Centre (Limited Partnership) ("**Huicai Juneng Investment**"), Beijing Huiyun Jiechang Investment Management Centre (Limited Partnership) ("**Huiyun Jiechang Investment**"), Beijing Puyun Huitian Investment Management Centre (Limited Partnership) ("**Puyun Huitian Investment**"), Beijing Tongyun Jitian Investment Management Centre (Limited Partnership) ("**Tongyun Jitian Investment**") and Beijing Yuntong Changda Investment Management Centre (Limited Partnership) ("**Yuntong Changda Investment**"), pursuant to which Hwabao Trust agreed to purchase the 634,667, 989,333, 635,555, 228,069 and 541,121 domestic shares held by Huicai Juneng Investment, Huiyun Jiechang Investment, Puyun Huitian Investment, Tongyun Jitian Investment and Yuntong Changda Investment, respectively. The aggregate consideration is RMB65,602,616.70.

25. CONTINGENT LIABILITIES

As at 30 June 2015 and 31 December 2014, the Group had no significant contingent liabilities.

26. APPROVAL OF ISSUANCE OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2015.

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

"Board"	the board of Directors of the Company
"Chanjet Hong Kong"	Chanjet Information Technology (Hong Kong) Limited (暢捷通信息技術（香港）有限公司), a company incorporated in Hong Kong with limited liability on 22 August 2012 and a wholly-owned subsidiary of the Company
"Chanjet Payment"	Beijing Chanjet Payment Technology Co., Ltd. (北京暢捷通支付技術有限公司) was established in the PRC on 29 July 2013 with limited liability and was owned as to 75.1% by the Company
"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
"Chuangyejia Communications"	Beijing Chuangye Chuangmei Communications Technology Co., Ltd. (北京創業創媒傳媒技術有限公司)
"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 were listed and traded on the Hong Kong Stock Exchange
"Director(s)"	member(s) of the Board, including all executive, non-executive and independent non-executive directors of the Company
"Domestic Share(s)"	ordinary share(s) of the Company's capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
"Group"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"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 80% of shares
“HK$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huicai Juneng Investment”	Beijing Huicai Juneng Investment Management Centre (Limited Partnership) (北京匯才聚能投資管理中心(有限合夥)), a limited partnership established in the PRC on 30 August 2011 by Mr. Zeng, as a general partner, and certain senior management, employees and ex-employees of the Company as limited partners
“Huiyun Jiechang Investment”	Beijing Huiyun Jiechang Investment Management Centre (Limited Partnership) (北京匯雲捷暢投資管理中心(有限合夥)), a limited partnership established in the PRC on 26 November 2012 by Mr. Zeng, as a general partner, and certain senior management, employees and ex-employees of the Company as limited partners
“Hwabao Trust”	Hwabao Trust Co., Ltd. (華寶信託有限責任公司), a company established in the PRC with limited liability on 10 September 1998
“Independent Third Party(ies)”	an individual(s) or a company(ies) who/which is/are independent of and not connected with (within the meaning of the Listing Rules) any of Directors, Supervisors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mr. Wang”	Mr. Wang Wenjing, the Chairman, non-executive Director and the ultimate controlling Shareholder

"Mr. Zeng"	Mr. Zeng Zhiyong, the executive Director and the president
"MSE(s)"	micro and small scale enterprise(s)
"National Trust"	National Trust Co., Ltd. (國民信託有限公司), a company established in the PRC with limited liability on 12 January 1987
"Non-Competition Undertakings"	the non-competition undertakings that apply to the payment services provided by Chanjet Payment under the non-competition agreement entered into by Yonyou, Mr. Wang and the Company on 17 February 2014 and the confirmation issued by Yonyou to the Company on 11 April 2014, respectively (Details set out in the prospectus of the Company dated 16 June 2014)
"Puyun Huitian Investment"	Beijing Puyun Huitian Investment Management Centre (Limited Partnership) (北京普雲慧天投資管理中心（有限合夥）), a limited partnership established in the PRC on 29 August 2011 by Mr. Zeng, as a general partner, and certain senior management, employees and ex-employees of the Company as limited partners
"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, Macau Special Administration Region of the PRC or Taiwan
"Prospectus"	the prospectus of the Company published on 16 June 2014
"Reporting Period"	the six months ended 30 June 2015
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Scheme" or "Employee Trust Benefit Scheme"	the employee trust benefit scheme of the Company adopted on 8 June 2015
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) of the Company with nominal value of RMB1.00 each
"Shareholder(s)"	holders of the Shares of the Company

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Substantial Shareholder"	has the meaning ascribed to it in the SFO
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Tongyun Jitian Investment"	Beijing Tongyun Jitian Investment Management Centre (Limited Partnership) (北京通雲濟天投資管理中心（有限合夥）), a limited partnership established in the PRC on 30 August 2011 by Mr. Zeng, as a general partner, and certain senior management, employees and ex-employees of the Company as limited partners
"US dollars"	United States dollars, the lawful currency for the time being 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 limited company incorporated in the PRC on 18 January 1995, the shares of which are listed on the Shanghai Stock Exchange (上海證券交易所) (Stock Code: 600588). It is our controlling Shareholder
"Yonyou Chuangxin Investment"	Beijing Yonyou Chuangxin Investment Centre (Limited Partnership) (北京用友創新投資中心（有限合夥）), a limited partnership established in the PRC on 23 June 2010 and owned by Yonyou and Happiness Investment as to 99% and 1% respectively
"Yuntong Changda Investment"	Beijing Yuntong Changda Investment Management Centre (Limited Partnership) (北京雲通暢達投資管理中心（有限合夥）), a limited partnership established in the PRC on 30 August 2011 by Mr. Zeng, as a general partner, and certain senior management and employees of the Company as limited partners
"%"	per cent