猎聘 Liepin

Wise Talent Information Technology Co., Ltd
有才天下信息技術有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6100)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "**Board**") of Wise Talent Information Technology Co., Ltd (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the year ended 31 December 2019, together with comparative figures for the year ended 31 December 2018.

FINANCIAL HIGHLIGHTS

- Revenue including primarily revenue from providing talent acquisition services to our business customers and providing professional career services was RMB1,513.5 million in 2019, a 23.5% increase from RMB1,225.3 million in 2018.
- Gross profit was RMB1,167.7 million in 2019, a 18.2% increase from RMB987.7 million in 2018.
- Net profit was RMB126.6 million in 2019, a 4,516.4% increase from RMB2.7 million in 2018.
- Net profit attributable to the owners of the Company was RMB120.4 million in 2019, a 1,455.6% increase from RMB7.7 million in 2018.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and one-time listing expenses) was RMB185.6 million in 2019, a 106.5% increase from RMB89.9 million in 2018. Non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and one-time listing expenses) was RMB174.1 million in 2019, a 68.6% increase from RMB103.3 million in 2018.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2019.

MANAGEMENT DISCUSSION & ANALYSIS

MARKET REVIEW

PRC Mid-to High-End Talent Acquisition Services

We are the market leader in the mid-to high-end talent acquisition services market in China. Due to the ongoing talent upgrade and economic transformation, enterprises have continuously placed their focus on mid-to high-end talent acquisition in order to provide greater impact and create higher value for their business.

In 2019, despite the existence of increasing pressure and market uncertainties on the macroeconomic growth due to the trade war, there was still an increase in hiring demand, and it was the first time that the employment issue was included in the agenda of the National People's Congress and the Chinese Political Consultative Conference in 2019 as national policy with high importance. Benefiting from the supportive government policies, ongoing talent upgrade and economic transformation in China, the application of AI technology and Big Data analytics in the human resources service industry, and the growing talent pool of mid-to high-end job candidates, the size of mid-to high-end market of talent acquisition services is expected to expand sustainably, from 138.7 billion RMB in 2019 to 243 billion RMB in 2022, representing a CAGR of approximately 20% according to the China Insights Consultancy Limited ("**CIC**") report.

In 2019, in terms of talent demands by industries, the internet industry had the highest demand, followed by real estate, financial services, FMCG (fast moving consumer goods) and manufacturing. Small enterprises encountered more challenges because they were more vulnerable to the pressure of the economic environment. On the other hand, hiring demands of medium to large enterprises remained stable and they were looking for more diversified solutions for human resources services such as training and assessment, flexible staffing, personnel management, employee survey SaaS product and services, payroll services and other HCM (human capital management) SaaS products.

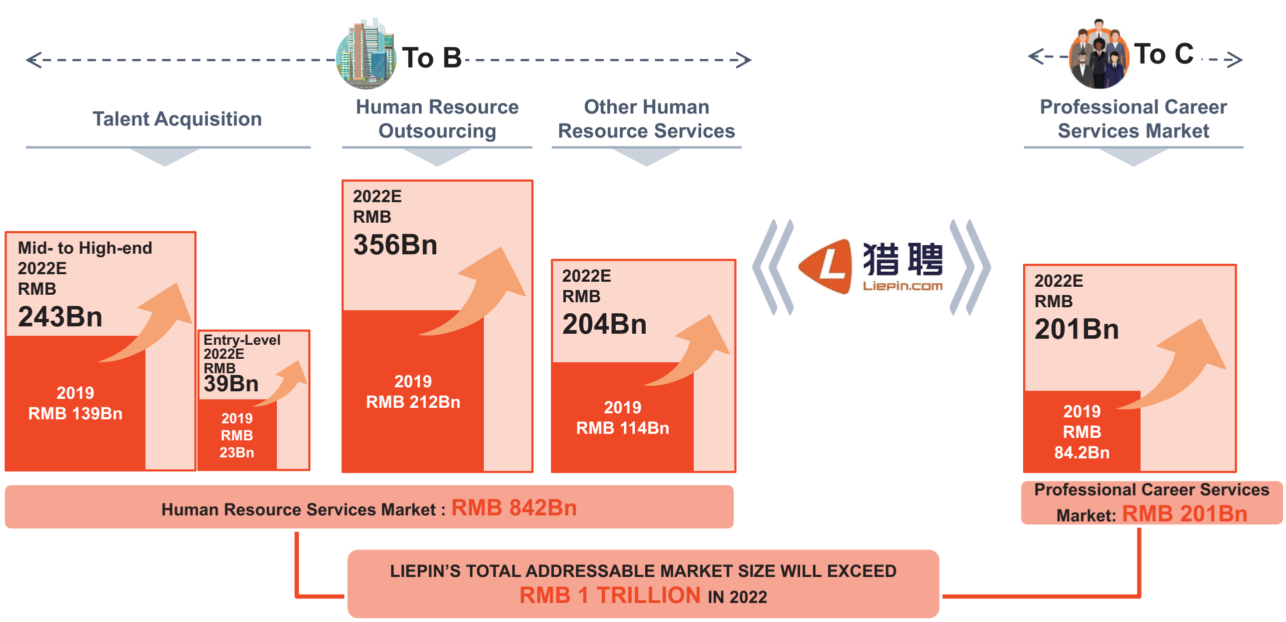
The Rise of Human Resource Market

According to the CIC report, apart from the continuous growth in talent acquisition services market, the market size of human resource services market was RMB487.5 billion in 2019 and was expected to grow to RMB842.1 billion in 2022, representing CAGR of 20%. The key drivers for the fast growth of human resources market include abundant and increased budget of enterprises for human resources services, especially high-quality customized services such as flexible staffing, corporate training and assessment, as well as continued government and financial support.

The PRC Professional Career Services Market

The PRC professional career services market in China mainly addresses professionals' increasing demand for career development and advancement. This market primarily encompasses career coaching, CV advisory services, professional skill training and other related career services but does not include degree-and certificate-oriented training. The total potential market size in terms of total revenue of mid-to high-end professional career services market was expected to grow from RMB84.2 billion in 2019 to RMB201.4 billion in 2022, representing a CAGR of 33.7%. The market size growth is primarily driven by the increasing demand for career development of high-quality talents and their increasing willingness to pay for career services.

Tremendous and Expanding Total Addressable HR Services Markets



BUSINESS REVIEW

As a pioneer of integrated talent acquisition services platform in China, we achieved a solid growth in 2019 amid challenges posed by the macro economy. In 2019, our revenue and gross profit amounted to RMB1,513.5 million and RMB1,167.7 million, respectively, representing an increase of 23.5% and 18.2%, respectively, compared to 2018. Set forth below is a summary of major developments of our business in 2019:

Continued Development and Expansion of our Platform

Leveraging our deep understanding of talents, we foster technology and data-driven platform for individual users, business users and headhunters to access a variety of human resources services. *Liepin* (獵聘, the brand which means headhunting and recruiting), our mid-to high-end talent platform, is still the core and fundamental element of our business and future growth strategy.

We distinguish ourselves from our competitors by leveraging technology, social functions and networks of individual users, headhunters and business users, and our massive and fast-growing talent pool. We operate a full range of proprietary online platform and SaaS solutions and provide online products and services to (i) registered individual users to find better career opportunities; and (ii) verified business users and headhunters to source talents more effectively.

During 2019, we launched a series of product innovations, including *Magic Mirror* (魔鏡), an AI interview screening system and certain new features to our existing *Direct Recruitment* (直招), for example, candidate-to-candidate direct recruitment. We also launched an innovative video-based talent platform *Duomian* (多面) to enable video job description from recruiters and video self-expression from candidates, under which remote online interviews can be conducted. Meanwhile, we re-launched *Lebanban* (樂班班) as an assessment and training app and SaaS platform to provide video-based training and provide tools for human resources to organize and monitor online training and conduct assessment and for employees to attend training and assessment on a flexible schedule.

Growth of Talent Acquisition Services to Business Users

Talent acquisition services to business users continued to be our major source of revenue. For the year ended 31 December 2019, we generated revenue of RMB1,431.3 million (compared with RMB1,162.6 million generated during the same period in 2018) from this business segment. *Liepintong* (獵聘通) remained our primary platform through which we offered a wide range of basic and advanced talent solutions via personal computers or mobile app to our verified business users in 2019. We continued to provide free basic talent solutions and tools including job posting services on *Liepintong* (獵聘通), AI-driven CV search, recommendation and management services, a SaaS-based solution of HR internal synergy tools, and Enterprise Station services. The number of our verified business users increased significantly from 338,658 as of 31 December 2018 to 559,568 as of 31 December 2019. The number of job postings on our online platform also grew significantly from 3.9 million as of 31 December 2018 to 5.2 million as of 31 December 2019.

In addition to our basic talent acquisition services, we offer customized subscription packages for business customers to access advanced talent acquisition services to further optimize their recruitment efficiency. Pricings of our subscription packages are determined based on the talent acquisition services selected by our business customers as well as our relationships with such business customers, which typically range from RMB10,000 to RMB50,000 per package and generally have a term of 12 months. These tools include our 360-degree CV review and downloading services, *Express Hiring 2.0* (急聘2.0), invitations to apply for jobs, intent communication with job candidates, salary reports and background checks.

The revenue growth of our platform in 2019, representing an increase of 23.1% from 2018, was driven not only by more business customers subscribing to our annual data package services, but also by the increase in consumption of our closed-loop talent acquisition services, leveraging on our technological advancements. Facing the challenges of economic downturn, most business users would like to have more certainties and tended to closely evaluate the return of investment for hiring. Our headhunter-assisted, closed-loop talent acquisition services such as *Interview Express* (面試快) and *Onboarding Express* (入職快) are the real breakthrough from traditional offline recruiting services industry and significantly improves the hiring efficiency. These products enable our business customers to request talent acquisition services online and obtain customized hiring services at different hiring milestones such as interview or onboarding from AI-selected headhunters with result-driven fee structures. Business customers can identify suitable candidates at a much faster pace and complete payment process online. Business customers also have the visibility of the entire hiring process, which significantly improves their cost efficiency as compared to the use of traditional offline headhunting services. During the process of offering various types of closed-loop talent acquisition transactions, we have collected highly valuable and insightful transaction data altogether with our comprehensive and expanding talent graph. Benefiting from the insights generated by those valuable data, our technology and Big Data team has continued to improve matching algorithm to further enhance our service quality and matching efficiency between job opportunities and candidates. In 2019, approximately 71% of candidates' job applications were matched with job opportunities with the assistance of our AI matching technology before referral of job opportunities to our individual users.

In the second half of 2019, we submersed our target individual users by launching our innovative video-based talent platform *Duomian* (多面) to better cater to the needs of the younger generation and their needs of expressing personality freely. Video job descriptions from business users as well as short videos of self-introduction or answers to default questions are encouraged so that candidates can better present themselves, especially their personality, soft skills, and their characters in a more natural way. The video-based platform also becomes a handy tool for enterprises to conduct online interviews with potential candidates. Business users also leverage AI interviewers to assess candidates and job suitability based on aptitudes, confidence level and behavior science.

With (i) our core platform *Liepin* (獵聘), which serves mid-to high-end talents with annual income exceeding RMB100,000, (ii) *Consultants for Global Leadership*, our executive search service which serves senior executives with annual income exceeding RMB800,000, and (iii) *Duomian* (多面), a video-based talent platform for young professionals, we currently have the capability of providing full spectrum of talent acquisition solutions for different demographics of talents to our business customers. Year 2019 was a successful year for our vertical strategy to penetrate different segments of talents.

Growth of Total Human Resources Solutions

In 2019, we formulated a long-term and well-rounded strategy to penetrate human resources market to further cater for the diversified needs of business customers by leveraging the synergies from our existing talent acquisition platform.

Flexible Staffing Platform — Xunhou (勛厚)

We successfully diversified our services to enter into the flexible staffing services to business customers, especially new economy customers. Flexible staffing services can enable enterprises to cope with the rise and fall of staffing demand. With the belief that flexible staffing could be a solution to cope with challenges such as economic instability and precipitated crises, we launched our *Xunhou* (勛厚) brand in June 2019 which specializes in mass recruiting and flexible staffing. Our proprietary SaaS platform enables the business customers to access real-time information about unfilled job positions and monitor and analyze job performance of their flexible staff. Our business customers can significantly benefit from such customized flexible staffing solutions as they can streamline their staffing costs and increase their flexibility during economic downturns.

We believe that, as a leading talent service platform, we have accumulated in-depth knowledge and abundant experience in the human resources industry. We have competitive advantages to grow our flexible staffing business to a much bigger scale in the foreseeable future. Firstly, we have mastered the business know-how in hiring business so that we have the capability of conducting mass recruiting quickly and efficiently and constantly providing our customers with sufficient supply of talents. Secondly, leveraging our proprietary SaaS-based platform and our technology advancement can substantially increase the flexibility and efficiency in staffing deployment nationwide. Thirdly, with our strong position in mid-to high-end talent market, we have started to promote flexible staffing of mid-to high-end positions for our customers, which could form an entry barrier for other competitors in the market.

Assessment and Training Platform — Lebanban (樂班班)

In 2019, we re-launched *Lebanban* (樂班班), our proprietary assessment and training app and SaaS platform. This innovative product can provide video-based training, such as leadership training and courses for professional skillset to employees. Direct managers and human resources department can assign training schedule, conduct assessment questionnaires, and track the completion status of employee training. Employees can utilize the mobile app to conduct online training and even take exams when they have free time to spare. This becomes a handy tool for both human resources department to organize online training and employees to attend training and assessments.

Survey SaaS Platform — Wenjuanxing (問卷星)

In 2019, we invested strategically 66.6% of the equity interest in Changsha Ranxing Information Technology Co., Ltd. (長沙冉星信息科技有限公司) ("**Changsha Ranxing**"), whose main product *Wenjuanxing* (問卷星) was the leading online survey SaaS platform in China in terms of numbers of users and numbers of surveys conducted. In 2019, approximately one billion surveys were conducted on *Wenjuanxing* platform. *Wenjuanxing* platform is highly compatible with the Group's talent services business and will assist the Group to provide one-stop employee surveys, assessments and balloting services to its users.

Wenjuanxing (問卷星) was the leading online survey SaaS platform in terms of keyword search on the Internet in China among all online survey platforms in 2019. Apart from marketing surveys, a significant portion of surveys and questionnaires conducted through *Wenjuanxing* platform are initiated by the human resources departments of enterprises such as employee satisfaction assessment, training and assessment, and corporate event registrations. After the initial integration, we have been working closely together with *Wenjuanxing* team to acquire individual users at a reasonable cost and better monetize through SaaS subscription packages for our existing enterprise customers.

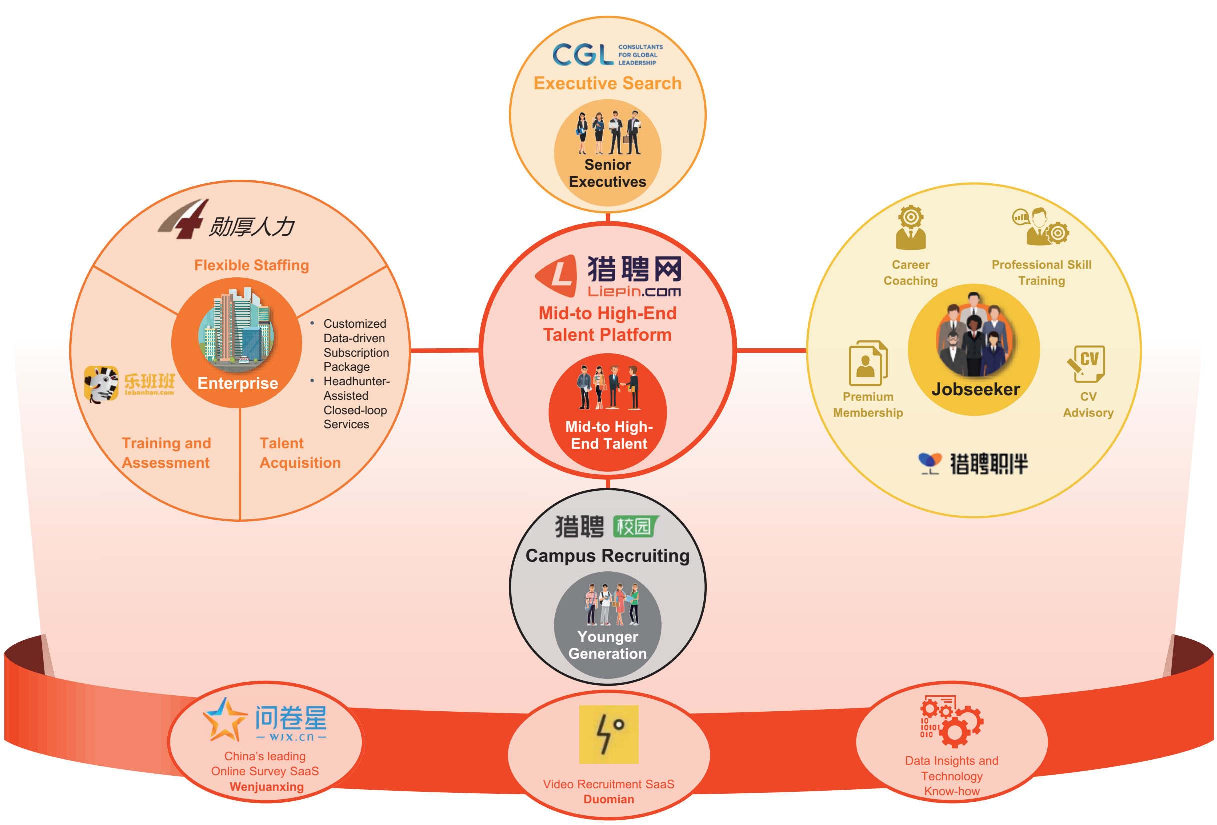
We expect that the strategic investment will bring growth synergies to the Group primarily from the following three aspects:

More Comprehensive Services for Enterprise Customers: the Company expects that many of the enterprise customers of the Group will also become enterprise customers of *Wenjuanxing* (問卷星). Accordingly, through the strategic investment, the Company will be able to provide a more comprehensive set of services covering the whole spectrum of talent and HR service tools to its enterprise customers.

Increased User Traffic from Individual Users: the Company will be able to access the large amount of user traffic on *Wenjuanxing* (問卷星) following the completion of the strategic investment, and will be able to introduce the Group's online talent services to such a large number of individual users from *Wenjuanxing* (問卷星). As many of such individual users are also potential job seekers, the Company expects that it will be able to further expand its talent base through the strategic investment.

Better utilization of user data: after completion of the strategic investment, the Company expects to utilize the in-depth knowledge obtained from its users, as well as *Wenjuanxing* (問卷星), to host more targeted advertisements, which is expected to generate better advertising income from the enlarged Group's customers.

Our Total Solution Offerings across HR Value Chain



Expansion of Talent Pool

We build our ecosystem which connects our massive, active and high-quality talent base with talents, individual users, business users, headhunters, and other talent service providers to maximize their values throughout their career and business cycles. Through this ecosystem, we have fundamentally transformed how talent is connected to career opportunities and built a reputation as a trusted talent service platform for all participants in our ecosystem.

The number of registered individual users increased from 46.9 million as of 31 December 2018, with an average annual salary of RMB168,341 to 54.2 million as of 31 December 2019, with an average annual salary of RMB179,114.

Our traffic reached record high in July 2019. We observe a strong level of activeness among our individual users and the level of engagement of our registered individual users continues to grow. We continue to offer products and services for free to our registered individual users, including the creation of professional profiles with customized privacy setting on our platforms, personalized job and headhunter recommendations powered by Big Data and AI technology, as well as social network and career content services provided through our *Liepin* (獵聘) mobile app. During 2019, we have also added certain new features to our free basic services to enhance user experiences, including new features to *Direct Recruitment* (直招), for example, candidate-to-candidate direct recruitment.

We offered our services to our individual users under the brand *Liepin Zhiban* (獵聘職伴), including value-added services to our individual users who require from us career services in addition to the aforesaid free basic services and premium membership packages under different pricing plans for which individual users can subscribe on a monthly, quarterly, semi-annually and annual basis to access to a variety of enhanced functions and tools (e.g. top placement of their professional profiles and Group messaging to a large number of headhunters and business HRs). CV advisory services are provided tailored to the different needs of individual paying users based on the length of their work experience by leveraging on third-party professional advisors. We also offer *Career Advisory Services* (生涯諮詢) which helps individuals clarify career development questions, conduct career positioning and achieve better career development, and *Professional Skills Training* (面試教練) which provides one-on-one interview coaching and mock interviews and helps talents practise interview skills and improve interview passing rate. By leveraging our ecosystem partners, we were able to provide such personalized career services at affordable prices and at large scale to help our individual users to pursue their ideal jobs. We generated RMB80.0 million of revenue from individual users in 2019 (compared with RMB60.5 million in 2018).

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

Strengthened Partnership with Headhunters

Headhunters are critical partners in our ecosystem. Fundamentally different from any other online recruiting platform, not only can headhunters source candidates for free, but they can manage their candidate sourcing process in customized ways via *Chenglietong* (誠獵通) for free.

This SaaS-based headhunter platform can streamline and optimize headhunters' sourcing process, internal management and dashboard throughout their service process including posting jobs, downloading and managing candidate CVs and initial contacts with candidates on *Chenglietong* (誠獵通) SaaS platform.

The number of our verified headhunters increased from 137,031 as of 31 December 2018 to 158,365 as of 31 December 2019. The total number of contacts with registered individual users by our verified headhunters also increased from 729.0 million to 851.5 million over the same period. During 2019, headhunters significantly boosted up the level of activity and engagement of registered individual user.

The table below summarizes the key operating metrics of the Company as of the dates indicated.

	As of 31 December	
	2019	2018
Individual Users		
Number of registered individual users (in millions)	**54.2**	46.9
Number of individual paying users (accumulative)	**273,744**	178,901
Average annual salary of registered individual users (in RMB)	**179,114**	168,341
Number of CVs (in millions)	**54.2**	46.9
Business Users and Customers		
Number of verified business users	**559,568**	338,658
Number of business customers	**51,773**	48,230
Number of job postings (in millions)	**5.2**	3.9
Headhunters		
Number of verified headhunters	**158,365**	137,031
Number of contacts with registered individual users by our verified headhunters (in millions)	**851.5**	729.0

FUTURE OUTLOOK AND STRATEGIES

In 2019, we faced both opportunities and challenges and we have seen more cautious recruitment plans and budgets from employers and the market turbulence and uncertainties in light of certain macro-economic factors such as slowdown of China GDP growth and the US-China trade war. Nonetheless, we are generally optimistic about the long-term prospect of the PRC human resources industry as well as our business while remaining cautious of any risk of short-term fluctuations of business confidence in economic growth, which might ultimately affect employers' hiring sentiments and, hence, their budgets on procuring talent acquisition services.

The US-China trade war will no doubt affect business sentiment, investment and economic growth and raise business uncertainty in a short run. However, we believe that the effects of the US-China trade war would prompt the PRC government to expedite the economic structural transformation and industrial advancement of China.

We strongly believe that talent upgrade is the prerequisite for such economic structural transformation and industrial advancement. Chinese companies will be forced to implement organizational upgrade to better address their challenges, which will increase the demand for mid-to high-end talents, require ongoing talent upgrade and prompt the shifting from traditional offline recruitment services to more advanced, efficient and cost-effective online talent acquisition services. In addition, the PRC mid-to high-end talent acquisition services market is still predominantly served by traditional offline recruitment service providers and under penetrated by online talent acquisition services platforms and there is a huge potential growth for these online platforms.

On the other hand, we have seen new opportunities in one-stop human resource services, especially survey services and flexible staffing as customers need deep data insights of their flexible staff and also streamline their cost structure and improve flexibility to cope with the rise and fall of the staffing demand.

There were both opportunities and challenges for us in 2019 and in the first quarter of 2020 as we have seen more cautious recruitment plans and budgets from employers and the market turbulence and uncertainties due to certain macro-economic factors, for instance, the slowdown of China GDP growth, the US-China trade war and the outbreak of contagious coronavirus (COVID-19). Nonetheless, we are generally optimistic about the long-term prospect of the PRC human resources industry and our business while we will remain cautious of any risk of short-term fluctuation of enterprises' confidence on economic growth, which might ultimately affect employers' hiring sentiments and their budgets on procuring talent acquisition services.

We expect that the outbreak of COVID-19 would bring short-term negative impacts on economic activities in China in the first quarter of 2020. In particular, lower hiring sentiment, especially in small and medium-sized enterprises, is expected to result in slowdown of recruiting activities, which will likely be aggravated by restrictions on individuals' physical activities. In order to facilitate recruiting activities of our business and individual users amid the outbreak of COVID-19, we provided free access to our online platforms for recruiters and organized online direct hiring and headhunter meeting sessions. We also offered free career development consulting services to individual users whose employment is affected by the viral outbreak.

Despite these challenges, we have seen new opportunities in total human resource solutions, for instance, survey services and flexible staffing. Data insights facilitate our customers to implement flexible staffing and streamline their cost structure, which enhance their flexibility to cope with the fluctuation of hiring demand. We observe surging demand for flexible staffing due to the shortage of labor as a result of the outbreak of COVID-19. To address the shortage of labor, *Xunhou* (勛厚) provided staff sharing services and successfully placed employees for enterprises engaging in delivery services. *Wenjuanxing* (問卷星) collected data-powered insights through surveys and offered assistance to schools, healthcare institutions, government and communities, for instance, a social survey conducted for Chinese Academy of Labor and Social Security concerning the impact of outbreak of COVID-19. The outbreak of COVID-19 can also potentially be a catalyst for small and medium-sized enterprises to gradually move towards online hiring, especially for those enterprises with lower hiring frequency. We expect that video-based recruitment platforms *Duomian* (多面) would gain popularity and become an essential channel for recruitment and there would be sustainable demand for flexible staffing. Furthermore, we observe an increasing demand for diverse enterprises services, such as online training and employee surveys during the outbreak of COVID-19. We provided free online courses on corporate strategies to cope with the current challenges on *Lebanban* (樂班班) to our business and individual users. Overall, we are determined to provide diversified and thorough services to our customers with our well-rounded solutions and service lines in 2020.

During the tough economic cycle with low market visibility, we will stay focused on our long-term strategies on our investments in technological innovations and data capabilities in order to grow our talent base and enhance users' experience. We will also focus on investments on branding, and sales and services efficiency to broaden our customer base and product offerings in order to bring more headhunters to empower our ecosystem and penetrate the human resources market to cater to the diversified needs of our business customers. In the long run, we remain confident on our prospects with the immediate responses from the government, the anticipated level of economic activity and sustainably growing hiring demand.

FINANCIAL REVIEW

Revenue

Our revenue was RMB1,513.5 million in 2019, a 23.5% increase from RMB1,225.3 million in 2018, which was primarily due to the increase in the number of business customers and average revenue per user. Specifically, while small and medium-sized enterprises encountered more challenges during the tough cycle since they are more vulnerable to adverse macro-economic conditions and it has become more difficult for them to obtain liquidity from financial institutions, our average revenue per user increased during 2019 as we have been able to secure more hiring budget from our key customer accounts by providing a wide range of hiring services. During the period under review, approximately 94.6% of our revenue was generated from providing talent acquisition 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 professional career services to individual paying users, such as premium membership services, career coaching and CV advisory services to our registered individual users. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the year ended 31 December			
	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Talent acquisition services to business users	**1,431,285**	**94.6**	1,162,605	94.9
Professional career services to individual paying users	**79,967**	**5.3**	60,547	4.9
Rental income from investment property	**2,222**	**0.1**	2,156	0.2
Total	**1,513,474**	**100.0**	1,225,308	100.0

Revenue from talent acquisition services to business users was RMB1,431.3 million in 2019, a 23.1% increase from RMB1,162.6 million in 2018, primarily due to the increase in number of business customers and increase in average revenue per user.

Revenue from professional career services to individual paying users was RMB80.0 million in 2019, a 32.1% increase from RMB60.5 million in 2018, primarily due to more product innovation provided to mid- to high-end talents.

Revenue from rental income from investment property was RMB2.2 million in 2019 (2018: RMB2.2 million), which remained relatively stable.

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent acquisition service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB345.8 million in 2019, a 45.5% increase from RMB237.7 million in 2018. The percentage increase in cost of revenue was higher than the percentage increase in revenue, which was mainly driven by the change in product mix as a result of customers' preference in using closed-loop services and result-driven products causing an increase in project expenses and headhunters associated costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB1,167.7 million in 2019, a 18.2% increase from RMB987.7 million in 2018. Gross profit margin decreased to 77.2% in 2019 from 80.6% in 2018 due to the change in product mix as a result of customers' preference in using closed-loop services and result-driven products with lower profit margin causing an increase in project expenses and headhunters associated costs.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprised salaries and benefits (including share-based compensation expenses) for sales, sales support services and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB723.3 million in 2019 and RMB713.1 million in 2018, which remained relatively stable. The share-based compensation expenses were RMB8.3 million in 2019 and RMB9.4 million in 2018. Our sales and marketing expenses as a percentage of revenue decreased from 58.2% in 2018 to 47.8% in 2019, primarily due to improving operation leverage driven by the increase in efficiency of our sales and service team.

General and Administrative Expenses

Our general and administrative expenses primarily encompassed 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 impairment losses for doubtful accounts receivable. Our general and administrative expenses were RMB247.4 million in 2019, a 16.9% increase from RMB211.7 million in 2018, which was primarily due to the increase in office rental expenses and increase in management personnel costs, and the increase in the share-based compensation expenses from RMB23.7 million in 2018 to RMB27.3 million in 2019. Our general and administrative expenses as a percentage of revenue decreased from 17.3% in 2018 to 16.3% in 2019, primarily due to the increase in operating efficiency.

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 RMB185.2 million in 2019, a 33.8% increase from RMB138.4 million in 2018. In order to seize the significant long-term growth opportunities, we invested aggressively in R&D headcounts and personnel costs, and the share-based compensation expenses increased from RMB15.2 million in 2018 to RMB18.2 million in 2019. As a percentage of revenue, our R&D expenses increased from 11.3% in 2018 to 12.2% in 2019, primarily as a result of product innovations, upgrade of existing products and integration of the systems developed for those newly acquired subsidiaries with the Group's existing system in order to achieve synergy.

Other Income

Other income primarily comprised income derived from interest income from bank deposits. Our other income increased by 71.7% from RMB69.9 million in 2018 to RMB120.1 million in 2019, primarily as a result of increase of interest income from bank deposit and government grant.

Profit/(Loss) from Operations

As a result of the foregoing, our profit from operations in 2019 was RMB131.8 million, compared to a loss from operations of RMB5.7 million in 2018, primarily attributable to the (i) the increase in gross profit as a result of the higher average revenue per user due to the higher level of market acceptance of the Company's products, including its new products, for instance, *Liepin Assessment and Training* (獵聘培訓), *Campus Recruitment* (校園招聘) and *Staffing Business* (勛厚); (ii) the improvement of sales efficiency (i.e. the decrease in sales bonus payout ratio as a result of the higher proportion of recurring revenue) and the strict spending control as the average size of our sales and service team remained stable; and (iii) the increase in other income as a result of the increase in interest income from bank deposits and government grant.

Net Finance Income

Net finance income primarily consists of interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance income was RMB1.9 million in 2019, compared to a net finance income of RMB16.8 million in 2018, primarily as a result of the increase in interest on lease liabilities and the decrease in foreign currency exchange gain.

Profit before Tax

As a result of the foregoing, profit before tax was RMB141.3 million in 2019, compared to a profit before tax of RMB10.2 million in 2018.

Income Tax Expenses

Income tax expenses was RMB14.7 million in 2019, compared to income tax expenses of RMB7.4 million in 2018, primarily due to the increase in current income tax as a result of the significant increase in profit before taxation.

Profit for the Year

As a result of the aforementioned factors, profit for the year was RMB126.6 million in 2019, increasing from RMB2.7 million in 2018.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and one-time listing expenses) has been presented in this announcement. On 12 January 2020, the Group issued a profit alert announcement expecting an increase in non-GAAP operating profit for the year ended 31 December 2019 (the "**Positive Profit Alert**"). To enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance in conjunction with the Positive Profit Alert, the non-GAAP operating profit of the Company (excluding share-based compensation expenses and one-time listing expenses) has also been presented in this announcement.

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 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 year ended 31 December	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
A. NON-GAAP PROFIT FROM OPERATION		
Profit/(Loss) from Operation	**131,800**	(5,658)
Listing expenses	**—**	47,184
Share-based compensation expenses	**53,767**	48,336
Non-GAAP Profit from Operation	**185,567**	89,862
B. NON-GAAP PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY		
Profit attributable to equity owners of the Company	**120,353**	7,737
Listing expenses	**—**	47,184
Share-based compensation expenses	**53,767**	48,336
Non-GAAP Profit attributable to equity owners of the Company	**174,120**	103,257

Total Comprehensive Income

As a result of the foregoing, total comprehensive income attributable to the owners of the Company and non-controlling interests was RMB172.7 million in 2019, a 77.3% increase from RMB97.4 million in 2018.

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 RMB648.3 million and RMB359.2 million in 2018 and 2019 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 year ended 31 December	
	2019	2018
	(in RMB'000)	
Net cash generated from operating activities	**249,191**	203,810
Net cash (used in) investing activities	**(495,085)**	(2,229,071)
Net cash (used in)/generated from financing activities	**(69,121)**	2,351,703
Net (decrease)/increase in cash and cash equivalents	**(315,015)**	326,442
Effect of foreign exchange rate changes	**25,840**	70,544
Cash and cash equivalents at the beginning of the Reporting Period	**648,331**	251,345
Cash and cash equivalents at the end of the Reporting Period	**359,156**	648,331

Net Cash Generated from Operating Activities

In 2019, net cash generated from operating activities was RMB249.2 million, compared to net cash generated from operating activities of RMB203.8 million in 2018, primarily because of the growth of business and cash advances from business customers.

Net Cash Used in Investing Activities

In 2019, net cash used in investing activities was RMB495.1 million, compared to net cash used in investing activities of RMB2,229.1 million in 2018, which was mainly attributable to net cash generated from the proceeds from maturity of time deposits with banks, net of the placement of time deposits with banks and the cash used in payment for business acquisition net of cash required.

Net Cash (Used in)/Generated from Financing Activities

In 2019, net cash used in financing activities was RMB69.1 million, mainly attributable to payment for shares held for share award schemes and capital element of lease rentals paid, compared to net cash generated from financing activities of RMB2,351.7 million in 2018, which was mainly attributable to the proceeds from the initial public offering.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

The following table sets forth our capital expenditures and long-term investments for the periods indicated:

	For the year ended 31 December	
	2019	2018
	(in RMB'000)	
Payment for property, plant and equipment and intangible assets	**16,513**	19,384
Payment for the purchase of equity securities	**57,769**	115,326
Payment for business acquisition net of cash required	**835,221**	—
Total capital expenditures and long-term investments	**909,503**	134,710

Our capital expenditures and long-term investment primarily included payment for property, plant and equipment and intangible assets, payment for the purchase of equity securities and payment for business acquisition net of cash required. In 2019, we have invested an aggregate of approximately RMB892,990 million in different companies that have technologies or businesses that supplement and benefit our business, which includes the payment of RMB826.96 million for the investment in Changsha Ranxing.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 31 December 2019 was 1.4% (31 December 2018: nil).

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

INVENTORIES

Due to the nature of our business being an online platform for talent acquisition services, we have no inventories to be disclosed.

BORROWINGS AND BONDS

As at 31 December 2019, the Group got two bank loans with principal amount of RMB24 million due on 18 September 2020 and RMB35 million due on 7 October 2020, respectively, both of which are denominated in RMB. They are all unsecured and with fixed interest rate of 6% 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 31 December 2019, 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. We had foreign currency exchange gain (both realized and unrealized) of RMB19.4 million in 2018 and foreign exchange gain of RMB9.0 million in 2019, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain in 2019 was mainly attributable to USD appreciation against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and to take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. 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 31 December 2019.

RISK

Individual operating entities within our 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.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as at 31 December 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

In 2019, the Group entered into an equity transfer agreement with Founder Zhuting, Hangzhou Enniu Network Technology Co., Ltd. ("**Hangzhou Enniu**") and Hangzhou Fanniu Investment Management Limited Partnership ("**Hangzhou Fanniu**") and a capital increase agreement with Shanghai Xunhou Human Resources Co., Ltd (上海勛厚人力資源有限公司) ("**Xunhou**"), a PRC company engaging in mass recruiting and flexible staffing, pursuant to which the Group agreed to acquire an additional 25.91% equity interest in Xunhou with a total cash consideration of RMB40.76 million. The Company believes that the launch of XunHou (勛厚) enables the customers to benefit significantly from customized flexible staffing solutions as they can streamline their staffing costs and increase flexibility during economic downturns. As of 31 December 2019, the industrial and commercial modification procedures have been completed.

On 31 May 2019, the Group entered into an equity transfer agreement with Liepin Kaipusi (Tianjin) Information Technology Co., Ltd (獵聘凱普斯(天津)信息技術有限公司) ("**Liepin Kaipusi**"), a PRC company which provides campus recruitment industry solution services for its customers to identify target student candidates and to recruit the candidates through their customized recruitment solutions, pursuant to which the Group agreed to acquire approximately 71.2% equity interest in Liepin Kaipusi with a total cash consideration of RMB22.51 million. The acquisition was completed on 31 May 2019. As a result, Liepin Kaipusi became a subsidiary of the Group held as to approximately 71.2% by the Group.

The Company believes that both of these acquisitions have technologies or business that supplement and benefit our business in the coming years.

Liepin (HK) Information Technology Co., Limited, a wholly-owned subsidiary of the Company ("**Liepin (HK)**") entered into (i) two investment term sheets dated 26 March 2019 (the "**Investment Term Sheets**"); and (ii) the strategic investment framework agreement dated 26 August 2019 (the "**Investment Framework Agreement**") (which replaced the Investment Term Sheets in their entirety), pursuant to which Liepin (HK) agreed to strategically invest in an aggregate of 66.60% of the total number of shares in the offshore holding company established in the Cayman Islands to control Changsha Ranxing, for a total consideration of RMB826.96 million (collectively, the "**Strategic Investment**"). On 25 November 2019, TD Elite (HK) Information Technology Co., Limited, a wholly-owned subsidiary of the Company and Liepin (HK)'s designee, entered into two share transfer agreements in relation to the Strategic Investment. Following the completion of the Strategic Investment, Changsha Ranxing became a non-wholly owned subsidiary of the Company by virtue of a series of contractual arrangements (the "**Changsha Ranxing Contractual Arrangements**").

The Board believes that the Strategic Investment will help strengthen and expand the service coverage of the Group, and further improve the Group's ability to provide users with comprehensive talent services.

For details of the Strategic Investment and the Changsha Ranxing Contractual Arrangements, please refer to the Company's announcements dated 27 March 2019, 26 August 2019, 25 November 2019 and 27 November 2019.

Save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries or associated companies during the year ended 31 December 2019.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in the section headed "Material Acquisitions and Disposals" above, as at 31 December 2019, there was no other significant investment held by the Group.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD646.6 million out of the net proceeds have been utilized as at 31 December 2019 in the manner consistent with that disclosed in the prospectus of the Company dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 31 December 2019, the unutilized net proceeds was in the amount of approximately HKD2,158.0 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group has no other plans for material investments and capital assets.

ANNUAL RESULTS

Consolidated statement of profit or loss and other comprehensive income
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in RMB)

	Note	2019 RMB'000	2018 (Note) RMB'000
Revenue	*3*	**1,513,474**	1,225,308
Cost of revenue		**(345,789)**	(237,658)
Gross profit		**1,167,685**	987,650
Other income	*4*	**120,067**	69,912
Sales and marketing expenses		**(723,341)**	(713,097)
General and administrative expenses		**(247,409)**	(211,693)
Research and development expenses		**(185,202)**	(138,430)
Profit/(Loss) from operations		**131,800**	(5,658)
Net finance income		**1,895**	16,807
Share of losses of associates		**(2,911)**	(960)
Deemed disposal of associate		**10,522**	—
Profit before taxation		**141,306**	10,189
Income tax	*5*	**(14,678)**	(7,446)
Profit for the year		**126,628**	2,743
Attributable to:			
— Equity shareholders of the Company		**120,353**	7,737
— Non-controlling interests		**6,275**	(4,994)
Profit for the year		**126,628**	2,743
Earnings per share	*10*		
Basic (RMB Cent)		**23.37**	1.70
Diluted (RMB Cent)		**23.10**	1.60

Consolidated statement of profit or loss and other comprehensive income
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in RMB)

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Profit for the year	**126,628**	2,743
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas group entities	**46,114**	94,675
Other comprehensive income for the year	**46,114**	94,675
Total comprehensive income for the year	**172,742**	97,418
Attributable to:		
Equity shareholders of the Company	**166,467**	102,412
Non-controlling interests	**6,275**	(4,994)
Total comprehensive income for the year	**172,742**	97,418

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

Consolidated statement of financial position
AT 31 DECEMBER 2019
(Expressed in RMB)

	Note	2019 RMB'000	2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment		**139,059**	27,751
Investment properties		**36,445**	28,065
Intangible assets		**192,872**	13,227
Goodwill		**711,184**	—
Prepayments for investments		**27,119**	—
Interests in associate		**1,509**	18,444
Other financial assets		**143,561**	105,918
Deferred tax assets		**9,630**	—
Other non-current assets		**7,248**	7,161
		1,268,627	200,566
Current assets			
Trade receivables	6	**68,239**	36,019
Prepayments and other receivables		**115,671**	72,117
Receivables from related parties		**10,991**	—
Other current assets		**136,865**	79,118
Time deposits with banks		**2,227,592**	2,587,426
Cash and cash equivalents		**359,156**	648,331
		2,918,514	3,423,011
Current liabilities			
Trade and other payables	7	**205,540**	151,625
Contract liabilities		**678,460**	636,992
Interest-bearing borrowings	8	**59,000**	—
Lease liabilities	9	**44,241**	—
Current taxation		**32,897**	7,442
		1,020,138	796,059

Consolidated statement of financial position
AT 31 DECEMBER 2019
(Expressed in RMB)

	Note	**2019** **RMB'000**	2018 *(Note)* *RMB'000*
Net current assets		**1,898,376**	2,626,952
Total assets less current liabilities		**3,167,003**	2,827,518
Non-current liabilities			
Lease liabilities	9	**59,747**	—
Deferred tax liabilities		**28,992**	—
		88,739	—
NET ASSETS		**3,078,264**	2,827,518
CAPITAL AND RESERVES			
Share capital		**339**	332
Reserves		**2,969,046**	2,828,363
Total equity attributable to equity shareholders of the Company		**2,969,385**	2,828,695
Non-controlling interests		**108,879**	(1,177)
TOTAL EQUITY		**3,078,264**	2,827,518

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

Consolidated cash flow statement
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in RMB)

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Operating activities		
Profit before taxation	**141,306**	10,189
Adjustments for:		
Credit losses on trade receivables	**19,252**	12,528
Depreciation of property, plant and equipment and investment property	**13,950**	12,329
Depreciation of right-of-use assets	**39,831**	—
Amortization of intangible assets	**8,798**	2,192
(Profit)/Loss on disposal of property, plant and equipment	**(18)**	7
Net finance income excluding bank charges and other finance costs	**(3,233)**	(17,649)
Investment income from wealth management products	**(715)**	(1,833)
Share of losses of associates	**2,911**	960
Deemed disposal of associate	**(10,522)**	—
Fair value change of financial assets at fair value through profit or loss	**(2,972)**	—
Share-based compensation expenses	**53,767**	48,336
Changes in working capital:		
Increase in trade receivables	**(30,643)**	(30,085)
Increase in prepayments and other receivables and other current assets	**(24,338)**	(56,338)
Increase in contract liabilities	**25,090**	193,202
Increase in trade and other payables	**17,327**	29,977
Cash generated from operations	**249,791**	203,815
Income tax paid	**(600)**	(5)
Net cash generated from operating activities	**249,191**	203,810

Consolidated cash flow statement
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in RMB)

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Investing activities		
Proceeds from sale of property, plant and equipment	**132**	118
Investment income from wealth management products received	**650**	1,471
Proceeds from maturity of wealth management products	**147,000**	240,000
Proceeds from maturity of time deposits with banks	**4,672,637**	398,586
Loan to related parties	**(10,991)**	—
Payment for the purchase of property, plant and equipment and intangible assets	**(16,513)**	(19,384)
Payment for the purchase of wealth management products	**(111,000)**	(190,000)
Payment for the purchase of equity securities	**(57,769)**	(115,326)
Payment for business acquisitions net of cash acquired (Note 12)	**(835,221)**	—
Placement of time deposits with banks	**(4,284,010)**	(2,544,536)
Net cash used in investing activities	**(495,085)**	(2,229,071)

Consolidated cash flow statement
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in RMB)

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Financing activities		
Capital injection from owners	**—**	2,371,875
Capital injection from non-controlling owners	**980**	—
Proceeds from share issued under share option scheme	**4,172**	—
Proceeds from reorganization	**—**	1,054,606
Proceeds from interest-bearing borrowings	**59,000**	352,765
Shares held for RSU scheme	**(89,177)**	—
Payment for repurchase of own shares	**—**	(16,507)
Payment for reorganization	**—**	(1,054,978)
Repayment from interest-bearing borrowings	**—**	(352,765)
Interest paid	**(806)**	(1,758)
Interest element of lease rentals paid	**(4,818)**	—
Capital element of lease rentals paid	**(38,472)**	—
Payment for issuance cost	**—**	(1,535)
Net cash (used in)/generated from financing activities	**(69,121)**	2,351,703
Net (decrease)/increase in cash and cash equivalents	**(315,015)**	326,442
Cash and cash equivalents at the beginning of the year	**648,331**	251,345
Effect of foreign exchange rate changes	**25,840**	70,544
Cash and cash equivalents at the end of the year	**359,156**	648,331

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

1 Changes in accounting policies

The International Accounting Standards Board has issued a new International Financial Reporting Standard ("**IFRS**"), IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments that have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that has not yet been effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces International Accounting Standard ("**IAS**") 17, *Leases*, and the related interpretations, International Financial Reporting Interpretations Committee Interpretation 4, *Determining whether an arrangement contains a lease*, Standard Interpretations Committee Interpretation ("**SIC**") 15, *Operating leases — incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low-value assets. The lessor accounting requirements brought forward from IAS 17 are substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has no effect of initial application to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. ***New definition of a lease***

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. ***Lessee accounting and transitional impact***

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16,the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	RMB'000
Operating lease commitments at 31 December 2018	**115,603**
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(9,789)**
	105,814
Less: total future interest expenses	**(7,750)**
Lease liabilities recognised at 1 January 2019	**98,064**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	Capitalisation of operating lease contracts *RMB'000*	Carrying amount at 1 January 2019 *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	27,751	98,019	125,770
Total non-current assets	200,566	98,019	298,585
Prepayments and other receivables	72,117	(3,521)	68,596
Current assets	3,423,011	(3,521)	3,419,490
Trade and other payables	151,625	(3,566)	148,059
Lease liabilities (current)	–	34,812	34,812
Current liabilities	796,059	31,246	827,305
Net current assets	2,626,952	(34,767)	2,592,185
Total assets less current liabilities	2,827,518	63,252	2,890,770
Lease liabilities (non-current)	–	63,252	63,252
Total non-current liabilities	–	63,252	63,252
Net assets	2,827,518	–	2,827,518

c. ***Impact on the financial result and cash flows of the Group***

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16	**Add back: IFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under IAS 17** *(note 1)*	**Hypothetical amounts for 2019 as if under IAS 17**	Compared to amounts reported for 2018 under IAS 17
	(A)	**(B)**	**(C)**	**(D=A+B-C)**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial result for the year ended 31 December 2019 impacted by the adoption of IFRS 16:					
Profit from operations	**131,800**	**39,831**	**(41,431)**	**130,200**	(5,658)
Net finance income	**1,895**	**4,818**	**–**	**6,713**	16,807
Profit before taxation	**141,306**	**44,649**	**(41,431)**	**144,524**	10,189
Income tax	**(14,678)**	**(11,349)**	**10,358**	**15,669**	(7,446)
Profit for the year	**126,628**	**33,300**	**(31,073)**	**128,855**	2,743

	2019			2018
	Amounts reported under IFRS 16	**Estimated amounts related to operating leases as if under IAS 17** *(notes 1 & 2)*	**Hypothetical amounts for 2019 as if under IAS 17**	Compared to amounts reported for 2018 under IAS 17
	(A)	**(B)**	**(C=A+B)**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of IFRS 16:				
Cash generated from operations	**249,791**	**(43,290)**	**206,501**	203,815
Net cash generated from operating activities	**249,191**	**(43,290)**	**205,901**	203,810
Capital element of lease rentals paid	**(38,472)**	**38,472**	**—**	—
Interest element of lease rentals paid	**(4,818)**	**4,818**	**—**	—
Net cash used in financing activities	**(69,121)**	**43,290**	**(25,831)**	2,351,703

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

d. Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018.

2 Significant accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial information.

(a) Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. In assessing whether such unused tax losses can be utilized in the future, the Group needs to make judgments and estimates on the ability of each of the Group entities to generate taxable income in the future years. Based on current information available and the tax planning strategies, the Group considered there is uncertainty regarding whether the unused tax losses could be utilized before expiration for the entities which incurred losses in the past three years. Thus, the Group currently has not recognized any deferred tax assets resulting from operating loss and deductible temporary differences for those entities.

(b) Expected breakage on consumption-based revenue

For the consumption-based revenue, the Group expects to be entitled to breakage because the customers may not consume all the service within the contract period (normally one year). Breakage on consumption-based revenue is recognised based on the estimation of utilisation of services. This is estimated based on historical experience. Actual utilisation may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in current and future years. This estimation is made such that the revenue recognised from breakage on consumption-based revenue is not expected to result in a significant reversal of cumulative revenue in the future.

3. Revenue

Disaggregation of revenue

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

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Talent acquisition services to business customers	**1,431,285**	1,162,605
Professional career services to individual paying users	**79,967**	60,547
Revenue from other sources		
Rental income from investment property	**2,222**	2,156
	1,513,474	1,225,308

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue in 2019.

The Group has one reportable segment, which is talent acquisition services.

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

Accordingly, no geographic information is presented.

4. Other income

	2019	2018
	RMB'000	*RMB'000*
Interest income from bank deposits	**89,437**	55,452
Investment income from wealth management products	**715**	1,833
Government grant	**26,733**	11,170
Fair value changes of other financial assets	**2,972**	—
Others	**210**	1,457
	120,067	69,912

5. Income tax in the consolidated statement of profit or loss

	2019	2018
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**30,517**	7,446
Over-provision in respect of prior years	**(7,160)**	—
	23,357	7,446
Deferred tax		
Origination and reversal of temporary differences	**(8,679)**	—
	14,678	7,446

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.

6. Trade receivables

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Trade receivables — measured at amortized cost	**68,239**	36,019

All the trade receivables are expected to be recovered within one year.

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:

	2019 *RMB'000*	2018 *RMB'000*
Within 60 days	**47,280**	22,392
60 days to 1 year	**16,824**	11,566
Over 1 year	**4,135**	2,061
	68,239	36,019

7. Trade and other payables

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Trade payables to third parties	**33,314**	31,384
Salary and welfare payable	**113,687**	85,481
Other tax payables	**17,586**	12,920
Other payables	**40,953**	21,840
	205,540	151,625

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:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 30 days	**31,660**	30,877
30 days to 1 year	**1,654**	507
	33,314	31,384

8. Interest-bearing borrowings

The Group got two bank loans with amount of RMB24 million due on 18 September 2020 and RMB35 million due on 7 October 2020, respectively. They are all unsecured and with fixed interest rate of 6% per annum.

9. Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to IFRS16:

	At 31 December 2019		At 1 January 2019 *(Note)*		At 31 December 2018 *(Note)*	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	44,241	45,513	34,812	35,314	—	—
After 1 year but within 2 years	34,956	37,792	32,237	35,168	—	—
After 2 years but within 5 years	24,791	28,368	31,015	35,332	—	—
	59,747	66,160	63,252	70,500	—	—
	103,988	111,673	98,064	105,814	—	—
Less: total future interest expenses		(7,685)		(7,750)		—
Present value of lease liabilities		103,988		98,064		—

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17.

Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to IFRS 16 are set out in note 1.

10. 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 Company of RMB120,353 thousand (2018: the profit of RMB7,737 thousand) and the weighted average number of 514,932 thousand ordinary shares in issue during the year (2018: 454,704 thousand ordinary shares in issue during the year).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB120,353 thousand (2018: the profit of RMB7,737 thousand) and the weighted average number of ordinary shares of 521,104 thousand shares (2018: 483,209 thousand ordinary shares in issue during the year).

11. Dividends

The board of directors of the Company has resolved not to declare dividend for the year ended 31 December 2019 (2018: nil).

12. Business Combination

(a) Xunhou

Xunhou was previously an associate of the Group, and provides human resource outsourcing ("**HRO**") service. On 30 April 2019, the Group entered into an equity transfer agreement with Mr. Zhu Ting, the founder of Xunhou, and the other shareholders of Xunhou, pursuant to which the Group obtained 21.84% of the equity interest with a cash consideration of RMB30.8 million. The Group also additionally invested RMB10.0 million to Xunhou on 30 April 2019. As a result, the Group held 64.81% of the equity interest of Xunhou, and obtained the control of Xunhou. The transaction was accounted for as a business combination and deemed disposal of an associate, and the acquisition date is 30 April 2019. The Group expects the acquisition of Xunhou to further increase its market share in HRO business. Additionally, pursuant to the equity transfer agreement, Mr. Zhu Ting would require the Group to purchase additional 5% or 10% equity interest at the fair value, if certain conditions are met. As at 31 December 2019, the conditions were not met and therefore the put option was expired.

The fair value of the Group's investment in Xunhou upon the acquisition date is RMB26 million. The excess of the fair value over the carrying amount, amounting to RMB10.5 million, was recognised as the gain from deemed disposal of associate of in the consolidated statement of profit or loss.

Goodwill of approximately RMB49,160 thousand was recognised as a result of this acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill is expected to be deductible for income tax purpose. The Group chose to measure the non-controlling equity interests in Xunhou at their proportionate share of net assets acquired as at the acquisition date.

The following table summarises the purchase consideration, fair value of assets acquired, liabilities assumed and the non-controlling interest recognised as at the acquisition date:

	At 30 April 2019
	RMB'000
Consideration	
Cash consideration	40,760
Fair value of Xunhou's equity interest previously held by the Group	26,046
	66,806

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	2,802
Intangible assets	9,000
Cash and cash equivalents	10,429
Current assets excluding cash and cash equivalents	11,630
Current liabilities	(2,382)
Non-current liabilities excluding deferred tax liability	(2,002)
Deferred tax liability	(2,250)
Total identifiable net assets	27,227
Non-controlling interests in Xunhou	(9,581)
Goodwill	49,160
	66,806

Net cash outflows arising on the acquisition of Xunhou for the year:

	RMB'000
Consideration paid in cash to founder and other investors	29,760
Add: capital injection in cash to Xunhou before the acquisition date	5,000
Less: cash and cash equivalent balances acquired	(10,429)
	24,331

For the period from the acquisition date through 31 December 2019, Xunhou contributed RMB14,871 thousand and RMB10,023 thousand to the Group's revenue and loss, respectively.

Had the acquisition been completed on 1 January 2019, the Group's pro forma combined revenue and pro forma combined profits for the year ended 31 December 2019 would have been RMB1,520,256 thousand and RMB118,820 thousand, respectively. These pro forma combined figures are for inclusion in these financial statements and for illustrative purpose only. Because of their nature, these pro forma combined figures may not give a true picture of the financial position or results of the combined Group that would have occurred had the acquisition actually been completed at the commencement of the reporting period, nor is intended to be a projection of the future prospects of the combined Group.

(b) Liepin Kaipusi

In May 2019, the Group entered into an agreement with the owners of Beijing Kaipusi Consulting Service Co., Ltd (北京凱普斯諮詢服務有限公司) ("**Beijing Kaipusi**") to acquire its business. Beijing Kaipusi is primarily engaged in providing campus recruitment related services. To facilitate the transaction, Beijing Kaipusi agreed to transfer all of its business to Liepin Kaipusi, a newly established company. The Group paid RMB10 million in cash to the shareholder of Beijing Kaipusi, and additionally invested RMB12.5 million to Liepin Kaipusi. As a result, the Group held 71.2% of the equity interest of Liepin Kaipusi, and obtained the control of Liepin Kaipusi. The transaction was accounted for as a business combination and the acquisition was completed on 31 May 2019. Additionally, pursuant to the agreement, the funder of Beijing Kaipusi would require the Group to purchase additional 5% or 10% equity interest, if certain conditions are met. As at 31 December 2019, the conditions were not met and therefore the put option was expired.

Goodwill of approximately RMB14,426 thousand was recognised as a result of this acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill is expected to be deductible for income tax purpose. The Group chose to record the non-controlling equity interests in Liepin Kaipusi at their proportionate share of net assets acquired as at the acquisition date.

The following table summarises the purchase consideration, fair value of assets acquired, liabilities assumed and the non-controlling interest recognised as at the acquisition date:

	At 31 May 2019 *RMB'000*
Consideration	
Cash	22,510
Total consideration	22,510

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	2,747
Intangible assets	3,100
Current assets	13,000
Current liability	(4,000)
Non-current liabilities excluding deferred tax liability	(2,718)
Deferred tax liability	(775)
Total identifiable net assets	11,354
Non-controlling interests in Liepin Kaipusi	(3,270)
Goodwill	14,426
	22,510

Net cash outflows arising on the acquisition of Liepin Kaipusi for the year:

	RMB'000
Consideration paid in cash to other investors	6,000
	6,000

For the period from the acquisition date through 31 December 2019, Liepin Kaipusi contributed RMB45,218 thousand and RMB1,883 thousand to the Group's revenue and profit, respectively.

Had the acquisition been completed on 1 January 2019, the Group's pro forma combined revenue and pro forma combined profits for the year ended 31 December 2019 would have been RMB1,520,558 thousand and RMB126,079 thousand respectively. These pro forma combined figures are for inclusion in these financial statements and for illustrative purpose only. Because of their nature, these pro forma combined figures may not give a true picture of the financial position or results of the combined Group that would have occurred had the acquisition actually been completed at the commencement of the reporting period, nor is intended to be a projection of the future prospects of the combined Group.

(c) Changsha Ranxing

On 25 November 2019, the Group entered into an equity transfer agreement with Mr. Hu Xiao, Mr. Wu Yong, and Mr. Yao Leiming, the founders of Changsha Ranxing, and Chengwei Evergreen Capital, L.P., pursuant to which the Group agreed to subscribe 66.60% of the total equity interest in the offshore holding company established in the Cayman Islands to control Changsha Ranxing, for a total cash consideration of RMB827.0 million. Pursuant to the agreement, the founders of Changsha Ranxing agreed that RMB200 million consideration shall be used to purchase 11,674,209 outstanding shares of the Company at HK$19.0, i.e. the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the 30 trading days immediately preceding 27 November 2019. The transaction was accounted for as a business combination and the acquisition was completed on 27 November 2019.

Goodwill of approximately RMB647,598 thousand was recognised as a result of this acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill is expected to be deductible for income tax purpose. The Group chose to record the non-controlling equity interests in Changsha Ranxing at their proportionate share of net assets acquired as at the acquisition date.

The following table summarises the purchase consideration, fair value of assets acquired, liabilities assumed and the non-controlling interest recognised as at the acquisition date:

	At 27 November 2019 *RMB'000*
Consideration	
Cash	826,960
Total consideration transferred	826,960

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	10,303
Intangible assets	169,831
Investment property	9,459
Interests in associate	1,500
Cash and cash equivalents	22,070
Current assets excluding cash and cash equivalents	115,108
Contract liabilities	(35,182)
Deferred tax liability	(23,777)
Total identifiable net assets	269,312
Non-controlling interests in Changsha Ranxing	(89,950)
Goodwill	647,598
	826,960

Net cash outflows arising on the acquisition of Changsha Ranxing for the year:

	RMB'000
Consideration paid in cash	826,960
Less: cash and cash equivalent balances acquired	(22,070)
	804,890

For the period from the acquisition date through 31 December 2019, Changsha Ranxing contributed RMB17,615 thousand and RMB15,004 thousand to the Group's revenue and profit, respectively.

Had the acquisition been completed on 1 January 2019, the Group's pro forma combined revenue and pro forma combined profits for the year ended 31 December 2019 would have been RMB1,646,987 thousand and RMB141,916 thousand respectively. These pro forma combined figures are for inclusion in these financial statements and for illustrative purpose only. Because of their nature, these pro forma combined figures may not give a true picture of the financial position or results of the combined Group that would have occurred had the acquisition actually been completed at the commencement of the reporting period, nor is intended to be a projection of the future prospects of the combined Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 year ended 31 December 2019, save for the deviation from code provision A.2.1 as disclosed below.

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

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to 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 year ended 31 December 2019.

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.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

Audit Committee

The audit committee of the Company (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 consolidated results for the year ended 31 December 2019 of the Group and the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor's Procedures Performed on this Announcement

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

EVENTS AFTER THE END OF THE REPORTING PERIOD

With respect to the outbreak of COVID-19, the Company has assessed and preliminarily concluded that there will be certain negative impact on its talent acquisition services and the Company will closely monitor the development of COVID-19 and react proactively to assess the impact on the operation and financial position of the Company.

Save as disclosed above, no other important event affecting the Group occurred after 31 December 2019 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2019.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on Monday, 15 June 2020. The notice of the AGM will be published and despatched in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 June 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Hong Kong Stock Exchange (***www.hkexnews.hk***) and the Company (***www.liepin.com***).

The annual report for the year ended 31 December 2019 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By Order of the Board
Wise Talent Information Technology Co., Ltd
Dai Kebin
Chairman

PRC, 19 March 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. DAI Kebin, Mr. CHEN Xingmao and Ms. XU Lili as executive Directors, Mr. SHAO Yibo, Mr. ZUO Lingye and Mr. DING Gordon Yi as non-executive Directors, and Mr. YE Yaming, Mr. ZHANG Ximeng and Mr. CHOI Onward as independent non-executive Directors.