

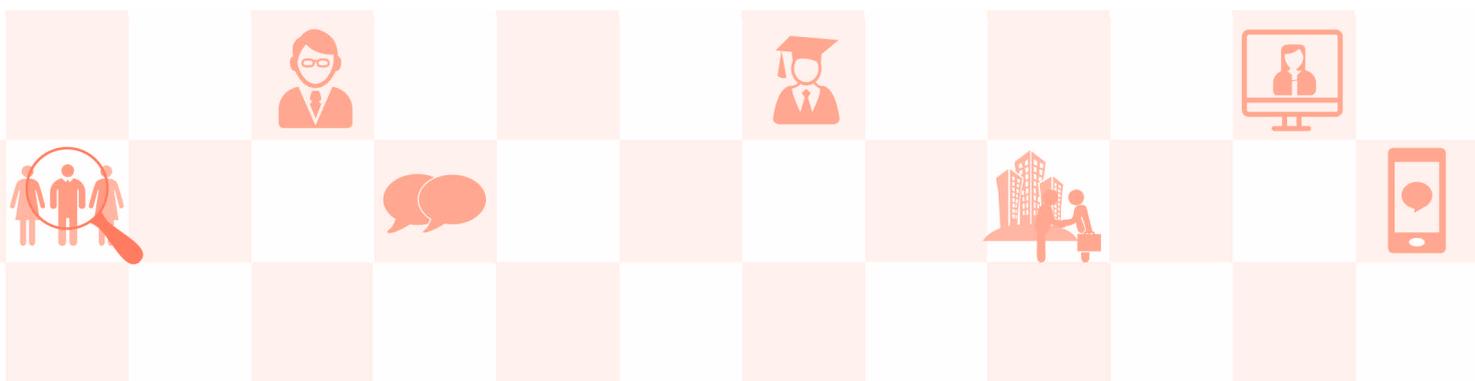


Tongdao Liepin Group 同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6100)



INTERIM REPORT 2021



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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.

“Audit Committee”	the audit committee of our Company
“Board”	the board of directors of our Company
“Business customers”	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
“Company”, “our Company”, or “the Company”	Tongdao Liepin Group (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
“Director(s)”	the director(s) of our Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HR”	Human Resource
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRS”	International Finance Reporting Standards, amendments, and interpretations, as issued by the IASB
“Individual paying users”	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
“Individual users”	the individual users that have completed all required registration and verification procedures for our talent development services to the Group’s satisfaction
“Job postings”	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

“Liepin Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Number of CVs”	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
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company, dated 19 June 2018, in relation to its global offering
“R&D”	research and development
“Registered individual users”	the individual users that have completed all required registration and verification procedures through the Company’s talent acquisition platforms to its satisfaction
“Reporting Period”	the six months ended 30 June 2021
“RMB”	Renminbi, the lawful currency of PRC
“SaaS”	software-as-a-solution
“Talent services”	talent acquisition services, other HR services, and talent development services provided to business users and individual users, as the case may be
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“Verified business users”	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
“Verified headhunters”	the headhunters that have completed all required registration and verification procedures to our satisfaction

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Kebin
(Chairman and Chief Executive Officer)
Mr. Chen Xingmao
(Chief Technology 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, Uglund 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 *(ACG, ACS)*

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

FINANCIAL HIGHLIGHTS

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB1,198.5 million for the six months ended 30 June 2021, a 48.3% increase from RMB808.1 million for the six months ended 30 June 2020.
- Gross profit was RMB953.6 million for the six months ended 30 June 2021, a 47.6% increase from a gross profit of RMB646.1 million for the six months ended 30 June 2020.
- Net profit was RMB79.8 million for the six months ended 30 June 2021, a 19.6% increase from a net profit of RMB66.7 million for the six months ended 30 June 2020. Net profit attributable to the owners of the Company was RMB53.4 million for the six months ended 30 June 2021, a 57.1% increase from RMB34.0 million for the six months ended 30 June 2020.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB166.5 million for the six months ended 30 June 2021, a 45.5% increase from RMB114.4 million for the six months ended 30 June 2020.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 to the shareholders of the Company.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board and the management of Tongdao Liepin Group (the “**Company**”), I am pleased to present the 2021 interim report of the Company and its subsidiaries (collectively, the “**Group**”, “**Liepin**” or “**we**”, “**our**” and “**us**”).

After 10 years of development since our establishment in June 2011, we have gradually developed from a technology company focusing on a single business stream to a technology group covering on-line recruitment and diversified talent services, and have multiple growth drivers to promote our long-term development.

We are pleased to start the year 2021 with the solid first quarter and continue to see a robust growth in the second quarter. In the first half of the year, we realized revenue of approximately RMB1.2 billion, representing a year-on-year increase of 48.3%. Non-GAAP profit from operation increased by 45.5% year-on-year. The increases were due to the strong recovery of the entire recruitment industry, as well as the continuous innovation of our products and the optimization and upgrade of our brand.

According to Liepin's big data, the number of job postings on our recruitment platform in the first half of 2021 increased by more than 47% as compared with the corresponding period of 2020 and 113% as compared with the corresponding period of 2019. The average annual payment of job postings reached RMB190,000, significantly higher than the corresponding period in the previous two years. From an industry perspective, the Internet industry still tops the total new recruitment demand. In addition, the recruitment demand in other industries such as computer software, electronic semiconductors, high-end manufacturing and new energy vehicles has also increased significantly.

On the one hand, we have seen that the normalization of the pandemic and the recovery of the economy have promoted an increasing demand of corporate recruitment. On the other hand, under the general trend of economic restructuring, corporate development and talent upgrade, corporate demands for high-quality talents have also increased rapidly. According to our big data, the mid-to high-end talent shortage index (TSI) was in short supply in the first half of 2021 as a whole, while the trend of shortage of mid-to high-end talents in the second quarter of 2021 was further intensified as compared with the first quarter of 2021. In June, the TSI reached its peak of 1.46.

As indicated above, in China, employment remains stagnant. Employment is the foundation of people's livelihood and the cornerstone of national economic development. China's employment market features a large base but suffers from structural imbalance. In the long run, relying on technology, big data, artificial intelligence and other technical means to further improve the matching accuracy and matching efficiency of employment will continue to be a major issue for the sustainable growth of the online talent service industry.

As a leading company in the recruitment industry, Liepin adheres to the utilization of technology and data to drive the intelligent development of talent matching. With our continuous efforts in the first half of 2021, the annual goal announced at the beginning of the year has been continuously consolidated. By focusing on three key strategies, namely striving for superior product and user experience, investing in technological innovation, and further expanding our talent services on 2B and 2C sides, we have realized our product upgrade and a rapid growth of our users.

On the product side, we continue to invest in research and development to deepen our understanding of the information and matching of talents and positions, enhance the accumulation of behavioural data and use artificial intelligence to improve technological application and migration capabilities, so as to thoroughly analyse the market and continuously optimize our matching system to achieve efficient and accurate matching and provide our users with a better product experience. In the first half of 2021, the number of verified business users of our platform achieved a rapid growth, reaching 881,560, representing a year-on-year increase of 40.9%. The number of business customers increased to 66,238, representing a year-on-year increase of 24.9%.

Moreover, we have also carried out a comprehensive optimization and upgrade on our individual user side. While consolidating our advantages in the mid-to high-end market, we have optimized the registration and use procedures for more users, especially the young students, and upgraded our matching algorithm for this particular user group. The comprehensively upgraded data tags and underlying logic enable various user groups to obtain a better experience on our platforms. In addition, the launched instant messaging function is more in line with the habits of the young users.

We continue to pay attention to the rise of the younger generation in the recruitment market. In respect of brand strategy, we launched a series of branding activities focusing on young users in the first half of 2021. The addition of such new users will further extend our user life cycle, enrich our customer base and lift the activity level of our platform. We are delighted to see that among the newly registered users in the first half of 2021, the proportion of high-quality young users under the age of 25 increased to 45%. At the same time, the number of our overall registered individual users has reached a historical high of 68.5 million.

In addition, as a leading talent service provider in the industry, we are firmly committed to deeply integrating the long-term value of the Group with the national economic development and the improvement of society and people's livelihood. We will continue to promote the standardized development of the industry in terms of cyber-security and user privacy protection. We have utilized technologies to serve the development of enterprises and the career development of individual job seekers, thereby creating greater value for society.

Finally, with the rapid recovery of the recruitment industry and the continuous increase in the penetration rate of online recruitment, we will provide more companies and individuals with professional and high-quality recruitment services through innovative and diversified SaaS products and services. We will also continue to promote the improvement of hiring efficiency, and provide strong support for enterprises in the in-depth matching of talent development and strategic upgrade. In addition, together with our new initiatives such as flexible staffing and online survey services for business users, and online professional education services for individual users, we will provide comprehensive one-stop talent services to users from both sides.

On behalf of the Board, I would like to extend our gratitude to all customers, partners, employees and investors for their long-term trust and support for the Company. Liepin will continue to upgrade and optimize products and services to fulfill the vision and mission of "helping every company and talent achieve greater career success". Furthermore, we will firmly fulfill our social responsibilities, and continue to contribute to the promotion of employment stability, the improvement of the employment environment and the development of the employment market in China. Let us look forward to the excitement of the second half of the year!

Yours faithfully,
Dai Kebin
Chairman

20 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

PRC Talent Acquisition and Other HR Services Market

The National Bureau of Statistics announced the results of the Seventh National Census in May 2021. The results illustrated the decrease in the working-age population, yet the absolute amount of China's labor resources is still large, and the society is still facing significant employment pressure. Meanwhile, with the rising demand for higher-end talents from enterprises brought by economic development, companies' competition for more skilled talents is becoming increasingly fierce. Therefore, solving the structural imbalance on labor supply and demand will become the key topic in the talent acquisition market. While Chinese market continues to enjoy its "population dividend", the education level of the labor force is rising and a "talent bonus" is gradually developing. Against such backdrop, a capability to enable precise matching of talent to the right position will help develop a solid talent foundation for fostering healthy economic growth.

In the first half of 2021, with the uncertainty caused by the pandemic gradually subsided and as the China's macro economy steadily recovered, the market demand for talent acquisition and other HR services in China rebounded significantly. Hiring demand from internet industry, new energy vehicles industry and semiconductor industry grew substantially. As demonstrated by the number of job postings, user activity level, and the early renewal of the subscription packages on our platform, hiring sentiment of corporations has been restored. That being said, according to Liepin Group's market research, the annual recruitment completion rate of enterprises in the first half of 2021 is less than 50%, meaning more recruitment activities may take place in the second half of 2021. Leveraging our big data computing capability, enriching industrial know-how, and deepening customer relationship, Liepin Group expects to achieve more robust growth riding on the industry's tailwind.

The PRC Talent Development Services Market

Based on the data released by the National Bureau of Statistics, the urban employment population exceeded 460 million in 2020, and the number of graduates in China has increased persistently over recent years, reaching around 9 million in 2021. However, according to the data released by the National Bureau of Statistics in June 2021, the unemployment rate for those aged 16 to 24 was 15.4% as of June 2021, far above the national urban unemployment rate of 5%. The imbalance between the supply and demand of different talents and positions brings challenges to employment. With these challenges, individuals are increasingly willing to improve themselves for better jobs. This drives the rapid expansion of the talent development industry, including career coaching service, CV advisory service, online certification training service and other related services.

China's talent development inseparably evolves alongside the construction and improvement of the national education system. China's gross enrollment rate of higher education has increased continuously over recent years and reached 54.4% in 2020. As higher education becomes increasingly prevalent, government departments and society are paying particular attention to the reform and upgrade of professional education system. The State Council and the Ministry of Education have issued multiple policies on promoting professional education to accelerate the development of China's skilled talents, which will lead to the growth of related industries.

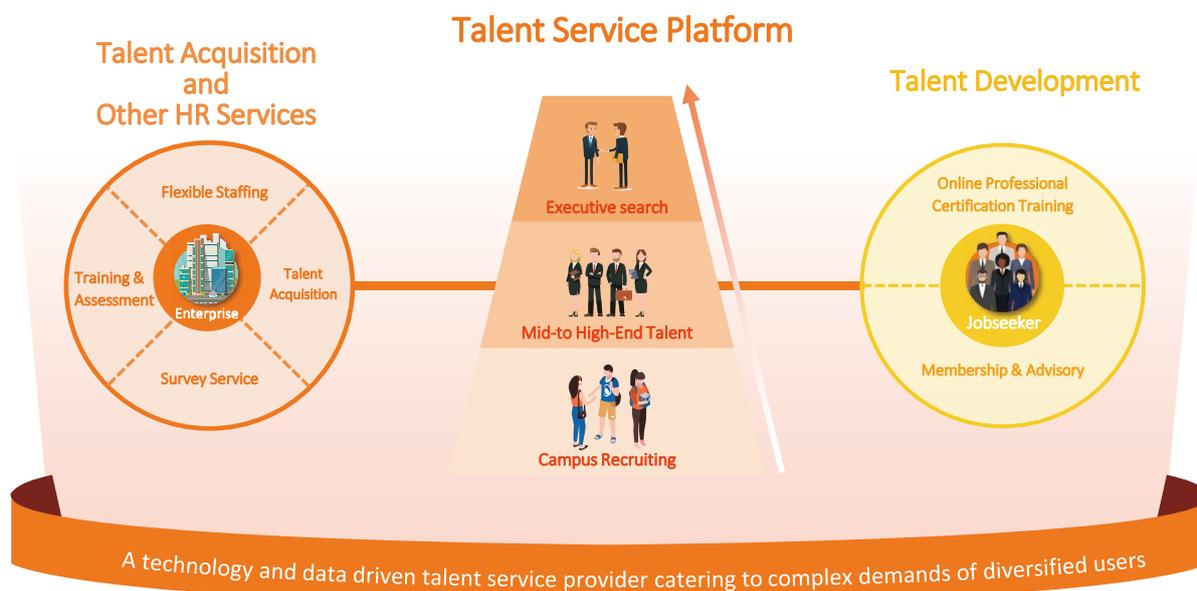
BUSINESS REVIEW

Overall Performance and Highlights

As a pioneer of online talent service platform in China that focuses on mid-to high-end talent acquisition services, we achieved robust growth during the first half of 2021. For the six months ended 30 June 2021, our revenue and gross profit amounted to approximately RMB1,198.5 million and RMB953.6 million, respectively, representing a year-on-year increase of 48.3% and 47.6%, respectively. In the first half of 2021, we continued to implement our long-term growth strategy of “building a technology and big data-driven one-stop talent service platform” and actively penetrate the talent service market.

Together with the accelerating recovery and growth of our core talent acquisition services, we have been leveraging our know-how in online service offerings to integrate other human resource services including flexible staffing, online survey services, and training and assessment. The well-rounded product mix contributed to our resilient business and financial performance during the economic downturn and provided us with stronger growth momentum when market rebounded. For the six months ended 30 June 2021, the revenue generated from the talent acquisition services and other HR services to business users was RMB1,023.5 million (compared with RMB762.7 million generated during the same period in 2020), representing a year-on-year increase of 34.2%. The number of our verified business users and business customers increased significantly from 625,546 and 53,046 as of 30 June 2020 to 881,560 and 66,238 as of 30 June 2021 respectively, representing a year-on-year increase of 40.9% and 24.9% respectively.

In the first half of 2021, with our comprehensive talent development services, including career advisory, certification training, etc., our online platform’s individual user traffic grew steadily and reached a record high in June 2021. For the six months ended 30 June 2021, the revenue generated from talent development services to individual users was RMB174.2 million (compared with RMB43.8 million generated during the same period in 2020), representing a year-on-year increase of 297.2%. The number of registered individual users increased from 59.2 million as of 30 June 2020 to 68.5 million as of 30 June 2021, representing a year-on-year increase of 15.7%.



Talent Acquisition Services

Liepin Group, as a leading technology and data-driven talent service provider, has driven the development in the industry by establishing a digital and intellectual talent acquisition business. With our continued development, we have further expanded our customer coverage and empowered them more comprehensively by broadening our product spectrum.

Our core market, the mid-to high-end recruitment segment, is characterized by large market volume, high entry barriers, and high customer stickiness. Thanks to our SaaS business model and deep-rooted brand positioning in the mid-to high-end recruitment market, we have exclusively accumulated a large number of talents and high-quality business customers in this market segment. More importantly, the job descriptions and talent requirements in this section are extremely complex. In the past ten years of our development, we have continuously invested in R&D to establish matching algorithms for analyzing such complex information. The continuously incoming behavioral data allows us to thoroughly study the market and optimize our matching system, which ultimately improves the efficiency and accuracy in our matching of talents and positions.

While solidifying our advantages in the mid-to high-end segment, we also fully upgraded the registration portal and functions for students who usually have negligible work experience. Our updated instant messaging functions are also more in line with the use pattern of young users and are widely welcomed and recognized by them. In the second quarter of 2021, we developed the matching algorithm specifically for student groups, and comprehensively upgraded the data tag and underlying logic, so that all groups of individuals can get the most accurate matching results on our platform.

With the increase of younger talents in the mid-to high-end recruitment market, we initiated a series of product and marketing upgrades in the first half of 2021 to lengthen our user life cycle, expand the customer pool and enhance the platform activity level. Particularly, we launched a wave of branding campaigns by introducing a new company logo and a new ambassador to cater for younger population's preference for online interaction. Our sponsorship in international league games, famous variety shows, and high-quality business conferences enhanced our brand exposure and upgraded our brand proposition to cover a full range of demographics, particularly the younger generations.

Moreover, as a leading talent service provider, we are mindful of our social responsibility on top of value creation in business context. We have a solid commitment to build a safe business environment and guide progressive development in industry. Besides strictly regulating our business user and headhunter registration process, we led transformation in the industry in the first half of 2021 by rolling out a virtual contact number function that provided a more secure communication channel for our individual users, business users and headhunters. Moreover, we offered more options for talents to enhance user protection, such as the number of times they will be contacted by headhunters, and to further improve the personal information protection while optimizing the user experience. Thus, as we took the lead in carrying out a series of cyber-security related strategies and product upgrades with the most stringent requirements, we benefited from a more strictly regulated industry and we are determined to continue to lead the standardized development of the industry.

Other HR Services

In years of development, Liepin Group has established a well-rounded product layout that caters the diverse needs of customers. The business development strategy has also significantly enhanced our risk-resistance and service coverage, providing a strong driving force for our future growth.

In the first half of 2021, our flexible staffing business continued to achieve rapid business development. Leveraging Liepin Group's technical capability, our flexible staffing business is originated from a technology-supported model with sophisticated business and back-office systems. The differentiated model allows us to identify market changes promptly and adjust our business more agilely. Therefore, despite the fluctuation of industries and markets, we are able to sustain our growth momentum. Our systems have given us competitive advantages and have provided a solid foundation for future business development.

Our online survey business has maintained its leading position in the industry. By the end of June 2021, we issued over 120 million survey, and collected nearly 10 billion samples. The large user base and high using frequency are mainly driven by product superiority and the growing habit of using online survey tools. Leveraging those favorable characteristics, in the first half of 2021, we penetrated more into SaaS business, provided more thorough analysis on collected feedbacks and participated deeply in customers' businesses. We kept working on system integration and coherence of management in an effort to drive healthy and sustainable business development.

Our training and assessment SaaS platform is an innovative product that provides video-based training, such as leadership training and professional skillsets course to employees. Direct managers and the HR department can assign training schedules, conduct assessment questionnaires, and track the employee training completion status. Employees can leverage the mobile app to conduct real time online training and take exams in their space time. We provide powerful assistance during enterprises' structural upgrade and talent development. In the first half of 2021, more key account customers chose to exclusively collaborate with us on training and assessment front for our trustworthy brand and excellent service offerings.

Talent Development

Leveraging our talent networks and artificial intelligence technology, we have mapped out a comprehensive talent graph and accumulated data insights that are difficult to replicate. The behavioral data enables us to model and predict different groups of users' job intentions and their scope of competence. By deeply understanding our users' needs, we can deliver personalized recommendations to every job seeker, thus enhance matching accuracy and user stickiness. The business strategy has been continuously verified by our increasing user traffic.

Our online professional certification training business cements a leading position in the industry, offering training for counselling, teaching, and other professional certifications. While major changes took place in the market during the first half of 2021, our business was barely affected due to our diverse service lines. Developing from our existing market leading business categories, we successfully expanded into other certificate categories with higher value in the first half of 2021. As we gradually develop our business, we have also upgraded and optimized the organizational structure by ramping up the senior management team to further improve our management capability in preparation for future growth.

During recent years, the salary level of a large number of fresh graduates has been continuously improved, and there is a notable trend of more younger generations taking mid-to high-end positions. Together with our efforts in marketing, product upgrade and technology innovation, we successfully drew a great amount of attention from younger talents. The fresh blood further boosts the level of user engagement and activity level on our platforms.

	2021	As of 30 June 2020	%	As of 31 December 2020
Individual users				
Number of registered individual users (in millions)	68.5	59.2	15.7%	63.2
Number of individual paying users (accumulative)	415,353	325,541	27.6%	367,984
Number of CVs (in millions)	68.5	59.2	15.7%	63.2
Business users and customers				
Number of verified business users	881,560	625,546	40.9%	725,059
Number of business customers	66,238	53,046	24.9%	55,036
Number of job postings (in millions)	6.6	4.5	46.7%	6.9
Headhunters				
Number of verified headhunters	180,378	163,883	10.1%	168,108
Number of contacts with registered individual users by our verified headhunters (in millions)	496.9	392.1	26.7%	816.6

Future Outlook and Strategies

The strong performance in the first half sets a solid foundation for our full year results for 2021. The accelerating digitalization of Chinese enterprises leads a growing online recruitment market, and the economy rebound has created an excellent opportunity for us to capture more market share and spur rapid growth.

Looking ahead, as a one-stop talent service provider, we will continue to pursue excellence in multi-streamed product development on top of our core advantage in the mid-to high-end talent acquisition market for better user experience and broader user coverage in contributing to the society.

We shall continue to optimize our products through customer segmentation in terms of user interface, data security and function variety. While strengthening our advantage in the mid-to high-end market, we will leverage our comprehensive product mix to execute a flexible yet precisely targeted sales strategy to fulfill customers' diversified needs.

On the individual user front, the increase of young talents in the mid-to high-end talent pool created tremendous growth potential for us. As younger talents are generally more adaptive to emerging technologies and online tools, the increase in the number of young talents fuels the digitalization of talent services in the long run. On the business user front, we carefully identify and segment our registered business users into designated groups. For each segmented user group, we will promote diversified products and implement unique sale strategies. We look forward to achieving stronger user stickiness, wider user coverage and longer-term growth from identifying and fulfilling different users' needs.

Furthermore, we plan to continue strengthen our advantage in technological capability. Our consistent investment in R&D has built a solid foundation for our advanced matching algorithm, data security mechanism, and innovative SaaS products. We paid great attention to system integration and digitalization of the business flows across various business segments within the Group. The optimization of the system will eventually yield outstanding business performances.

FINANCIAL REVIEW

Six Months Ended 30 June 2021 Compared to Six Months Ended 30 June 2020

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	1,198,476	808,103
Cost of revenue	(244,904)	(161,965)
Gross profit	953,572	646,138
Other income	34,290	46,214
Sales and marketing expenses	(578,607)	(383,708)
General and administrative expenses	(172,634)	(133,441)
Research and development expenses	(143,398)	(118,157)
Profit from operations	93,223	57,046
Net finance (cost)/income	(7,486)	8,609
Share of results of associates	237	411
Profit before taxation	85,974	66,066
Income tax	(6,221)	642
Profit for the period	79,753	66,708
Attributable to:		
— Equity shareholders of the Company	53,439	34,015
— Non-controlling interests	26,314	32,693
Profit for the period	79,753	66,708
Non-GAAP Profit from Operation	166,519	114,418

Revenue

Our revenue was RMB1,198.5 million for the six months ended 30 June 2021, a 48.3% increase from RMB808.1 million for the six months ended 30 June 2020, which was primarily due to (i) the increase in the number of paying customers, driven by strong hiring sentiment, the improvement of online talent service penetration and brand recognition; and (ii) the increase of average revenue per user, driven by up-sell and cross-sell opportunities brought by high-quality customers' diverse demands, and our well-rounded product layout. During the period under review, approximately 85.4% of our revenue was generated from providing talent acquisition and other HR services to our business users, primarily in the forms of (1) customized subscription packages that include various talent services charging various fixed rates; and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones. We also generated a portion of our revenues by providing talent development services to individual users, such as premium membership services, career coaching, CV advisory and certification training services. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the six months ended 30 June			
	2021	%	2020	%
	RMB'000		RMB'000	
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	1,023,545	85.4	762,693	94.4
Talent development services to individual users	174,166	14.5	43,847	5.4
Rental income from investment properties	765	0.1	1,563	0.2
Total	1,198,476	100.0	808,103	100.0

Revenue from talent acquisition and other HR services to business users was RMB1,023.5 million for the six months ended 30 June 2021, a 34.2% increase from RMB762.7 million for the six months ended 30 June 2020, primarily due to the increase in number of business customers and increase in average revenue per user.

Revenue from talent development services to individual users was RMB174.2 million for the six months ended 30 June 2021, a 297.2% increase from RMB43.8 million for the six months ended 30 June 2020, primarily due to the incremental revenue generated from the certification training services and our value-added services to individual users.

Revenue from rental income was RMB0.8 million for the six months ended 30 June 2021 and RMB1.6 million for the six months ended 30 June 2020.

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 RMB244.9 million for the six months ended 30 June 2021, a 51.2% increase from RMB162.0 million for the six months ended 30 June 2020. The amortization of intangible assets resulting from acquisition was RMB8.6 million in 2021 (2020: RMB3.3 million). The percentage increase in cost of revenue was higher than the percentage increase in revenue, mainly driven by the change in product mix as a result of the recovery of offline services, causing an increase in project expenses.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB953.6 million for the six months ended 30 June 2021, a 47.6% increase from RMB646.1 million for the six months ended 30 June 2020. Gross profit margin decreased to 79.6% for the six months ended 30 June 2021 from 80.0% for the six months ended 30 June 2020 due to the change in product mix as a result of the recovery of offline services, with lower profit margin due to more project expenses.

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 RMB578.6 million for the six months ended 30 June 2021, a 50.8% increase from RMB383.7 million for the six months ended 30 June 2020. The share-based compensation expenses were RMB6.6 million (2020: RMB7.0 million), and the amortization of intangible assets resulting from acquisition was RMB15.7 million (2020: RMB16.0 million). Our sales and marketing expenses as a percentage of revenue increased from 47.5% for the six months ended 30 June 2020 to 48.3% for the six months ended 30 June 2021, which was primarily driven by additional marketing expenses related to the branding campaign as planned at the beginning of 2021, and the increase in sales personnel in response to the surging business demand.

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 RMB172.6 million for the six months ended 30 June 2021, a 29.4% increase from RMB133.4 million for the six months ended 30 June 2020, which was primarily due to the increase in management personnel costs driven by the group expansion, and the increase in the share-based compensation expenses from RMB19.1 million for the six months ended 30 June 2020 to RMB33.6 million for the six months ended 30 June 2021. Our general and administrative expenses as a percentage of revenue decreased from 16.5% for the six months ended 30 June 2020 to 14.4% for the six months ended 30 June 2021, primarily due to the scale effect of our fast growing business size, and the decrease in loss allowance for expected credit losses as a result of better internal control on trade receivables.

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 RMB143.4 million for the six months ended 30 June 2021, a 21.4% increase from RMB118.2 million for the six months ended 30 June 2020. In order to seize the significant long-term growth opportunities, we invested aggressively in R&D headcounts and personnel costs. The share-based compensation expenses decreased from RMB12.0 million for the six months ended 30 June 2020 to RMB8.8 million for the six months ended 30 June 2021, primarily due to the net impact of new share options granted in 2021 and a batch vested in June 2020. As a percentage of revenue, our R&D expenses decreased from 14.6% for the six months ended 30 June 2020 to 12.0% for the six months ended 30 June 2021, primarily as a result of the scale effect of our fast growing revenue.

Other Income

Other income primarily comprised income derived from interest income from bank deposits. Our other income decreased by 25.8% from RMB46.2 million for the six months ended 30 June 2020 to RMB34.3 million for the six months ended 30 June 2021, primarily as a result of the decrease of interest income from bank deposit due to the decrease of interest rate.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB93.2 million for the six months ended 30 June 2021, a 63.4% increase from RMB57.0 million for the six months ended 30 June 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Net Finance (Cost)/Income

Net finance (cost)/income 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 cost was RMB7.5 million for the six months ended 30 June 2021, compared to a net finance income of RMB8.6 million for the six months ended 30 June 2020, primarily as a result of the increase in foreign currency exchange loss due to depreciation of USD against RMB.

Profit before Tax

As a result of the foregoing, profit before tax was RMB86.0 million for the six months ended 30 June 2021, a 30.1% increase from RMB66.1 million for the six months ended 30 June 2020.

Income Tax

Income tax was RMB6.2 million for the six months ended 30 June 2021, compared to income tax credit of RMB0.6 million for the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB79.8 million for the six months ended 30 June 2021, a 19.6% increase from RMB66.7 million for the six months ended 30 June 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Three Months Ended 30 June 2021 Compared to Three Months Ended 30 June 2020

	Three months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	675,461	465,406
Cost of revenue	(138,937)	(101,191)
Gross profit	536,524	364,215
Other income	14,988	19,739
Sales and marketing expenses	(293,489)	(197,445)
General and administrative expenses	(100,567)	(69,607)
Research and development expenses	(73,791)	(61,350)
Profit from operations	83,665	55,552
Net finance (cost)/income	(8,012)	6,728
Share of results of associates	113	411
Profit before taxation	75,766	62,691
Income tax	1,023	6,207
Profit for the period	76,789	68,898
Attributable to:		
— Equity shareholders of the Company	61,298	46,388
— Non-controlling interests	15,491	22,510
Profit for the period	76,789	68,898
Non-GAAP Profit from Operation	129,511	88,381

Revenue

Our revenue was RMB675.5 million for the three months ended 30 June 2021, a 45.1% increase from RMB465.4 million for the three months ended 30 June 2020, which was primarily due to (i) the increase in the number of paying customers, driven by strong hiring sentiment, the improvement of online talent service penetration and brand recognition; and (ii) the increase of average revenue per user, driven by up-sell and cross-sell opportunities brought by high-quality customers' diverse demands and our well-rounded product layout. During the period under review, approximately 85.6% of our revenue was generated from providing talent acquisition and other HR services to our business users, primarily in the forms of (1) customized subscription packages that include various talent services charging various fixed rates, and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones. We also generated a small portion of our revenues by providing talent development services to individual users, such as premium membership services, career coaching, CV advisory and certification training services. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the three months ended 30 June			
	2021		2020	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Talent acquisition and other HR services to business users	578,627	85.6	443,302	95.3
Talent development services to individual users	96,452	14.3	24,869	5.3
Rental income from investment properties	382	0.1	(2,765)	-0.6
Total	675,461	100.0	465,406	100.0

Revenue from talent acquisition and other HR services to business users was RMB578.6 million for the three months ended 30 June 2021, a 30.5% increase from RMB443.3 million for the three months ended 30 June 2020, primarily due to the increase in number of business customers and increase in average revenue per user.

Revenue from talent development services to individual users was RMB96.5 million for the three months ended 30 June 2021, a 287.8% increase from RMB24.9 million for the three months ended 30 June 2020, primarily due to the incremental revenue generated from the certification training services and our value-added services to individual users.

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 RMB138.9 million for the three months ended 30 June 2021, a 37.3% increase from RMB101.2 million for the three months ended 30 June 2020. The amortization of intangible assets resulting from acquisition was RMB4.3 million in 2021 (2020: RMB2.3 million). The percentage increase in cost of revenue was lower than the percentage increase in revenue, mainly driven by the improvement of operation efficiency.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB536.5 million for the three months ended 30 June 2021, a 47.3% increase from RMB364.2 million for the three months ended 30 June 2020. Gross profit margin increased to 79.4% for the three months ended 30 June 2021 from 78.3% for the three months ended 30 June 2020 due to the improvement of operation efficiency.

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 RMB293.5 million for the three months ended 30 June 2021, a 48.6% increase from RMB197.4 million for the three months ended 30 June 2020. The share-based compensation expenses were RMB3.3 million (2020: RMB3.8 million), and the amortization of intangible assets resulting from acquisition was RMB7.9 million (2020: RMB7.5 million). Our sales and marketing expenses as a percentage of revenue increased from 42.4% for the three months ended 30 June 2020 to 43.5% for the three months ended 30 June 2021, which remained comparably stable.

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 RMB100.6 million for the three months ended 30 June 2021, a 44.5% increase from RMB69.6 million for the three months ended 30 June 2020, which was primarily due to the increase in management personnel costs driven by the group expansion, and the increase in the share-based compensation expenses from RMB10.0 million for the three months ended 30 June 2020 to RMB24.6 million for the three months ended 30 June 2021. Our general and administrative expenses as a percentage of revenue decreased from 15.0% for the three months ended 30 June 2020 to 14.9% for the three months ended 30 June 2021, which remained comparably stable.

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 RMB73.8 million for the three months ended 30 June 2021, a 20.3% increase from RMB61.4 million for the three months ended 30 June 2020. In order to seize the significant long-term growth opportunities, we invested aggressively in R&D headcounts and personnel costs. The share-based compensation expenses decreased from RMB9.1 million for the three months ended 30 June 2020 to RMB5.8 million for the three months ended 30 June 2021, primarily due to the net impact of new share options granted in 2021 and a batch vested in June 2020. As a percentage of revenue, our R&D expenses decreased from 13.2% for the three months ended 30 June 2020 to 10.9% for the three months ended 30 June 2021, primarily as a result of the scale effect of our fast growing revenue.

Other Income

Other income primarily comprised income derived from interest income from bank deposits. Our other income decreased by 24.1% from RMB19.7 million for the three months ended 30 June 2020 to RMB15.0 million for the three months ended 30 June 2021, primarily as a result of the decrease of interest income from bank deposit due to the decrease of interest rate.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB83.7 million for the three months ended 30 June 2021, a 50.6% increase from RMB55.6 million for the three months ended 30 June 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Net Finance (Cost)/Income

Net finance (cost)/income 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 cost was RMB8.0 million for the three months ended 30 June 2021, compared to a net finance income of RMB6.7 million for the three months ended 30 June 2020, primarily as a result of the increase in foreign currency exchange loss due to the depreciation of USD against RMB.

Profit before Tax

As a result of the foregoing, profit before tax was RMB75.8 million for the three months ended 30 June 2021, a 20.9% increase from RMB62.7 million for the three months ended 30 June 2020.

Income Tax

Income tax credit was RMB1.0 million for the three months ended 30 June 2021, compared to income tax credit of RMB6.2 million for the three months ended 30 June 2020.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB76.8 million for the three months ended 30 June 2021, a 11.5% increase from RMB68.9 million for the three months ended 30 June 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group 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 report.

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 and one-off expenses.

	For the three months ended 30 June		For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Profit from Operation	83,665	55,552	93,223	57,046
Share-based compensation expenses	33,675	22,961	48,955	38,098
Amortization of intangible assets resulting from acquisition	12,171	9,868	24,341	19,274
Non-GAAP Profit from Operation	129,511	88,381	166,519	114,418

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 RMB418.7 million and RMB346.7 million as of 30 June 2020 and 30 June 2021 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	
	2021	2020
	(unaudited)	(unaudited)
	(in RMB'000)	
Net cash generated from/(used in) operating activities	143,535	(19,049)
Net cash used in investing activities	(252,064)	(23,301)
Net cash (used in)/generated from financing activities	(64,390)	100,045
Net (decrease)/increase in cash and cash equivalents	(172,919)	57,695
Effect of foreign exchange rate changes	2,702	1,818
Cash and cash equivalents at 1 January	516,944	359,156
Cash and cash equivalents at 30 June	346,727	418,669

Net Cash Generated from/(Used in) Operating Activities

For the six months ended 30 June 2021, net cash generated from operating activities was RMB143.5 million, compared to net cash used in operating activities of RMB19.0 million for the six months ended 30 June 2020, primarily due to the growth of business and cash advances from business customers.

Net Cash Used in Investing Activities

For the six months ended 30 June 2021, net cash used in investing activities was RMB252.1 million, compared to RMB23.3 million for the six months ended 30 June 2020, primarily due to the placement of wealth management products and the cash consideration paid in 2021 for the acquisition of Beijing Saiyou Education Technology Co., Ltd. (北京賽優職教育科技有限公司).

Net Cash (Used in)/Generated from Financing Activities

For the six months ended 30 June 2021, net cash used in financing activities was RMB64.4 million, mainly attributable to payment for lease rentals and shares held for RSU scheme, compared to net cash generated from financing activities of RMB100.0 million for the six months ended 30 June 2020.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2021 was 0.07% (30 June 2020: 4.57%).

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 2021, the Group's total outstanding bank loans amounted to RMB3.0 million (30 June 2020: RMB196.5 million), which were denominated in RMB and repayable within one year.

The bank loan with the principal amount of RMB3.0 million is unsecured, carrying a fixed interest rate of 4.5% 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 2021, 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 2021 and 2020, we had foreign currency exchange loss (both realized and unrealized) of RMB3.1 million and foreign currency exchange gain of RMB15.0 million respectively, recognized as net finance (cost)/income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange loss for the six months ended 30 June 2021 was mainly attributable to the depreciation of USD against RMB.

CREDIT RISK

Our credit risk is mainly attributable to bank deposits, 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. 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 2021.

LIQUIDITY RISK

Individual operating entities within the Group 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 2021.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as at 30 June 2021.

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 2021.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD1,913.7 million out of the net proceeds have been utilized as of 30 June 2021 in the manner consistent with that disclosed in the Prospectus dated 19 June 2018 under the section headed “Future Plans and Use of Proceeds”.

During the six months ended 30 June 2021, the Group applied the net proceeds for the following purposes:

	Use of proceeds as stated in the Prospectus (in HKD'000) (approximate)	Net proceeds utilized as at 31 December 2020 (in HKD'000) (approximate)	Actual use of proceeds during the six months ended 30 June 2021 (in HKD'000) (approximate)	Net proceeds unutilized as at 30 June 2021 (in HKD'000) (approximate)	Expected time of use
40% for enhancement of R&D capabilities and product offerings	1,121,840	486,593	126,907	508,340	To be gradually used in 2021 and 2022
25% for pursue of acquisitions of or investments in assets and business and support our growth strategies	701,150	253,767	64,828	382,555	To be gradually used in 2021 and 2022
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	582,449	118,701	—	
10% for working capital and general corporate purposes	280,460	166,503	113,957	—	
	2,804,600	1,489,312	424,393	890,895	

For the unutilized net proceeds in the amount of approximately HKD890.9 million as at 30 June 2021, the Company intends to apply them in the same manner and proportion as stated in the Prospectus

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of 30 June 2021, 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 2021, 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 ⁽¹⁾	287,088,978	54.88
	Interest of spouse ⁽²⁾	2,112,145	0.40
Mr. Chen Xingmao	Founder of a discretionary trust ⁽³⁾	14,098,226	2.70

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 287,088,978 shares in the Company (equivalent to approximately 54.88% of the total issued share capital of the Company as at 30 June 2021) which May Flower is interested. May Flower holds 110,533,199 shares in the Company beneficially (equivalent to approximately 21.13% of the total issued share capital of the Company as at 30 June 2021) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 176,555,779 shares out of the 287,088,978 shares (equivalent to approximately 54.88% of the total issued share capital of the Company as at 30 June 2021) 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;
 - 26,672,731 shares of the Company held by Tenzing Holdings 2011 Ltd.;
 - 10,560,548 shares of the Company held by Wisest Holding Co., Limited;
 - 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited; and
 - 26,112,382 shares of the Company held by Yiheng Capital, LLC and/or its affiliates.
- 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

3. 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.

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 ⁽¹⁾	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:

1. 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 2021, 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 2021, 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 ⁽¹⁾	2,112,145 (long position)	0.40
	Interest of spouse ⁽²⁾	287,088,978 (long position)	54.88
May Flower Information Technology Co., Limited ⁽³⁾	Beneficial owner	287,088,978 (long position)	54.88
Tenzing Holdings 2011 Ltd. ⁽⁴⁾	Beneficial owner	26,672,731 (long position)	5.10
Tenzing Holdings, LLC ⁽⁴⁾	Interest of controlled corporation	26,672,731 (long position)	5.10
South Dakota Trust Company LLC ⁽⁴⁾	Trustee	26,672,731 (long position)	5.10
Matrix Partners China I, L.P. ⁽⁵⁾	Beneficial owner	69,075,738 (long position)	13.21
Matrix China Management I, L.P. ⁽⁵⁾	Interest of controlled corporation	76,074,419 (long position)	14.54
Matrix China I GP GP, Ltd. ⁽⁵⁾	Interest of controlled corporation	76,074,419 (long position)	14.54
Giant Lilly Investment Ltd ⁽⁶⁾	Beneficial owner	81,309,219 (long position)	15.54
Warburg Pincus Private Equity XI, L.P. ⁽⁶⁾	Interest of controlled corporation	81,309,219 (long position)	15.54
Warburg Pincus XI, L.P. ⁽⁶⁾	Interest of controlled corporation	81,309,219 (long position)	15.54

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholder	Capacity/ Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
WP Global LLC ⁽⁶⁾	Interest of controlled corporation	81,309,219 (long position)	15.54
Warburg Pincus Partners II, L.P. ⁽⁶⁾	Interest of controlled corporation	81,309,219 (long position)	15.54
Warburg Pincus Partners GP LLC ⁽⁶⁾	Interest of controlled corporation	81,309,219 (long position)	15.54
Warburg Pincus & Co. ⁽⁶⁾	Interest of controlled corporation	81,309,219 (long position)	15.54
FMR LLC ⁽⁷⁾	Interest of controlled corporation	52,225,966 (long position)	9.98
Yiheng Capital, LLC	Beneficial owner	42,165,499 (long position)	8.06

Notes:

- 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.
- Mr. Dai Kebin is the spouse of Ms. Song Yueting. Mr. Dai Kebin is interested in 287,088,978 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 27 of this interim report.
- 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 287,088,978 shares in the Company (equivalent to approximately 54.88% of the total issued share capital of the Company as at 30 June 2021) which May Flower is interested. May Flower beneficially holds 110,533,199 shares in the Company (equivalent to approximately 21.13% of the total issued share capital of the Company as at 30 June 2021) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 176,555,779 shares out of the 287,088,978 shares in the Company (equivalent to approximately 54.88% of the total issued share capital of the Company as at 30 June 2021) 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;
 - 26,672,731 shares of the Company held by Tenzing Holdings 2011 Ltd.;
 - 10,560,548 shares of the Company held by Wisest Holding Co., Limited;
 - 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited; and
 - 26,112,382 shares of the Company held by Yiheng Capital, LLC and/or its affiliates.

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 6,998,681 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 are held via its subsidiaries.

Save as disclosed above, as at 30 June 2021, 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 2021, we had 5,282 employees (as at 30 June 2020: 3,604 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 8.19% of the total issued share capital of the Company as at 30 June 2021. 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.

As at 30 June 2021, options to subscribe for 5,096,625 shares of the Company, representing approximately 0.97% of the total issued share capital of the Company were outstanding, and 27,514,920 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.

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 2021 are as follows:

Grantee	Date of grant of share options	Number of Share Options					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
		Outstanding as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ lapsed during the Reporting Period	Outstanding as at 30 June 2021			
In aggregate	January 2012 to June 2018	7,012,127	—	1,616,452	299,050	5,096,625	June 2018 to June 2028	US\$0.0268 to US\$2.50	HKD21.86
Total		7,012,127	—	1,616,452	299,050	5,096,625			

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 2021, 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.

As at 30 June 2021, options to subscribe for 6,750,000 shares of the Company, representing 1.29% of the total issued share capital of the Company, were outstanding and no option granted under the Post-IPO Share Option Scheme has been 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 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**”).

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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of movements in the options granted under Post-IPO Share Option Scheme during the six months ended 30 June 2021 are as follows:

Grantee	Dates of grant of share options ^(Note)	Number of Share Options					Outstanding as at 30 June 2021	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 granted	
		Outstanding as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period					
In Aggregate	23 March 2021	5,650,000	1,250,000	—	—	150,000	6,750,000	September 2019 to March 2021	HKD15.50 to HKD19.94	—	HKD20.00
Total		5,650,000	1,250,000	—	—	150,000	6,750,000				

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.

The Company's estimate of the fair value of its share options is subject to subjectivity and uncertainty because of the limitation of the model we adopt and that a number of assumptions are used. For the accounting policy adopted for the share options and the estimated fair value of the options granted during the six months ended 30 June 2021, respectively, please refer to Note 2(s) to the consolidated financial statements for the year ended 31 December 2020 and Note 13(c) to this interim report.

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 2021 are as follows:

Grantee	Dates of grant RSUs	Number of RSUs				Outstanding as at 30 June 2021	Vesting period of RSUs
		Outstanding as at 1 January 2021	Granted during the Reporting Period	Forfeited during the Reporting Period	Vested during the Reporting Period		
In Aggregate	29 January 2021; 21 March 2021; 30 April 2021	4,512,334	4,157,862	330,902	1,292,835	7,046,459	4 Years
Total		4,512,334	4,157,862	330,902	1,292,835	7,046,459	

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 2021.

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

Since 1 July 2021, the Directors' fee of three independent non-executive Directors of the Company, namely Mr. Ye Yaming, Mr. Zhang Ximeng and Mr. Choi Onward was increased from HK\$450,000 per annum to HK\$500,000 per annum.

Since 1 April 2021, an independent non-executive Director of the Company, Mr. Choi Onward, was appointed as an independent director of Smart Share Global Limited, a company currently listed on NASDAQ (stock symbol: EM).

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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted 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 as the basis of the Company’s corporate governance practices and has complied with the code provisions as set out in the CG Code during the six months ended 30 June 2021 except for the following deviation from the Code Provision A.2.1 of the CG Code.

We do not have a separate chairman and chief executive officer and Mr. Dai Kebin currently performs these two roles. While this constitutes a deviation from the 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 eight 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 as its own code of conduct regarding Directors’ securities transactions. 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 2021.

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 consolidated interim financial results of the Group for the six months ended 30 June 2021, and considered that the unaudited consolidated interim financial results for the six months ended 30 June 2021 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 2021 to the shareholders of the Company.

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

The PRC, 20 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	3	1,198,476	808,103
Cost of revenue		(244,904)	(161,965)
Gross profit		953,572	646,138
Other income	4	34,290	46,214
Sales and marketing expenses		(578,607)	(383,708)
General and administrative expenses		(172,634)	(133,441)
Research and development expenses		(143,398)	(118,157)
Profit from operations		93,223	57,046
Net finance (cost)/income	5	(7,486)	8,609
Share of results of associates		237	411
Profit before taxation	5	85,974	66,066
Income tax	6	(6,221)	642
Profit for the period		79,753	66,708
Attributable to:			
Equity shareholders of the Company		53,439	34,015
Non-controlling interests		26,314	32,693
Profit for the period		79,753	66,708
Earnings per share	7		
Basic		RMB0.1046	RMB0.0653
Diluted		RMB0.1034	RMB0.0646

The notes on pages 48 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Profit for the period	79,753	66,708
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(17,601)	20,713
Other comprehensive income for the period	(17,601)	20,713
Total comprehensive income for the period	62,152	87,421
Attributable to:		
Equity shareholders of the Company	35,838	54,728
Non-controlling interests	26,314	32,693
Total comprehensive income for the period	62,152	87,421

The notes on pages 48 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 — unaudited
(Expressed in RMB)

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	Note		
Non-current assets			
Property, plant and equipment	8	174,223	149,219
Investment property		34,213	34,959
Intangible assets		203,026	229,808
Goodwill		855,651	855,651
Prepaid investment		—	23,968
Interest in associates		8,048	1,961
Other financial assets		169,976	141,414
Deferred tax assets		23,688	21,335
Other non-current assets		10,576	7,109
		1,479,401	1,465,424
Current assets			
Trade receivables	9	128,915	92,552
Prepayments and other receivables	10	155,329	115,233
Receivables from related parties	15	10,025	10,866
Other current assets		448,235	344,394
Time deposits with banks		1,965,217	1,904,648
Cash and cash equivalents	11	346,727	516,944
		3,054,448	2,984,637
Current liabilities			
Trade and other payables	12	279,012	367,911
Contract liabilities		913,394	850,195
Interest-bearing borrowings		3,000	—
Lease liabilities		63,208	51,316
Current taxation		19,810	32,020
		1,278,424	1,301,442

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 — unaudited (continued)
(Expressed in RMB)

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Net current assets	1,776,024	1,683,195
Total assets less current liabilities	3,255,425	3,148,619
Non-current liabilities		
Lease liabilities	76,000	62,875
Deferred tax liabilities	37,657	43,160
	113,657	106,035
NET ASSETS	3,141,768	3,042,584
CAPITAL AND RESERVES		
Share capital	341	340
Reserves	2,947,574	2,874,220
Total equity attributable to equity shareholders of the Company	2,947,915	2,874,560
Non-controlling interests	193,853	168,024
TOTAL EQUITY	3,141,768	3,042,584

The notes on pages 48 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

	Attributable to equity shareholders of the Company								Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2020	339	2,755,884	(87,436)	26,122	140,789	133,687	2,969,385	108,879	3,078,264
Changes in equity for the six months ended 30 June 2020:									
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 the RSU scheme of the Company	—	—	(5,845)	—	—	—	(5,845)	—	(5,845)
Shares issued under share option scheme	1	11,151	—	(10,341)	—	—	811	—	811
Share-based compensation expenses	—	—	—	38,099	—	—	38,099	—	38,099
Purchase of non-controlling shareholders' equity	—	—	—	50	—	—	50	(200)	(150)
Balance at 30 June 2020	340	2,767,035	(93,281)	53,930	161,502	167,702	3,057,228	141,372	3,198,600
Balance at 1 July 2020	340	2,767,035	(93,281)	53,930	161,502	167,702	3,057,228	141,372	3,198,600
Changes in equity for the six months ended 31 December 2020:									
Profit for the period	—	—	—	—	—	19,612	19,612	6,503	26,115
Other comprehensive income	—	—	—	—	(133,368)	—	(133,368)	—	(133,368)
Total comprehensive income	—	—	—	—	(133,368)	19,612	(113,756)	6,503	(107,253)
Shares held for the RSU scheme of the Company	—	—	(90,790)	—	—	—	(90,790)	—	(90,790)
Non-controlling interests arising from business combinations	—	—	—	—	—	—	—	19,757	19,757
Capital injection from non-controlling owners	—	—	—	—	—	—	—	391	391
Share-based compensation expenses	—	—	—	21,879	—	—	21,879	—	21,879
Balance at 31 December 2020	340	2,767,035	(184,071)	75,809	28,134	187,314	2,874,561	168,023	3,042,584

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited (continued)
(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Note	Share capital	Share premium	Shares held for RSU scheme	Capital reserve	Exchange reserve	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
Balance at 1 January 2021		340	2,767,035	(184,071)	75,809	28,134	187,314	2,874,561	168,023	3,042,584
Changes in equity for the six months ended 30 June 2021:										
Profit for the period		—	—	—	—	—	53,439	53,439	26,314	79,753
Other comprehensive income		—	—	—	—	(17,601)	—	(17,601)	—	(17,601)
Total comprehensive income		—	—	—	—	(17,601)	53,439	35,838	26,314	62,152
Shares held for the RSU scheme of the Company	13(b)	—	—	(18,919)	—	—	—	(18,919)	—	(18,919)
Shares unlocked under RSU scheme of the Company		—	79	1,608	(1,687)	—	—	—	—	—
Shares issued under share option scheme	13(c)	1	29,442	—	(21,963)	—	—	7,480	—	7,480
Capital injection from non-controlling owners		—	—	—	—	—	—	—	1,945	1,945
Dividend paid to non-controlling owners		—	—	—	—	—	—	—	(2,429)	(2,429)
Share-based compensation expenses	13(c)	—	—	—	48,955	—	—	48,955	—	48,955
Balance at 30 June 2021		341	2,796,556	(201,382)	101,114	10,533	240,753	2,947,915	193,853	3,141,768

The notes on pages 48 to 56 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Operating activities			
Cash generated from operations		169,989	1,565
Tax paid		(26,454)	(20,614)
Net cash generated from/(used in) operating activities		143,535	(19,049)
Investing activities			
Proceeds from maturity of wealth management products		481,217	421,200
Payment for the purchase of property, plant and equipment, and intangible assets		(9,549)	(8,775)
Payment for the purchase of equity securities		(11,000)	(3,000)
Payment for business acquisitions net of cash acquired		(54,237)	(1,000)
Payment for the purchase of wealth management products		(579,600)	(407,200)
Other cash flows arising from investing activities		(78,895)	(24,526)
Net cash used in investing activities		(252,064)	(23,301)
Financing activities			
Proceeds from interest-bearing borrowings		3,000	137,452
Shares held for RSU scheme		(37,151)	(11,592)
Other cash flows arising from financing activities		(30,239)	(25,815)
Net cash (used in)/generated from financing activities		(64,390)	100,045
Net (decrease)/increase in cash and cash equivalents		(172,919)	57,695
Cash and cash equivalents at 1 January		516,944	359,156
Effect of foreign exchanges rates changes		2,702	1,818
Cash and cash equivalents at 30 June	11	346,727	418,669

The notes on pages 48 to 56 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 International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 20 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 2020 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:

- Amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform — phase 2

The application of the amendments to IFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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	
	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
— Services to business customers	1,023,545	762,693
— Services to individual users	174,166	43,847
Revenue from other sources		
— Rental income from investment properties	765	1,563
	1,198,476	808,103

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 2020 and 2021.

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	
	2021 RMB'000	2020 RMB'000
Interest income from bank deposits	17,804	37,385
Investment income from wealth management products	5,269	1,946
Government grant	6,845	4,544
Additional deduction for value added tax	3,692	2,224
Others	680	115
	34,290	46,214

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):

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
(a) Net finance (cost)/income		
Interest expenses on bank loans and other borrowings	(39)	(3,187)
Interest on lease liabilities	(3,409)	(2,377)
Foreign currency exchange (loss)/gain	(3,144)	14,998
Bank charges and other finance costs	(894)	(825)
	<u>(7,486)</u>	<u>8,609</u>
Six months ended 30 June		
	2021	2020
	RMB'000	RMB'000

(b) Other items

Depreciation charge		
— owned property, plant and equipment and investment properties	9,274	8,167
— right-of-use assets	29,182	19,453
Amortization of intangible assets	26,915	21,532
Expected credit losses of trade receivables	802	21,905
Operating lease charge	5,074	4,605
Auditors' remuneration — Audit service	3,022	2,000

6 INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax	(14,077)	(6,680)
Deferred taxation	7,856	7,322
	<u>(6,221)</u>	<u>642</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 RMB53,439 thousand (six months ended 30 June 2020: RMB34,015 thousand) and the weighted average of 510,927,701 ordinary shares (2020: 521,287,362) 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 RMB53,439 thousand (six months ended 30 June 2020: RMB34,015 thousand) and the weighted average number of ordinary shares of 516,647,679 (2020: 526,192,110).

8 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB61,920 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 2021	Six months ended 30 June 2020		
	Fixed payments RMB'000	Fixed payments RMB'000	COVID-19 rent concessions RMB'000	Total payments RMB'000
Right-of-use assets property	32,127	24,089	(1,486)	22,603

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 2021, the Group acquired items of office equipment and others with a cost of RMB8,451 thousand (six months ended 30 June 2020: RMB7,096 thousand). Items of office equipment and others with a net book value of RMB699 thousand were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB62 thousand), resulting in a loss on disposal of RMB667 thousand (six months ended 30 June 2020: profit of RMB8 thousand).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

9 TRADE RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables — measured at amortized cost	<u>128,915</u>	<u>92,552</u>

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:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 60 days	119,875	75,687
60 days to 1 year	<u>9,040</u>	<u>16,865</u>
	<u>128,915</u>	<u>92,552</u>

10 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Prepayments to suppliers	72,695	52,180
Other receivables	71,082	52,375
Interest receivable	<u>11,552</u>	<u>10,678</u>
	<u>155,329</u>	<u>115,233</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

11 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Demand deposits with banks	346,727	516,944
Cash and cash equivalents	346,727	516,944

12 TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade payables to third parties	60,125	51,613
Salary and welfare payable	155,888	178,117
Other tax payables	9,742	16,366
Other payables	53,257	121,815
	279,012	367,911

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:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 30 days	55,706	49,050
30 days to 1 year	4,419	2,563
	60,125	51,613

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

13 CAPITAL, RESERVES AND DIVIDENDS (continued)

(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 2021, the Company directed Future share 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
January 2021	243,800	16.54	15.00	3,962
February 2021	305,000	16.92	14.93	4,965
March 2021	310,200	17.05	15.89	5,130
May 2021	248,400	20.00	18.68	4,862

(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. 1,250,000 share options were granted during the six months ended 30 June 2021. 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. For the six months ended 30 June 2021, certain options were exercised to subscribe for 1,616,452 ordinary shares with nominal value of USD0.0001 each. The total consideration was RMB7,480 thousand, RMB1 thousand of which was credited to share capital and RMB7,479 thousand was credited to share premium.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted during the six months ended 30 June 2021 is measured based on a binomial option-pricing model.

	Six months ended 30 June 2021 RMB
Fair value at measurement date	8.08–9.75
Share price	16.70
Exercise price	16.70
Expected volatility	54.85%
Expected dividend yield	0%
Risk-free interest rate	1.38%

13 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 2021 was 30.70% (2020: 31.63%).

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current assets	3,054,448	2,984,637
Non-current assets	1,479,401	1,465,424
Total assets	4,533,849	4,450,061
Current liabilities	1,278,424	1,301,442
Non-current liabilities	113,657	106,035
Total liabilities	1,392,081	1,407,477
Liability-to-asset ratio	30.70%	31.63%

14 COMMITMENTS

The Group has no capital commitment outstanding at 30 June 2021 and 31 December 2020.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

15 MATERIAL RELATED PARTY TRANSACTIONS

	Note	Amounts owed to the group by related parties		Amounts owed by the group to related parties	
		30 June 2021 RMB'000	31 December 2020 RMB'000	30 June 2021 RMB'000	31 December 2020 RMB'000
Loan to members of key management personnel	(i)	2,025	2,866	—	—
Loans to investment company	(ii)	8,000	8,000	—	—
Other receivable proceeds from share issued under share option	(iii)	7,135	3,148	—	—

- (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 2022.
- (ii) The Group made the loan to Hebei Lepin Human Resources Service Co., Ltd. under two loan agreements signed between the two parties. The term of the RMB5,000 thousand loan was from 3 June 2019 to 2 June 2020 and has been extended to 2 June 2022. The term of the RMB3,000 thousand loan was from 24 July 2019 to 23 July 2020 and has been extended to 23 July 2021.
- (iii) The outstanding balances with these related parties are included in "Prepayments and other receivables" (see note 10).

16 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

From the end of the Reporting Period to the date of publication of this interim financial report, the Group has no material subsequent events.