



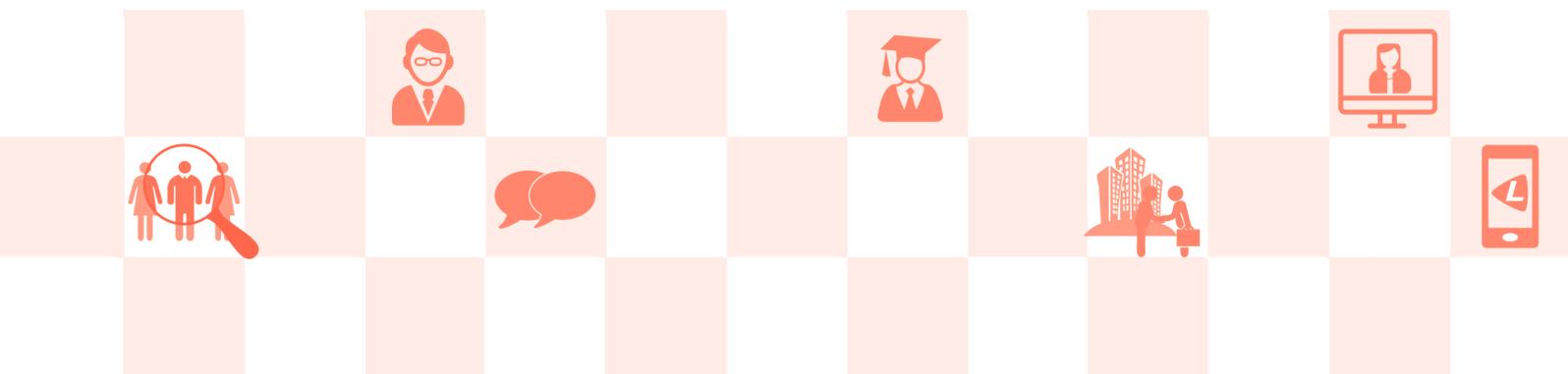
# Tongdao Liepin Group

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6100



# INTERIM REPORT 2020



# CONTENTS

Definitions	2
Corporate Information	5
Financial Highlights	6
Chairman's Statement	7
Management Discussion and Analysis	9
Corporate Governance and Other Information	22
Consolidated Statement of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Financial Position	37
Consolidated Statement of Changes in Equity	39
Condensed Consolidated Statement of Cash Flows	41
Notes to the Unaudited Interim Financial Report	42

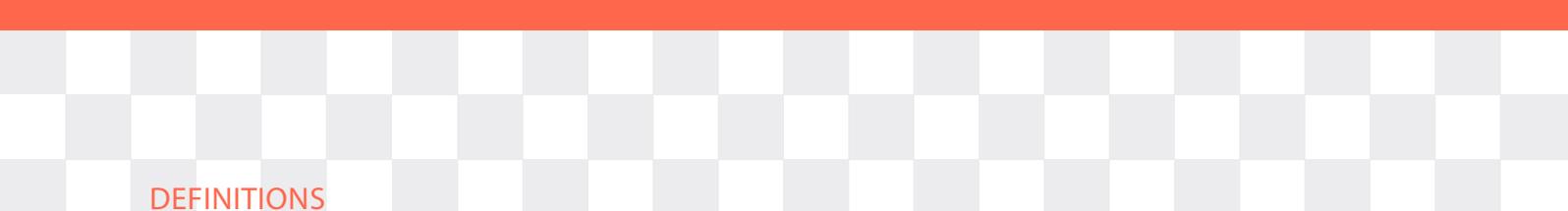


## DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

<b>“AI”</b>	artificial intelligence
<b>“Audit Committee”</b>	the audit committee of our Company
<b>“Average annual salary of registered individual users”</b>	the average annual salary of all registered individual users who have provided to the Company with their salary information, which accounted for a substantial majority of all registered individual users
<b>“Big Data”</b>	big data
<b>“Board”</b>	the board of directors of our Company
<b>“Business customers”</b>	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
<b>“CAGR”</b>	compound annual growth rate
<b>“Company”, “our Company”, or “the Company”</b>	Tongdao Liepin Group (formerly known as Wise Talent Information Technology Co., Ltd), (stock code: 6100), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
<b>“Director(s)”</b>	the director(s) of our Company
<b>“GDP”</b>	Gross Domestic Product
<b>“Group”, “our Group”, “the Group”, “we”, “us”, or “our”</b>	the Company and its subsidiaries from time to time
<b>“Headhunter-assisted, closed-loop talent acquisition services”</b>	end-to-end talent acquisition services that are delivered on a one-stop integrated platform, facilitated by headhunters, to business customers
<b>“HK\$” or “HKD”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“IAS”</b>	International Accounting Standards

<b>“IASB”</b>	International Accounting Standards Board
<b>“IFRS”</b>	International Finance Reporting Standards, amendments, and interpretations, as issued by the IASB
<b>“Individual paying users”</b>	the individual users that have previously subscribed for the Company’s premium membership services or CV advisory services at least once as of a given date
<b>“Job postings”</b>	active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due to being more than 90 days old
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Mid- to high-end talents”</b>	individual job candidates with an average annual salary of at least RMB100,000
<b>“Number of CVs”</b>	number of professional profiles of registered individual users presented to business customers that typically include at least the name, gender, age, location, contact number, current employer, title, salary and industry of such registered individual users
<b>“Percentage of total number of job postings with an average annual salary of at least RMB100,000”</b>	the number that equals to the total number of job postings with an average annual salary of at least RMB100,000 as of a given date, divided by the total number of job postings as of the same date
<b>“PRC”</b>	the People’s Republic of China
<b>“Prospectus”</b>	the prospectus of the Company, dated 19 June 2018, in relation to its global offering
<b>“R&amp;D”</b>	research and development
<b>“Registered individual users”</b>	the individual users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both individual paying users and individual non-paying users as of a given date
<b>“Reporting Period”</b>	the six months ended 30 June 2020
<b>“RMB”</b>	Renminbi, the lawful currency of PRC



## DEFINITIONS

<b>“SaaS”</b>	software-as-a-solution, which refers to the Company’s talent services delivery model where the Company hosts a range of proprietary software solutions and provide them to the Company’s registered individual users, verified business users and verified headhunters over the internet
<b>“Talent services”</b>	talent acquisition services and professional career services provided to business users and individual users, as the case may be
<b>“Total number of contacts with individual users by our verified headhunters”</b>	the total number of contacts with individual users by the Company’s verified headhunters through phone calls and messages, as of a given date
<b>“US\$” or “USD”</b>	United States dollars, the lawful currency of the United States of America
<b>“Verified business users”</b>	all business users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date
<b>“Verified headhunters”</b>	the headhunters that have completed all required registration and verification procedures to our satisfaction

## BOARD OF DIRECTORS

### Executive Directors

Mr. Dai Kebin  
*(Chairman and Chief Executive Officer)*  
Mr. Chen Xingmao *(Chief Technology Officer)*  
Ms. Xu Lili *(Chief Financial Officer)*

### Non-executive Directors

Mr. Shao Yibo  
Mr. Zuo Lingye  
Mr. Ding Gordon Yi

### Independent Non-executive Directors

Mr. Ye Yaming  
Mr. Zhang Ximeng  
Mr. Choi Onward

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 415-3, Building No.5  
Courtyard No. 59, Gaoliangqiaoxie Road  
Haidian District  
Beijing, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 417, 4th Floor, Lippo Centre  
Tower Two, No. 89 Queensway  
Admiralty, Hong Kong

## REGISTERED OFFICE

Maples Corporate Services Limited  
P.O. Box 309, Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
P.O. Box 1093, Boundary Hall, Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands

## LEGAL ADVISER TO HONG KONG LAW

Davis Polk & Wardwell  
18th Floor, The Hong Kong Club Building  
3A Chater Road, Hong Kong

## PRINCIPAL BANK

Industrial and Commercial Bank of China  
No.110, Jianguo Road  
Chaoyang District, Beijing, PRC

## COMPANY SECRETARY

Ms. Fung Wai Sum *(ACS, ACIS)*

## AUTHORIZED REPRESENTATIVES

Mr. Dai Kebin  
Ms. Fung Wai Sum

## AUDIT COMMITTEE

Mr. Choi Onward *(Chairman)*  
Mr. Ye Yaming  
Mr. Zuo Lingye

## REMUNERATION COMMITTEE

Mr. Zhang Ximeng *(Chairman)*  
Mr. Choi Onward  
Mr. Ding Gordon Yi

## NOMINATION COMMITTEE

Mr. Dai Kebin *(Chairman)*  
Mr. Ye Yaming  
Mr. Zhang Ximeng

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East, Hong Kong

## STOCK CODE

6100

## AUDITOR

KPMG  
*Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

## COMPANY WEBSITE

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

## FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2020, the operations and business data of the Group are as follows when compared with those for the six months ended 30 June 2019:

- Revenue from providing talent services to our business customers and providing professional career services was RMB808.1 million for the six months ended 30 June 2020, a 13.4% increase from RMB712.4 million for the six months ended 30 June 2019.
- Gross profit was RMB646.1 million for the six months ended 30 June 2020, a 13.3% increase from a gross profit of RMB570.5 million for the six months ended 30 June 2019.
- Net profit was RMB66.7 million for the six months ended 30 June 2020, a 5.3% decrease from a net profit of RMB70.4 million for the six months ended 30 June 2019.
- Net profit attributable to the owners of the Company was RMB34.0 million for the six months ended 30 June 2020, a 49.7% decrease from a net profit attributable to the owners of the Company of RMB67.6 million for the six months ended 30 June 2019.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB114.4 million for the six months ended 30 June 2020, a 42.6% increase from RMB80.2 million for the six months ended 30 June 2019.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 to the shareholders of the Company.

Dear shareholders,

On behalf of the Board and the management of Tongdao Liepin Group (the “**Company**”), I am pleased to present the 2020 interim report of the Company and its subsidiaries (collectively, the “**Group**”, “**Liepin**” or “**we**”, “**our**” and “**us**”).

In the first half of 2020, despite the great impact casted by the COVID-19 pandemic on the global economy and operations of enterprises, Liepin achieved stable growth in business operation and financial results leveraging on its multi-product matrix driven by technology. As of 30 June 2020, revenue and gross profit for the first half of the year were RMB808.1 million and RMB646.1 million, respectively, representing year-on-year increases of 13.4% and 13.3%, respectively. Non-GAAP operating profit (excluding share-based compensation expenses and amortization of intangible assets caused by acquisition) was RMB114.4 million, representing a year-on-year increase of 42.6%. The above results have demonstrated the resilience of the platform business model and strong risk prevention capabilities of Liepin.

As a talent service SaaS platform driven by big data, Liepin has placed great emphasis on product and service innovation to improve operating metrics of the platform. In the first half of 2020, Liepin has focused on the human resources value chain and provided online SaaS services, such as training and assessment and questionnaire service, with the application of technology and big data. In addition, the technology research team of the Company has further boosted the efficiency of matching between jobs and talents by improving big data algorithm. We also achieved the reallocation of job seeker traffic in the first half of 2020 and precisely recommended jobs to job seekers. By innovating products with technology, we have successfully overcome the slump of the market and achieved stable business growth.

With our effort in refining our products and services, the number of users of our platform increased and our operating scale has achieved sustainable development. In the first half of 2020, the number of verified business users increased from 455,935 in the first half of 2019 to 625,546, the number of verified headhunters increased from 151,386 in the first half of 2019 to 163,883 and the number of individual users increased from 51.00 million in the first half of 2019 to 59.20 million. We achieved satisfactory financial performance and hit a record high in the number of users while maintaining strong level of activeness among our users. In the first half of 2020, the number of job postings on our platform by corporate users increased from 3.1 million in the first half of 2019 to 4.5 million. The average annual salary of individual users increased from RMB176,062 in the first half of 2019 to RMB181,061.

Besides the stable growth in our core business of mid-to high-end talent acquisition, since the launch of online model in 2019, Liepin has expanded its talent service coverage, including campus recruitment, survey services, training and assessment, flexible staffing and career coaching, which facilitated the Company to upgrade from a single technology company to a diversified technology group. Leveraging on its extensive experience in the development of intelligent data over the years as well as the brand of SaaS platform, our Company has developed rapidly in these areas with new methods.

2020 has been a tough year for various industries. The stable growth of the Company reflected we have formed a mature and resilient business model which is able to overcome business cycle. The demand for talents of enterprises has been rebounding gradually and the growing momentum in the market has been increasing continuously during the post-pandemic period. Campus recruitment, video interview, training and assessment and survey services of Liepin will result in larger growing momentum and great effectiveness under the economic condition in the future. In addition, we have been adhered to our mission of “help every talent achieve greater career success”. In the second half of 2020, the Company will further expand and refine its services provided to individual users. We aim to improve career skills of talents through putting efforts in providing career education and training to individual users. Furthermore, we will also achieve greater penetration among fresh graduates and expand our sources of talents through organizing online video recruitment program in campus.

Since our inception, technology has been the foundation for creating value for our users and driving the business growth of Liepin. In respect of its long-term plan, the Company will further increase its investment in research and development to improve its users' experience and diversify its services portfolio. The Company will also continue to improve the capability of recommendation and matching efficiency of AI by leveraging on the AI and big data technologies. The efficiency of AI-driven sales and service mechanism will be also enhanced to create higher value for the Company and its users.

In the first half of 2020, attributable to the tremendous support and contribution from all employees and partners of the Company as well as all sectors in the society, Liepin has managed to grow and innovate its products amidst the economic downturn and won recognition from its customers. I would also like to express our gratitude to our shareholders and customers for their continuous support. Your trust boosts our confidence in our development. In the future, in order to overcome the global economic turmoil, we will continue to move forward and put efforts in coping with all difficulties and challenges and maintain sustainable development of the Company, so as to create value for customers, employees and shareholders.

Yours faithfully,

**Dai Kebin**

*Chairman*

18 August 2020

## MARKET REVIEW

### PRC Human Resource Services Market

During the first half of 2020, the outbreak of the contagious coronavirus (COVID-19) pandemic has severely hindered the macro-economic growth and brought uncertainties to business operation and hiring sentiment. While we did not observe a clear trend of significant decreasing hiring demand, we noticed that there were delays in hiring activities in many enterprises and we observed higher demands for replacement hiring as compared to the increase in headcount during the first half of 2020. Since the second quarter of 2020, the economic condition has gradually improved and we expect that the impact brought by COVID-19 will gradually be alleviated in the upcoming months. Moreover, to drive a long-term economic transformation, it is essential for the government and enterprises to continuously invest in talent upgrade and human capital management. Therefore, we expect that there will be a sustainable expansion in terms of the size of human resource services market in China.

### The PRC Professional Career Services Market

The PRC professional career services market in China mainly addresses professionals' increasing urge for career development and advancement. This market primarily encompasses career coaching, CV advisory services, professional skill training and other related career services. The demand for professional career services was not materially impacted by COVID-19. The increasing urge for career development for high-quality talents and their increasing willingness to pay for career services are key drivers of the growth in market size. Therefore, the market size is expected to grow over the years.

## BUSINESS REVIEW

### Overall Performance and Highlights

As a pioneer of online talent services platform in China, we achieved a solid growth during the first half of 2020, which was mainly attributable to our technology-driven product offering. For the six months ended 30 June 2020, our revenue and gross profit amounted to RMB808.1 million and RMB646.1 million, respectively, representing a year-on-year increase of 13.4% and 13.3%, respectively. Despite the serious adverse impact the COVID-19 have had on the economy and enterprises, we navigated well amid challenges and delivered a solid result with our long-term growth strategy and effective execution. In the first half of 2020, we continued to actively penetrate the talent service market with our core platform. The number of our verified business users increased from 559,568 as of 31 December 2019 to 625,546 as of 30 June 2020.

On top of the core platform, we leveraged our know-how in online service offering to initiate other new business segments, including campus recruitment, training and assessment, flexible staffing, and survey services. These business initiatives helped us achieve robust growth despite the COVID-19 pandemic.

In the first half of 2020, the individual user traffic of our online platform also grew steadily and reached a record high in June 2020. The number of registered individual users increased from 54.2 million as of 31 December 2019 to 59.2 million as of 30 June 2020.

During the first half of 2020, we continued to leverage on our multi-faceted database and data analytics to empower business growth. Internally, projects have been rolled out to improve talent recommendations and matching efficiency. By optimizing strategies for selecting, filtering and ranking candidates, we successfully increased the accuracy of recommendation and boosted the interactions between job seekers, business customers and headhunters.

Externally, our Galaxy Data Visualization Center, which generates dynamic in-depth dashboard of our talent database and presents our wide talent coverage, plays an important role in our business development and acquisition of key account customers. Analysis of our talent pool, for instance, geographical and salary distribution of talents, and talent portraits across industries, has been presented to our business partners and target business customers to help them visualize the quality and comprehensiveness of our database.

### Talent Business

Leveraging our deep understanding of talents, we foster technology- and data-driven platform which provides individual users, business users and headhunters with access to a variety of human resources services. *Liepin* (獵聘, which literally means headhunting and recruiting), our mid-to high-end talent platform, is still the foundation of our business and future growth strategy. Business customers can subscribe to our annual data package services, and also purchase our closed-loop talent services as needed. For the six months ended 30 June 2020, the revenue generated from talent services to business users was RMB762.7 million (compared with RMB674.0 million generated during the same period in 2019). The number of our verified business users increased significantly from 559,568 as of 31 December 2019 to 625,546 as of 30 June 2020.

Meanwhile, as a leading human resource services provider, we are mindful of our social responsibility and we have a strong commitment to serve as a bridge to connect the supply and demand sides in the talent service market by leveraging our technology. During the first half of 2020, we collaborated with the Ministry of Human Resources and Social Security to host online job fairs to help our business customers identify suitable talents and to help alleviate the concern of unemployment among talents. Job fairs dedicated to small and medium enterprises (“SMEs”) have been organized to help our SME clients improve recruitment efficiency while reducing hiring costs.

### Other New Business Initiatives

Our video-based talent platform *Duomian* (多面) served as a handy tool for posting vacancies and conducting interviews for entry-level recruitment. Video job descriptions from business users as well as short videos of self-introduction or answers to default questions are encouraged so that candidates can better present themselves, especially their personality, soft skills, and their characters, in a more natural way. The online interview feature allows multiple interviewers to jointly assess the candidate and collect feedback respectively. Reports are generated automatically based on interviewers' feedback and artificial intelligence analysis which takes aptitudes, confidence level and behavioral science into account. *Duomian* platform was very well received by our individual users and business customers for conducting online interviews during the first half of 2020.

Our flexible staffing platform, *Xunhou* (勳厚), became an essential solution for many of our business customers to cope with the fluctuation of staffing demand in combat with COVID-19. Our “Employee Sharing Program” successfully addressed different demands of labor for various customers and minimized the impact of unemployment and underemployment during the difficult times.

*Wenjuanxing* (問卷星), which we strategically invested in during the second half of 2019, generated robust growth in the first half of 2020. As the leading survey SaaS platform in China, *Wenjuanxing* became an important channel for companies, schools, healthcare institutions, government and communities to collect information of health conditions and travel history in China while we are combating COVID-19. In addition, it assisted Chinese Academy of Labor and Social Security to conduct social survey on the impacts of COVID-19. As a result, *Wenjuanxing* achieved great results in user acquisition and its traffic hit a record high during the first half of 2020.

Our proprietary assessment and training app and SaaS platform, *Lebanban* (樂班班), was adopted by many of our business customers to conduct online training and performance evaluation over the period of remote working during the first half of 2020. This innovative product can provide video-based training, such as leadership training and courses for professional skillset to employees. Direct managers and human resources departments can assign training schedule, conduct assessment questionnaires, and track the completion status of employee training.

### Talent Pool

Leveraging on our talent networks and AI technology, we have mapped out a comprehensive and expanding talent graph and accumulated data insights that are difficult to replicate. Our talent database accumulates a vast and growing amount of rich, up-to-date and relevant information of job candidates. Such information reflects individual users' profiles, behaviors and social interactions, mutual endorsement, variation and transactions. The networking and social functions of our online professional community enable us to capture users' behavioral data. We collected and analyzed user-generated data to model and predict user intentions and behaviors.

The number of registered individual users increased from 54.2 million as of 31 December 2019 to 59.2 million as of 30 June 2020. Our traffic reached a record high in June 2020. We observed a strong level of activeness among our individual users and the level of engagement of our registered individual users continued to grow steadily.

We offered paid value-added services to our individual users who require career services from us in addition to the free basic services. We offered premium membership packages under different pricing plans. Moreover, CV advisory services, *Career Advisory Services* (生涯諮詢) and *Professional Skills Training* (面試教練) were provided at affordable prices and on a large scale to help our individual users pursue their ideal jobs. We generated RMB43.8 million of revenue from individual users in the first half of 2020 (compared with RMB37.4 million in the first half of 2019).

## MANAGEMENT DISCUSSION AND ANALYSIS

	<b>As of 30 June 2020</b>	2019	<b>As of 31 December 2019</b>	2018
<b>Individual users</b>				
Number of registered individual users (in millions)	<b>59.2</b>	51.0	54.2	46.9
Number of individual paying users	<b>325,541</b>	225,970	273,744	178,901
Average annual salary of registered individual users (in RMB)	<b>181,061</b>	176,062	179,114	168,341
Number of CVs (in millions)	<b>59.2</b>	51.0	54.2	46.9
<b>Business users and customers</b>				
Number of verified business users	<b>625,546</b>	455,935	559,568	338,658
Number of business customers	<b>53,046</b>	48,915	51,773	48,230
Number of job postings (in millions)	<b>4.5</b>	3.1	5.2	3.9
<b>Headhunters</b>				
Number of verified headhunters	<b>163,883</b>	151,386	158,365	137,031
Number of contacts with registered individual users by our verified headhunters (in millions)	<b>392.1</b>	449.2	851.5	729.0

## FUTURE OUTLOOK AND STRATEGIES

### Impact of the COVID-19 Outbreak

Our resilient business model and our long-term strategy of building a high-tech human resource services ecosystem facilitated the Group to cope with the negative impacts of COVID-19. We observe a clear trend of our business customers' budgets for mid- to high- end recruitment and a shift from offline to online recruitment. More importantly, with our new initiatives to penetrate human resource service value chain such as flexible staffing, training and assessment and survey services, we are able to diversify our services to neutralize the risk of macro-economic downturn.

In the first quarter of 2020, recruitment activities were severely disrupted due to quarantine policies in different regions, causing some headwinds for our talent business. However, as business activities in China gradually returned to the normal level in the second quarter, we observed that enterprises' confidence level has largely recovered, which uplifted the hiring sentiment as well. We observed many companies started to hire mid-to high-end talents and continued to invest in human capital management.

Another unexpected opportunity during the first half of 2020 is the increasing trend of shifting offline human resource services to online due to quarantine of both enterprises and individual users. Take our video-based platform *Duomian* (多面) as an example, thousands of online interviews have taken place every month through it since its launch in the first quarter. We believe that there will be a trend of sustainable growth in online recruitment, which will also be adopted more pervasively and may change the landscape of the human resource services market profoundly in the near future.

## Strategic Update

Since the outbreak of COVID-19, we have adjusted our strategy of the whole Group, which was proven to be effective by the results of the first half of 2020. We plan to stick to the strategies for the rest of the year.

Operational efficiency remains our top priority to drive the growth of our talent business. We will continue to invest in new initiatives of human resource value chains, such as flexible staffing, training and assessment and survey services. We will also continue to explore cross-sale opportunities for different products and strengthen team integration.

With the belief that talent upgrade is the prerequisite for economic structural transformation and industrial advancement, we are confident that there will be huge potential for us to explore in the entire human resource services market in the long run. Therefore, we will invest more aggressively on branding and user acquisition in the second half of 2020. We believe that talent base is the driver for our future growth and a key factor of success for our ecosystem.

We plan to continuously invest in our research and development capabilities to upgrade our core platform and new business initiatives to better cater to current business needs. With the expansion of our online services and more participants in our ecosystem, we plan to further explore our potentials in Big Data and AI analytics to deliver recommendations and matching results more accurately and efficiently. We believe this is the key to improving user experience and generating sustainable organic growth.

## FINANCIAL REVIEW

### Revenue

Our revenue was RMB808.1 million for the six months ended 30 June 2020, a 13.4% increase from RMB712.4 million for the six months ended 30 June 2019, which was primarily due to the increase in the number of business customers and average revenue per user. During the period under review, approximately 94.4% of our revenue was generated from providing talent services to our business users, primarily in the forms of (1) customized subscription packages that include various talent services charging various fixed rates, (2) transaction-based talent services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones, and (3) other talent services. We also generated a small portion of our revenues by providing professional career services to individual paying users, such as premium membership services, career coaching and CV advisory services to our registered individual users. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
Talent services to business users	762,693	94.4	673,972	94.6
Professional career services to individual paying users	43,847	5.4	37,373	5.2
Rental income from investment properties	1,563	0.2	1,081	0.2
<b>Total</b>	<b>808,103</b>	<b>100</b>	<b>712,426</b>	<b>100</b>

Revenue from talent services to business users was RMB762.7 million for the six months ended 30 June 2020, a 13.2% increase from RMB674.0 million for the six months ended 30 June 2019, primarily due to the increase in the number of business customers and average revenue per user.

Revenue from professional career services to individual paying users was RMB43.8 million for the six months ended 30 June 2020, a 17.1% increase from RMB37.4 million for the six months ended 30 June 2019, primarily due to significant increase in the number of paying registered individual users.

Revenue from rental income was RMB1.6 million for the six months ended 30 June 2020 and RMB1.1 million for the six months ended 30 June 2019.

### Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB162.0 million for the six months ended 30 June 2020, a 14.2% increase from RMB141.9 million for the six months ended 30 June 2019. The amortization of intangible assets resulting from acquisition was RMB3.3 million in 2020 (2019: Nil). Without taking amortization of intangible assets resulting from acquisition into consideration, the cost of revenue was RMB158.7 million for the six months ended 30 June 2020, a 11.8% increase from RMB141.9 million for the six months ended 30 June 2019. The percentage increase in cost of revenue was lower than the percentage increase in revenue, mainly due to the change of product mix and strict control of project expenses.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB646.1 million for the six months ended 30 June 2020, a 13.3% increase from RMB570.5 million for the six months ended 30 June 2019. Gross profit margin decreased to 80.0% for the six months ended 30 June 2020 from 80.1% for the six months ended 30 June 2019, which remained relatively stable.

### Sales and Marketing Expenses

Our sales and marketing expenses primarily comprised salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB383.7 million for the six months ended 30 June 2020, a 6.2% increase from RMB361.2 million for the six months ended 30 June 2019. The share-based compensation expenses were RMB7.0 million (2019: RMB2.9 million), and the amortization of intangible assets resulting from acquisition was RMB16.0 million (2019: Nil). Without taking share-based compensation expenses and amortization of intangible assets resulting from acquisition into consideration, the sales and marketing expenses was RMB360.7 million for the six months ended 30 June 2020 and RMB358.3 million for the six months ended 30 June 2019. The increase was primarily due to the increase of marketing and advertising expenses. Our sales and marketing expenses as a percentage of revenue decreased from 50.7% for the six months ended 30 June 2019 to 47.5% for the six months ended 30 June 2020, which is primarily due to the improvement of operation leverage driven by the increase of sales efficiency of the team.

### General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB133.4 million for the six months ended 30 June 2020, a 16.3% increase from RMB114.7 million for the six months ended 30 June 2019. The share-based compensation expenses were RMB19.1 million (2019: RMB17.0 million), and the amortization of intangible assets resulting from acquisition was RMB0.02 million (2019: Nil). Without taking share-based compensation expenses and amortization of intangible assets resulting from acquisition into consideration, the general and administrative expenses was RMB114.3 million for the six months ended 30 June 2020 and RMB97.7 million for the six months ended 30 June 2019. The increase was partly attributable to the increase of expected credit losses of trade receivables due to management prudent estimation taking the potential negative impact of COVID-19 into consideration. Our general and administrative expenses as a percentage of revenue increased from 16.1% for the six months ended 30 June 2019 to 16.5% for the six months ended 30 June 2020, which is in line with revenue growth.

### Research and Development Expenses

Our R&D expenses primarily comprised salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB118.2 million for the six months ended 30 June 2020, a 39.1% increase from RMB85.0 million for the six months ended 30 June 2019. The share-based compensation expenses were RMB12.0 million (2019: RMB4.7 million). Without taking share-based compensation expenses and the amortization of intangible assets resulting from acquisition into consideration, the research and development expenses was RMB106.2 million for the six months ended 30 June 2020 and RMB80.3 million for the six months ended 30 June 2019. In order to seize the significant long-term growth opportunities, we invested aggressively in R&D headcounts and personnel costs. As a percentage of revenue, our R&D expenses increased from 11.9% for the six months ended 30 June 2019 to 14.6% for the six months ended 30 June 2020, primarily as a result of product innovation, upgrade of existing products and integration of the systems developed for those newly acquired subsidiaries.

### Other Income

Other income primarily comprised income derived from interest income from bank deposits. Our other income increased by 0.65% from RMB45.9 million for the six months ended 30 June 2019 to RMB46.2 million for the six months ended 30 June 2020, which remained relatively stable.

### Profit from Operations

As a result of the foregoing, our profit from operations for the six months ended 30 June 2020 was RMB57.0 million, compared to a profit from operations of RMB55.5 million for the six months ended 30 June 2019.

**Net Finance Income/(Cost)**

Net finance income/(cost) primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance income was RMB8.6 million for the six months ended 30 June 2020, compared to a net finance cost of RMB2.3 million for the six months ended 30 June 2019, primarily as a result of the fluctuation of foreign currency exchange gain.

**Profit before Tax**

As a result of the foregoing, profit before tax was RMB66.1 million for the six months ended 30 June 2020 compared to a profit before tax of RMB66.9 million for the six months ended 30 June 2019, which comprised share profit less loss of associate amounted to RMB13.7 million arising from *Xunhou* (勳厚) acquisition.

**Income Tax (Credit)**

Income tax credit was RMB0.6 million for the six months ended 30 June 2020, compared to income tax credit of RMB3.6 million for the six months ended 30 June 2019.

**Profit for the Reporting Period**

Profit was RMB66.7 million for the six months ended 30 June 2020, compared to a profit of RMB70.4 million for the six months ended 30 June 2019.

**Non-GAAP Financial Measures**

To supplement the consolidated results of the Group for the six months ended 30 June 2020 prepared in accordance with the IFRS and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance, non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has been presented in this interim report. Amortization of intangible assets resulting from acquisition has been included in the reconciliation in 2020. The management believes that this item does not relate to the Group's daily business operations.

These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies. The Company's management believes that these non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items.

For the six months ended  
30 June

2020 2019  
(unaudited) (unaudited)  
(in RMB'000)

Profit from Operation	57,046	55,504
Share-based compensation expenses	38,098	24,673
Amortization of intangible assets resulting from acquisition	19,274	—
Non-GAAP Profit from Operation	114,418	80,177

## LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating activities, investing activities and the net proceeds from the initial public offering. We currently do not have any plan for material additional external debt or equity financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

We had cash and cash equivalents of RMB681.5 million and RMB418.7 million as of 30 June 2019 and 30 June 2020 respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

For the six months ended  
30 June

2020 2019  
(unaudited) (unaudited)  
(in RMB'000)

Net cash (used in)/generated from operating activities	(19,049)	9,407
Net cash (used in)/generated from investing activities	(23,301)	58,984
Net cash generated from/(used in) financing activities	100,045	(36,937)
Net increase in cash and cash equivalents	57,695	31,454
Effect of foreign exchange rate changes	1,818	1,680
Cash and cash equivalents at the beginning of the Reporting Period	359,156	648,331
Cash and cash equivalents at the end of the Reporting Period	418,669	681,465

### Net Cash (Used in)/Generated from Operating Activities

For the six months ended 30 June 2020, net cash used in operating activities was RMB19.0 million, compared to net cash generated from operating activities of RMB9.4 million for the six months ended 30 June 2019, primarily due to delays in hiring activities by the outbreak of COVID-19.

### **Net Cash (Used in)/Generated from Investing Activities**

For the six months ended 30 June 2020, net cash used in investing activities was RMB23.3 million, compared to net cash generated from investing activities of RMB59.0 million for the six months ended 30 June 2019, primarily due to the placement of time deposits with banks and the placement of wealth management products.

### **Net Cash Generated from/(used in) Financing Activities**

For the six months ended 30 June 2020, net cash generated from financing activities was RMB100.0 million, compared to net cash used in financing activities of RMB36.9 million for the six months ended 30 June 2019, primarily due to the interest-bearing borrowings.

### **GEARING RATIO**

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2020 was 4.57% (30 June 2019: nil).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

### **LOANS AND BORROWINGS**

As at 30 June 2020, the Group's total outstanding bank loans amounted to RMB196.5 million (30 June 2019: nil), which were denominated in RMB and USD and repayable within one year.

The bank loan with the principal amount of RMB96.0 million is unsecured, carrying a fixed interest rate of 6% per annum whereas the bank loan with the principal amount of RMB100.0 million is secured, carrying a fixed interest rate of 6.5% per annum.

Save as disclosed above, the Company had no other bank loans, convertible loans and borrowings nor did the Company issue any bonds.

### **CONTINGENT LIABILITIES**

As of 30 June 2020, we did not have any material contingent liabilities.

### **FOREIGN EXCHANGE RISK**

Our transactions are denominated and settled in its functional currency, RMB. Our subsidiaries and PRC operating entities primarily operate in China and are exposed to foreign exchange risk primarily through deposits at banks which give rise to cash balances that are denominated in foreign currency, i.e. a currency other than the functional currency in which our transactions denominated. The currencies giving rise to this risk are primarily USD. We have not hedged against any fluctuation in foreign currency. Our PRC subsidiaries and PRC operating entities all have RMB as their functional currency.

For the six months ended 30 June 2020 and 2019, we had foreign currency exchange gain (both realized and unrealized) of RMB15.0 million and RMB0.8 million respectively, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain for the six months ended 30 June 2020 was mainly attributable to appreciation of USD against RMB.

### CREDIT RISK

Our credit risk is mainly attributable to bank deposits, prepayments, trade and other receivables. Management has a credit policy in place and the exposures to these risks are monitored on an ongoing basis.

Bank deposits are placed with reputable banks and financial institutions.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and to take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 60 days from the date of invoice. The Group does not normally obtain collateral from customers.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2020.

### LIQUIDITY RISK

Individual operating entities within us are responsible for their own management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor liquidity requirements and compliance with lending covenants, to ensure that the operating entities maintain sufficient reserves of cash and realizable marketable securities and adequate committed lines of funding from major financial institutions to meet their liquidity requirements in the short and long terms.

### SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 30 June 2020.

### PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as at 30 June 2020.

### MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies during the six months ended 30 June 2020.

## USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD1,600.5 million out of the net proceeds have been utilized as of 30 June 2020 in the manner consistent with that disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As of 31 December 2019 and during the six months ended 30 June 2020, the Group applied the net proceeds for the following purposes:

	Use of proceeds as stated in the Prospectus (in HKD'000) (approximate)	Actual use of proceeds as of 31 December 2019 (in HKD'000) (approximate)	Actual use of proceeds during the six months ended 30 June 2020 (in HKD'000) (approximate)	Net proceeds unutilized during the six months ended 30 June 2020 (in HKD'000) (approximate)	Expected time of use
40% for enhancement of R&D capabilities and product offerings	1,121,840	229,755	334,069	558,016	To be gradually used in 2020 and 2021
25% for pursue of acquisitions of or investments in assets and business and support our growth strategies	701,150	151,776	4,422	544,952	To be gradually used in 2020 and 2021
25% for improvement and implementation our sales and marketing initiative to (i) expand our user and customer base and increase spending by our existing customers; and (ii) continued optimization of our online advertising and promotion activities	701,150	213,694	398,708	88,748	To be gradually used in 2020 and 2021
10% for working capital and general corporate purposes	280,460	51,387	216,668	12,405	To be gradually used in 2020 and 2021
	<u>2,804,600</u>	<u>646,612</u>	<u>953,867</u>	<u>1,204,121</u>	

For the unutilized net proceeds in the amount of approximately HKD1,204.1 million as at 30 June 2020, the Company intends to apply them in the same manner and proportion as stated in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timeframe disclosed in the Prospectus.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, as of 30 June 2020, the Group did not have other plans for material investments and capital assets.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at 30 June 2020, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) 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 and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules, were as follows:

### Long Positions in the Company's Shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Mr. Dai Kebin	Founder of a discretionary trust <sup>(1)</sup>	266,025,141	51.02
	Interest of spouse <sup>(2)</sup>	2,112,145	0.41
Mr. Chen Xingmao	Founder of a discretionary trust <sup>(3)</sup>	14,098,226	2.70
Ms. Xu Lili	Founder of a discretionary trust <sup>(4)</sup>	2,222,784	0.43

Notes:

- Mr. Dai Kebin is the settlor of a discretionary trust, The Dai Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Mr. Dai Kebin and certain of his family members. May Flower Information Technology Co., Limited ("**May Flower**") is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 266,025,141 shares in the Company which May Flower is interested. May Flower holds 110,533,199 shares in the Company beneficially and 155,491,942 shares in the Company through the following voting proxies in the Company:
  - 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P.;
  - 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Giant Lilly Investment Ltd;
  - 29,136,738 shares of the Company held by Tenzing Holdings 2011 Ltd.;
  - 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited; and
  - 13,145,086 shares of the Company held by Wisest Holding Co., Limited.
- Ms. Song Yueting is the spouse of Mr. Dai Kebin. Ms. Song Yueting is interested in 2,112,145 shares in the Company in a capacity of a founder of a discretionary trust.

- Mr. Chen Xingmao is the settlor of a discretionary trust, The Xiaoying Trust, of which Vistra Trust (Singapore) Pte. Limited acts as its trustee and the beneficiaries of which are Mr. Chen Xingmao and certain of his family members. Xiaoying Information Technology Co., Limited is wholly-owned by Rewarding Boost Limited, which is in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited as the trustee of The Xiaoying Trust. Mr. Chen Xingmao (as settlor of The Xiaoying Trust), Vistra Trust (Singapore) Pte. Limited and Rewarding Boost Limited are deemed to be interested in 14,098,226 shares in the Company held by Xiaoying Information Technology Co., Limited.
- Ms. Xu Lili is the settlor of a discretionary trust, The Sunny Lily Trust, of which Vistra Trust (Singapore) Pte. Limited acts as its trustee and the beneficiaries of which are Ms. Xu Lili and certain of her family members. Sunny Lily Information Technology Co., Limited ("**Sunny Lily**") is wholly-owned by Trinity Century Global Limited, which is in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited as the trustee of The Sunny Lily Trust. Ms. Xu Lili (as settlor of The Sunny Lily Trust), Vistra Trust (Singapore) Pte. Limited and Trinity Century Global Limited are deemed to be interested in 2,222,784 shares in the Company held by Sunny Lily.

### Long Positions in Underlying Shares of the Company

Name of Director	Capacity	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company's issued share capital (%)
Ms. Xu Lili	Beneficial owner	1,000,000	0.19

### Long Positions in Shares of Associated Corporations of the Company

Name of Director	Nature of Interest	Name of associated corporation	Number of securities held	Approximate percentage of shareholding interest of the associated corporation (%)
Mr. Dai Kebin	Beneficial owner	Wisest (Beijing) Management Consulting Co., Ltd.	7,073,760	17.80
	Other <sup>(1)</sup>	Wisest (Beijing) Management Consulting Co., Ltd.	3,902,580	9.82
	Beneficial owner	May Flower Information Technology Co., Limited	1	100.00
Mr. Chen Xingmao	Beneficial owner	Wisest (Beijing) Management Consulting Co., Ltd.	947,460	2.38

*Note:*

- Mr. Dai Kebin together with the general partner/limited partner were granted control of all management and executive functions of several entities, which in turn together own 3,902,580 shares in Wisest (Beijing) Management Consulting Co., Ltd.. Mr. Dai Kebin is deemed to be interested in such 3,902,580 shares in Wisest (Beijing) Management Consulting Co., Ltd. held by such entities.

Save as disclosed above, as at 30 June 2020, none of our Directors or chief executives had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to notify to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, to notify to the Company and the Hong Kong Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, to the best of the knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

### Interests in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Song Yueting	Founder of a discretionary trust <sup>(1)</sup>	2,112,145 (long position)	0.41
	Interest of Spouse <sup>(2)</sup>	266,025,141 (long position)	51.02
May Flower Information Technology Co., Limited <sup>(3)</sup>	Beneficial owner	266,025,141 (long position)	51.02
Tenzing Holdings 2011 Ltd. <sup>(4)</sup>	Beneficial owner	29,136,738 (long position)	5.59
Tenzing Holdings, LLC <sup>(4)</sup>	Interest of controlled corporation	29,136,738 (long position)	5.59
South Dakota Trust Company LLC <sup>(4)</sup>	Trustee	29,136,738 (long position)	5.59
Matrix Partners China I, L.P. <sup>(5)</sup>	Beneficial owner	72,588,804 (long position)	13.92
Matrix China Management I, L.P. <sup>(5)</sup>	Interest of controlled corporation	79,943,619 (long position)	15.33
Matrix China I GP GP, Ltd. <sup>(5)</sup>	Interest of controlled corporation	79,943,619 (long position)	15.33

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Giant Lilly Investment Ltd <sup>(6)</sup>	Beneficial owner	81,309,219 (long position)	15.59
Warburg Pincus Private Equity XI, L.P. <sup>(6)</sup>	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus XI, L.P. <sup>(6)</sup>	Interest of controlled corporation	81,309,219 (long position)	15.59
WP Global LLC <sup>(6)</sup>	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus Partners II, L.P. <sup>(6)</sup>	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus Partners GP LLC <sup>(6)</sup>	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus & Co. <sup>(6)</sup>	Interest of controlled corporation	81,309,219 (long position)	15.59
FMR LLC <sup>(7)</sup>	Interest of controlled corporation	52,793,175 (long position)	10.12
Yiheng Capital, LLC	Beneficial owner	42,165,499 (long position)	8.09

*Notes:*

1. Ms. Song Yueting is the settlor of a discretionary trust, The Song Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Ms. Song Yueting and certain of her family members. All Connected Information Technology Co., Limited ("**All Connected**") is wholly-owned by Hero Dreams Group Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Song Family Trust. Ms. Song Yueting (as settlor of The Song Family Trust), SMP Trustees (Hong Kong) Limited and Hero Dreams Group Limited are deemed to be interested in 2,112,145 shares in the Company held by All Connected.
2. Mr. Dai Kebin is the spouse of Ms. Song Yueting. Mr. Dai Kebin is interested in 266,025,141 shares in the Company in capacity of a founder of a discretionary trust and through interests in controlled corporation. For details of Mr. Dai Kebin's interest in the shares of the Company, please refer to notes (1) and (2) on page 22 of this interim report.
3. May Flower is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 266,025,141 shares in the Company which May Flower is interested. May Flower beneficially holds 110,533,199 shares in the Company and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 155,491,942 shares out of the 266,025,141 shares in the Company:
  - (i) 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P.;

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (ii) 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Giant Lilly Investment Ltd;
  - (iii) 29,136,738 shares of the Company held by Tenzing Holdings 2011 Ltd.;
  - (iv) 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited; and
  - (v) 13,145,086 shares of the Company held by Wisest Holding Co., Limited.
4. The entire issued share capital of Tenzing Holdings 2011 Ltd. is held by Tenzing Holdings LLC, which is in turn held in the entirety by South Dakota Trust Company LLC, the trustee of Tenzing Trust. Tenzing Trust is a discretionary, irrevocable, non-grantor trust established by Mr. Shao Yibo, a non-executive Director, as settlor, and the discretionary beneficiaries are Mr. Shao Yibo's immediate family members and other non-profit organizations which are independent third parties.
  5. Matrix China Management I, L.P. is the general partner of Matrix Partners China I-A, L.P., which beneficially holds 7,354,815 shares in the Company. The general partner of Matrix Partners China I, L.P. is also Matrix China Management I, L.P., the general partner of which is Matrix China I GP GP, Ltd..
  6. The entire interest of Giant Lilly Investment Ltd is held as to 60.47% by Warburg Pincus Private Equity XI, L.P., 22.06% by Warburg Pincus XI (Asia), L.P., 11.20% by Warburg Pincus Private Equity XI-B, L.P. and 6.27% by other minority shareholders. The general partner of Warburg Pincus Private Equity XI, L.P. is Warburg Pincus XI, L.P., the general partner of which is WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P., the general partner of which is Warburg Pincus Partners GP LLC, and the managing member of which is Warburg Pincus & Co..
  7. The relevant interests of FMR LLC were held via its subsidiaries.

Save as disclosed above, as at 30 June 2020, our Directors and the chief executives were not aware of any other person (other than our Directors or chief executives) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above or otherwise disclosed in this interim report, at no time during the Reporting Period and up to the date of this interim report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### STAFF AND REMUNERATION POLICY

As at 30 June 2020, we had 3,604 employees (as at 30 June 2019: 3,731 employees). We adopt a merit-based compensation system for our sales team, which incentivizes our sales team to deliver superior performances. The compensation for our sales personnel includes salaries and merit-based incentives that are based on a set of performance indicators, such as total revenue generated and number of unique customer accounts acquired and retained, to provide incentives for our sales team to deliver excellent performance. We provide regular in-house and external education and training to our sales team to improve their sales skills, industry knowledge and understanding of our products and services. Our Group's remuneration policies are reviewed regularly.

## SHARE OPTION SCHEMES

### Pre-IPO Share Option Scheme

The pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was approved and adopted by the Board on 30 March 2018 to replace the former share option plan as a result of the reorganization arrangements undertaken by the Group in preparation of the listing of the shares of the Company on the Hong Kong Stock Exchange. The options granted under the former share option plan were substituted by options under the Pre-IPO Share Option Scheme with effect from their original dates of grant. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by the Company to subscribe for shares after listing.

The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group. Eligible persons include (a) any full-time executives, officers, managers or employees of our Group (including entities that the Group control through a series of contractual arrangements which comprise of Wisest (Beijing) Management Consulting Co., Ltd., TD Elite (Tianjin) Information Technology Co., Limited and Liedao Information Technology Co., Ltd.), or any entities designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the Board from time to time; (b) any Directors, directors of members of our Group, or any entities designated by them; and (c) any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The participant may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Pre-IPO Share Option Scheme can be exercised.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 42,865,895 shares, which represents approximately 8.22% of the total issued share capital of the Company as at 30 June 2020. The exercise price in respect of any option shall be such amount as may be determined by the Board from time to time and set out in the notice of offer. The options which have been granted shall be vested in accordance with the periods as may be determined by the Board and as set out in the notice of offer. Provided that the conditions of exercise are satisfied, after the date that is six months after the listing date of the Company, namely 29 June 2018 (the “**Listing Date**”), the options shall be vested and exercisable by the grantees as set out in the notice of offer.

Options to subscribe for 7,277,007 shares of the Company, representing approximately 1.40% of the total issued share capital of the Company were outstanding as at 30 June 2020. As of the six months ended 30 June 2020, 25,898,468 options granted under the Pre-IPO Share Option Scheme have been exercised. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as determined by delivering to our Company an executed stock option exercise notice in such form as may be approved by the Board, setting out, among others, the number of shares being purchased and the selling price of the shares. Before the options may be exercised, the Company shall have a right of first refusal to buyback the options by giving written notice to the grantee to buyback the options at a price to be determined by the Board with reference to the market value of the shares of the Company at the time when such options are exercised. The Company may exercise the right of first refusal at any time within two business days after the receipt of the executed stock option exercise notice.

Details of movements in the options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2020 are as follows:

Category and Name of grantee	Date of grant of share options	Number of Share Options				Outstanding as at 30 June 2020	Exercise period of share options	Exercise price of share options	Weighted average price of the Company's shares
		Outstanding as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/lapsed during the Reporting Period				
<b>Executive Directors</b>									
Ms. Xu Lili	10 June 2018	1,000,000	—	—	—	1,000,000	10 June 2018 to 9 June 2028	US\$2.50	—
<b>Employees of the Group</b>									
In aggregate	January 2012 to June 2018	7,312,808	—	788,761	247,040	6,277,007	June 2018 to June 2028	US\$0.0268 to US\$2.50	HKD19.40
<b>Total</b>		<b>8,312,808</b>	<b>—</b>	<b>788,761</b>	<b>247,040</b>	<b>7,277,007</b>			

### Post-IPO Share Option Scheme

The post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”) was adopted by the resolutions of our shareholders passed at an extraordinary general meeting held on 9 June 2018. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in our Company and to encourage selected participants to work towards enhancing the value of our Company and its shares for the benefit of the Company and the shareholders as a whole.

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme. As at 30 June 2020, the remaining life of the Post-IPO Share Option Scheme is around 9 years.

The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 49,555,946, being no more than 10% of the shares in issue on the Listing Date (the “**Option Scheme Mandate Limit**”) (excluding any shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme). Options which have been lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the shares in issue from time to time (the “**Option Scheme Limit**”). As at 30 June 2020, no share option under the Post-IPO Share Option Scheme has been granted.

Unless approved by our shareholders, the total number of shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue (the “**Individual Limit**”). Any further grant of options to a selected participant which would result in the aggregate number of shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

The subscription price in the event of the share options being exercised shall be determined by the Board and shall be not less than the greater of: (i) the closing price of the Company’s shares as stated in the daily quotations sheet of the Hong Kong Stock Exchange on the date of grant of the share options; (ii) the average closing price of the Company’s shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant of the share options; and (iii) the nominal value of a share on the date of grant of the share options.

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine, and in any event, must not be more than 10 years from the date of a grant of the share options. The grant offer letter pursuant to which the option is to be granted may include terms such as any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the grant offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof delivered to the Company. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

Details of movements in the options granted under Post-IPO Share Option Scheme during the six months ended 30 June 2020 are as follows:

Category of grantee	Dates of grant of share options <sup>(Note)</sup>	Number of Share Options					Outstanding as at 30 June 2020	Exercise period of share options	Exercise price of share options	Weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised	Closing price of the Company's shares immediately before the dates on which the share options were granted
		Outstanding as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period					
<b>Employees of the Group</b>											
In Aggregate	10 January 2020; 31 March 2020	3,700,000	1,100,000	—	750,000	200,000	3,850,000	September 2019 to March 2020	HKD15.50 to HKD18.30	—	HKD13.64; HKD15.34
Total		<u>3,700,000</u>	<u>1,100,000</u>	<u>—</u>	<u>750,000</u>	<u>200,000</u>	<u>3,850,000</u>				

Note:

50% of the share options granted shall vest on the second anniversary of the respective dates of grant, 25% of share options granted shall vest on the third anniversary of the respective dates of grant and the remaining 25% of share options granted shall vest on the fourth anniversary of the respective dates of grant.

### Restricted Share Unit Scheme

The post-IPO Restricted Share Unit Scheme (the “**RSU Scheme**”) was approved and adopted by the Board on 25 January 2019. The RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The purpose of the RSU Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

Eligible participants include any employee or officer of the Company or any subsidiary including (without limitation to) any executive or non-executive director in the employment of or holding office in the Company or any subsidiary of the Company who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making the offer of award to the eligible participant, including, without limitation, conditions as to performance criteria to be satisfied by the eligible participant and/or the Company and/or the Group which must be satisfied before an award can be vested.

The RSU Scheme shall be valid and effective for the period of ten years commencing on the date of adoption (after which no further options shall be offered or granted under the RSU Scheme), but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any restricted share units (“**RSUs**”) granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the RSU Scheme.

The maximum number of shares in respect of which RSUs may be granted under the RSU Scheme when aggregated with the maximum number of shares in respect of which options or awards may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the date of adoption of the RSU Scheme (or of the refreshment of the 10% limit). Awards which have been lapsed in accordance with the terms of the RSU Scheme (or any other share option scheme of the Company) shall not be counted for the purpose of calculating the 10% limit.

An offer of the grant of an award shall be made to any eligible participant by the notice of grant in such form as the Board may from time to time determines, specifying the number of shares underlying the RSUs granted to them, the vesting schedule as determined by the Board in its discretion, the date by which the grant must be accepted being a date not more than 28 days after the offer date and further requiring the eligible participant to hold the award on the terms on which it is to be granted and to be bound by the provisions of the RSU Scheme.

Unless otherwise determined by the Board at its discretion, no RSU shall be vested in the event that the relevant grantee fails to satisfy the specific terms and conditions applicable to each RSU which may be determined at the sole and absolute discretion of the Board or breaches any term of the RSU Scheme. The trustee will hold the RSUs on trust for the grantees until they are vested. Upon the issuance of the vesting notice by the Board to a grantee, the trustee will transfer the relevant RSUs to that grantee (or its designee). The vesting notice will confirm the extent to which the vesting criteria and conditions have been fulfilled, satisfied or waived, and the number of shares or the amount of cash the grantee will receive, to each of the relevant grantee.

The remaining life of the RSU Scheme is around 9 years.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of movements in the RSUs granted under the RSU Scheme during the six months ended 30 June 2020 are as follows:

Category of grantee	Dates of grant RSUs	Number of RSUs					Outstanding as at 30 June 2020	Vesting period of RSUs
		Outstanding as at 1 January 2020	Granted during the Reporting Period	Forfeited during the Reporting Period	Vested during the Reporting Period	Outstanding as at 30 June 2020		
<b>Employees of the Group</b>								
In Aggregate	1 January 2020; 13 January 2020	3,433,118	1,440,000	653,470	—	4,219,648	4 Years	
Total		3,433,118	1,440,000	653,470	—	4,219,648		

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2020.

### CHANGE IN DIRECTOR'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Since 9 June 2020, Mr. Choi Onward, an independent non-executive Director, was appointed as an independent director of Ucloudlink Group Inc., a company currently listed on NASDAQ (stock symbol: UCL).

Save as disclosed above, there is no change in the information of the Directors of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2020.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2020 except for the following deviation.

We do not have a separate chairman and chief executive officer and Mr. Dai Kebin currently performs these two roles. While this will constitute a deviation from code provision A.2.1 of the CG Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of nine Directors, and we believe there is sufficient check and balance in our Board; (ii) Mr. Dai Kebin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, as Mr. Dai Kebin is our principal founder, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for and communication within our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2020.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

## AUDIT COMMITTEE

The Audit Committee has three members (comprising two independent non-executive Directors), being Mr. Choi Onward (chairman), Mr. Ye Yaming and Mr. Zuo Lingye, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2020. The Audit Committee has reviewed and considered that the unaudited condensed consolidated interim financial results for the six months ended 30 June 2020 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no important events affecting the Company nor any of its subsidiaries since the end of the Reporting Period up to the date of publication of this interim report.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 to the shareholders of the Company.

By Order of the Board  
**Tongdao Liepin Group**  
**Dai Kebin**  
*Chairman*

The PRC, 18 August 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Revenue</b>	3	<b>808,103</b>	712,426
Cost of sales		<b>(161,965)</b>	(141,924)
<b>Gross profit</b>		<b>646,138</b>	570,502
Other income	4	<b>46,214</b>	45,856
Sales and marketing expenses		<b>(383,708)</b>	(361,155)
General and administrative expenses		<b>(133,441)</b>	(114,722)
Research and development expenses		<b>(118,157)</b>	(84,977)
<b>Profit from operations</b>		<b>57,046</b>	55,504
Net finance income/(cost)		<b>8,609</b>	(2,317)
Share of profit less loss of associate		<b>411</b>	13,673
<b>Profit before taxation</b>	5	<b>66,066</b>	66,860
Income tax	6	<b>642</b>	3,565
<b>Profit for the period</b>		<b>66,708</b>	70,425
<b>Attributable to:</b>			
Equity shareholders of the company		<b>34,015</b>	67,558
Non-controlling interests		<b>32,693</b>	2,867
<b>Profit for the period</b>		<b>66,708</b>	70,425
<b>Earnings per share</b>	7		
Basic		<b>RMB0.0653</b>	RMB0.1306
Diluted		<b>RMB0.0646</b>	RMB0.1240

The notes on pages 42 to 52 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 — unaudited  
(Expressed in RMB)

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
<b>Profit for the period</b>	<b>66,708</b>	70,425
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>20,713</b>	4,291
<b>Other comprehensive income for the period</b>	<b>20,713</b>	4,291
<b>Total comprehensive income for the period</b>	<b>87,421</b>	74,716
<b>Attributable to:</b>		
Equity shareholders/owners of the company	<b>54,728</b>	71,849
Non-controlling interests	<b>32,693</b>	2,867
<b>Total comprehensive income for the period</b>	<b>87,421</b>	74,716

The notes on pages 42 to 52 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 — unaudited  
(Expressed in RMB)

	Note	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	120,421	139,059
Investment property	8	35,705	36,445
Intangible assets		172,768	192,872
Goodwill		711,184	711,184
Prepaid investment	9	23,969	27,119
Interest in associates		1,920	1,509
Other financial assets		215,512	143,561
Deferred tax assets		10,523	9,630
Other non-current assets		6,614	7,248
		<b>1,298,616</b>	1,268,627
<b>Current assets</b>			
Trade receivables	10	84,724	68,239
Prepayments and other receivables	11	165,863	115,671
Receivables from related parties	17	15,327	10,991
Other current assets		60,575	136,865
Time deposits with banks		2,257,454	2,227,592
Cash and cash equivalents	12	418,669	359,156
		<b>3,002,612</b>	2,918,514
<b>Current liabilities</b>			
Trade and other payables	13	160,652	205,540
Contract liabilities		620,204	678,460
Interest-bearing borrowings	14	196,493	59,000
Lease liabilities		45,731	44,241
Current taxation		18,738	32,897
		<b>1,041,818</b>	1,020,138

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 — unaudited  
(Expressed in RMB)

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
<b>Net current assets</b>	<b>1,960,794</b>	1,898,376
<b>Total assets less current liabilities</b>	<b>3,259,410</b>	3,167,003
<b>Non-current liabilities</b>		
Lease liabilities	38,246	59,747
Deferred tax liabilities	22,564	28,992
	<b>60,810</b>	88,739
<b>NET ASSETS</b>	<b>3,198,600</b>	3,078,264
<b>CAPITAL AND RESERVES</b>		
Share capital	340	339
Reserves	3,053,115	2,969,046
<b>Total equity attributable to equity shareholders of the company</b>	<b>3,053,455</b>	2,969,385
<b>Non-controlling interests</b>	<b>145,145</b>	108,879
<b>TOTAL EQUITY</b>	<b>3,198,600</b>	3,078,264

The notes on pages 42 to 52 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 — unaudited  
(Expressed in RMB)

		Attributable to equity shareholders of the company							
Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Capital reserve RMB'000	Exchange reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2019</b>	332	2,717,370	–	6,704	94,675	9,614	2,828,695	(1,177)	2,827,518
<b>Changes in equity for the six months ended 30 June 2019:</b>									
Profit for the period	–	–	–	–	–	67,558	67,558	2,867	70,425
Other comprehensive income	–	–	–	–	4,291	–	4,291	–	4,291
Total comprehensive income	–	–	–	–	4,291	67,558	71,849	2,867	74,716
Shares held for the restricted share unit scheme of the Company (the "RSU scheme")	15(b)	–	–	(18,751)	–	–	(18,751)	–	(18,751)
Shares issued under share option scheme	5	34,699	–	(33,290)	–	–	1,414	–	1,414
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	14,829	14,829
Capital injection from non-controlling owners	–	–	–	–	–	–	–	980	980
Share-based compensation expenses	15(c)	–	–	–	24,673	–	24,673	–	24,673
<b>Balance at 30 June 2019 and 1 July 2019</b>	337	2,752,069	(18,751)	(1,913)	98,966	77,172	2,907,880	17,499	2,925,379
<b>Changes in equity for the six months ended 31 December 2019:</b>									
Profit for the period	–	–	–	–	–	52,795	52,795	3,408	56,203
Other comprehensive income	–	–	–	–	41,823	–	41,823	–	41,823
Total comprehensive income	–	–	–	–	41,823	52,795	94,618	3,408	98,026
Disposal of FVOCI	–	–	–	–	–	3,720	3,720	–	3,720
Shares held for the restricted share unit scheme of the Company (the "RSU scheme")	15(b)	–	–	(68,685)	–	–	(68,685)	–	(68,685)
Shares issued under share option scheme	2	3,815	–	(1,059)	–	–	2,758	–	2,758
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	87,972	87,972
Share-based compensation expenses	15(c)	–	–	–	29,094	–	29,094	–	29,094
<b>Balance at 31 December 2019</b>	339	2,755,884	(87,436)	26,122	140,789	133,687	2,969,385	108,879	3,078,264

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 — unaudited  
(Expressed in RMB)

	Note	Attributable to equity shareholders of the company								
		Share capital	Share premium	Shares held for RSU scheme	Capital reserve	Exchange reserves	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2020</b>		339	2,755,884	(87,436)	26,122	140,789	133,687	2,969,385	108,879	3,078,264
<b>Changes in equity for the six months ended 30 June 2020:</b>										
Profit for the period		-	-	-	-	-	34,015	34,015	32,693	66,708
Other comprehensive income		-	-	-	-	20,713	-	20,713	-	20,713
Total comprehensive income		-	-	-	-	20,713	34,015	54,728	32,693	87,421
Shares held for RSU scheme	15(b)	-	-	(5,845)	-	-	-	(5,845)	-	(5,845)
Shares issued under share option scheme		1	12,279	-	(11,468)	-	-	812	-	812
Acquisition of minority shareholders' interests		-	-	-	(3,723)	-	-	(3,723)	3,573	(150)
Share-based compensation expenses	15(c)	-	-	-	38,098	-	-	38,098	-	38,098
<b>Balance at 30 June 2020</b>		<b>340</b>	<b>2,768,163</b>	<b>(93,281)</b>	<b>49,029</b>	<b>161,502</b>	<b>167,702</b>	<b>3,053,455</b>	<b>145,145</b>	<b>3,198,600</b>

The notes on pages 42 to 52 form part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Operating activities</b>			
Cash generated from operations		1,565	9,840
Tax paid		(20,614)	(433)
<b>Net cash (used in)/generated from operating activities</b>		<b>(19,049)</b>	9,407
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment, and intangible assets		(8,775)	(12,654)
Other cash flows arising from investing activities		(14,526)	71,638
<b>Net cash (used in)/generated from investing activities</b>		<b>(23,301)</b>	58,984
<b>Financing activities</b>			
Proceeds from interest-bearing borrowings		137,452	—
Other cash flows arising from financing activities		(37,407)	(36,937)
<b>Net cash generated from/(used in) financing activities</b>		<b>100,045</b>	(36,937)
<b>Net increase in cash and cash equivalents</b>		<b>57,695</b>	31,454
<b>Cash and cash equivalents at 1 January</b>		<b>359,156</b>	648,331
<b>Effect of foreign exchanges rates changes</b>		<b>1,818</b>	1,680
<b>Cash and cash equivalents at 30 June</b>	12	<b>418,669</b>	681,465

The notes on pages 42 to 52 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with IAS 34, *Interim financial reporting*, issued by the IASB. It was authorised for issue on 18 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. The interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2019 that is included in the interim financial report as comparative information does not constitute the company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, Definition of a Business
- Amendment to IFRS 16, Covid-19-Related Rent Concessions

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

### **Amendments to IFRS 3, *Definition of a Business***

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The adoption of amendments does not have any material impact on the financial position and the financial result of the Group.

### **Amendment to IFRS 16, *Covid-19-Related Rent Concessions***

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19-related rent concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the interim reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 8(a)). There is no impact on the opening balance of equity at 1 January 2020.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 3 REVENUE

#### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
<b>Disaggregated by major service lines</b>		
— Talent services to business users	762,693	673,972
— Professional career services to individual paying users	43,847	37,373
<b>Revenue from other sources</b>		
Rental income from investment properties	1,563	1,081
	<b>808,103</b>	<b>712,426</b>

The Group's customer base is diverse. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2019 and 2020.

The Group's operations, assets and most of the customers are located in the PRC.

Accordingly, no geographic information is presented.

### 4 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Interest income from bank deposits	37,385	44,251
Investment income from wealth management products	1,946	275
Government grant	6,768	820
Others	115	510
	<b>46,214</b>	<b>45,856</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after crediting/(charging):

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
<b>(a) Net finance income/(cost)</b>		
Interest expenses on bank loans and other borrowings	<b>(3,187)</b>	—
Interest on lease liabilities	<b>(2,377)</b>	(2,587)
Foreign currency exchange gain	<b>14,998</b>	767
Bank charges and other finance costs	<b>(825)</b>	(497)
	<b>8,609</b>	(2,317)
	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
<b>(b) Other items</b>		
Depreciation charge		
— owned property, plant and equipment and investment properties	<b>8,167</b>	7,136
— right-of-use assets	<b>19,453</b>	19,114
Amortization of intangible assets	<b>21,532</b>	1,947
Expected credit losses of trade receivables	<b>21,905</b>	5,471
Operating lease charge	<b>4,605</b>	6,339
Auditors' remuneration — Audit service	<b>2,000</b>	2,000

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 6 INCOME TAX

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Current tax	(6,680)	3,565
Deferred taxation	7,322	—
	<u>642</u>	<u>3,565</u>

*Note:* The Group's PRC subsidiaries are subject to the PRC Corporate Income Tax Law ("CIT Law") and are taxed at the statutory income tax rate of 25%. The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% of the assessable profits. The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

### 7 EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB34,015 thousand (six months ended 30 June 2019: RMB67,558 thousand) and the weighted average of 521,287,362 ordinary shares (2019: 517,373,221) in issue during the interim period.

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB34,015 thousand (six months ended 30 June 2019: RMB67,558 thousand) and the weighted average number of ordinary shares of 526,192,110 (2019: 544,850,174).

## 8 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

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

During the six months ended 30 June 2020, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB2,624 thousand.

During the six months ended 30 June 2020, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed lease payments and variable lease payments for the interim reporting period is summarised below:

	Six months ended 30 June 2020		
	Fixed payments RMB'000	COVID-19 rent concessions RMB'000	Total payments RMB'000
Right-of-use assets property	24,089	(1,486)	22,603
	Six months ended 30 June 2019		
	Fixed payments RMB'000	COVID-19 rent concessions RMB'000	Total payments RMB'000
Right-of-use assets property	21,683	—	21,683

As disclosed in note 2, the Group has early adopted the Amendment to IFRS 16, Leases, COVID-19-Related Rent Concessions, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the period.

### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2020, the Group acquired items of office equipment and others with a cost of RMB7,096 thousand (six months ended 30 June 2019: RMB6,911 thousand). Items of Office equipment and others with a net book value of RMB62 thousand were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB4 thousand), resulting in a profit on disposal of RMB8 thousand (six months ended 30 June 2019: a loss on disposal of RMB1 thousand).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 9 PREPAID INVESTMENT

It includes the prepayments for investments of RMB23,969 thousand in Shanghai Gulu Software Co., Ltd. As of 30 June 2020, the transaction has not closed yet, and the amount of deposits was recorded as prepayments for investments.

### 10 TRADE RECEIVABLES

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Trade receivables – measured at amortized cost	<b>84,724</b>	68,239

#### Ageing analysis

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

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Within 60 days	<b>72,297</b>	47,280
60 days to 1 year	<b>12,427</b>	16,824
Over 1 year	<b>–</b>	4,135
	<b>84,724</b>	68,239

### 11 PREPAYMENTS AND OTHER RECEIVABLES

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Prepayments to suppliers	<b>27,266</b>	19,573
Other receivables	<b>79,352</b>	67,294
Interest receivable	<b>59,245</b>	28,804
	<b>165,863</b>	115,671

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 12 CASH AND CASH EQUIVALENTS

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Demand deposits with banks	<b>418,669</b>	359,156
Cash and cash equivalents	<b>418,669</b>	359,156

### 13 TRADE AND OTHER PAYABLES

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Trade payables to third parties	<b>45,426</b>	33,314
Salary and welfare payable	<b>66,628</b>	113,687
Other tax payables	<b>10,966</b>	17,586
Other payables	<b>37,632</b>	40,953
	<b>160,652</b>	205,540

#### Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables to third parties, based on the invoice date is as follows:

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Within 30 days	<b>33,401</b>	31,660
30 days to 1 year	<b>12,025</b>	1,654
	<b>45,426</b>	33,314

### 14 INTEREST-BEARING BORROWINGS

As at 30 June 2020, the Group's total outstanding bank loans amounted to RMB196,493 thousand (31 December 2019: RMB59,000 thousand), which were denominated in RMB and USD and repayable within one year.

The bank loan with the principal amount of RMB96.0 million is unsecured, carrying a fixed interest rate of 6% per annum whereas the bank loan with the principal amount of RMB100.0 million is secured, carrying a fixed interest rate of 6.5% per annum.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 15 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

No dividend attributable to the interim period has been declared and paid by the company.

#### (b) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board on 25 January 2019, the Company entered into a trust deed with Vistra Trust (Hong Kong) Limited (the “**RSU Trustee**”) to assist with the administration of the RSU Scheme. In 2019 and 2020, the Company directed Futureshare Limited, the special purpose vehicle established by the RSU Trustee, which was intended to hold the shares under the RSU Scheme, to purchase the shares of the Company for the benefit of the eligible participants pursuant to the terms and conditions of the RSU Scheme. The details of which are set out below:

Month/year	Number of shares purchased	Highest Price paid Per share RMB	Lowest Price paid Per share RMB	Aggregate price paid RMB'000
February 2019	1,000,000	18.78	18.78	18,781
July 2019	4,000,000	17.16	17.16	68,655
January 2020	180,000	17.35	17.04	3,027
June 2020	180,000	15.76	15.29	2,818

#### (c) Equity settled share-based transactions

The Group has a share option scheme which was adopted on 1 January 2012 whereby the directors of the Group are authorized, at their discretion, to invite employees of the Group, to take up options to subscribe for shares of the Group. 1,100,000 share options were granted during the six months ended 30 June 2020. The options vest after one to four years from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares. As of the six months ended 30 June 2020, certain options were exercised to subscribe for 788,761 ordinary shares with nominal value of USD0.0001 each. The total consideration was RMB811 thousand, RMB1 thousand of which was credited to share capital and RMB810 thousand was credited to share premium.

## 15 CAPITAL, RESERVES AND DIVIDENDS (continued)

### (d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 30 June 2020 was 25.64% (2019: 26.48%).

The Group's liability-to-asset ratio at the end of the current and previous reporting periods was as follows:

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Current assets	<b>3,002,612</b>	2,918,514
Non-current assets	<b>1,298,616</b>	1,268,627
Total assets	<b>4,301,228</b>	4,187,141
Current liabilities	<b>1,041,818</b>	1,020,138
Non-current liabilities	<b>60,810</b>	88,739
Total liabilities	<b>1,102,628</b>	1,108,877
<b>Liability-to-asset ratio</b>	<b>25.64%</b>	26.48%

## 16 COMMITMENTS

The Group has no capital commitment outstanding at 30 June 2020 and 31 December 2019 not provided for in the financial statements.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 17 MATERIAL RELATED PARTY TRANSACTIONS

	Note	Amounts owed to the Group by related parties		Amounts owed by the Group to related parties	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		RMB'000	RMB'000	RMB'000	RMB'000
Loan to members of key management personnel	(i)	7,327	2,991	-	-
Loans to investment company		8,000	8,000	-	-
Other receivable proceeds from share issued under share option	(ii)	3,649	2,797	-	-

- (i) The Group made the loan to Mr. Chen Xingmao in accordance with the Executive Loan Benefits Program, with an annual interest rate of 2%, mortgaged by his real estate. The term of loan was from 31 May 2019 to 30 May 2020. The loan has been extended to May 2021.

The Group made the loan to Ms. Xu Lili in accordance with the Executive Loan Benefits Program, with an annual interest rate of 1%, no mortgage was required. The term of loan was from 20 March 2020 to 20 July 2020.

- (ii) The outstanding balances with these related parties are included in "Prepayments and other receivables" (see note 11).

### 18 IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include: (1) closely monitoring of the business environment of the Group's customers, and (2) improving the Group's cash position by expediting debtor settlements and negotiating with suppliers on payment terms. The Group will keep the contingency measures under review as the situation evolves.

As far as the Group's businesses are concerned, the COVID-19 pandemic have had impacts on the measurement of expected credit losses (ECL) and the COVID-19-related rent concessions. The directors of the Company will continuously monitor the development of COVID-19 and assess any significant impacts of COVID-19.