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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "**Board**") of Wise Talent Information Technology Co., Ltd (the "**Company**") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the six months ended 30 June 2019, together with comparative figures for the six months ended 30 June 2018.

FINANCIAL HIGHLIGHTS OF THE GROUP

- Revenue including revenue from providing talent acquisition services to our business customers and providing professional career services was RMB712.4 million for the six months ended 30 June 2019, a 23.1% increase from RMB578.9 million for the six months ended 30 June 2018.
- Gross profit was RMB570.5 million for the six months ended 30 June 2019, a 17.9% increase from a gross profit of RMB484.0 million for the six months ended 30 June 2018.
- Net profit was RMB70.4 million for the six months ended 30 June 2019, a 1,374.9% increase from a net profit of RMB4.8 million for the six months ended 30 June 2018.
- Net profit attributable to the owners of the Company was RMB67.6 million for the six months ended 30 June 2019, a 2,192.4% increase from a net profit attributable to the owners of the Company of RMB2.9 million for the six months ended 30 June 2018.

- Non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses) was RMB92.2 million for the six months ended 30 June 2019, a 50.4% increase from a non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and one-time listing expenses) of RMB61.3 million for the six months ended 30 June 2018.

- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 to the shareholders of the Company.

MARKET REVIEW

The PRC Human Resource Services Market

During the first half of 2019, the macroeconomic growth faced increasing pressure and market uncertainties. As compared with the first half of 2018, there was still an increase in hiring demand, but the growth rate was declining. Due to the pressure of the economic environment, small-and-medium enterprises were more inclined to hire for replacement rather than expanding their headcounts. On the other hand, large enterprises had a more diversified demand for human resources services and the average revenue per user continued to rise. During the first half of 2019, in terms of talent demanded by industries, the internet industry had the highest demand, followed by the real estate, finance, consumer goods and engineering industries. Despite the domestic and international economic pressure, it was the first time the issue of employment was included in the agenda of the National People's Congress and the Chinese Political Consultative Conference in 2019 as a 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.

The PRC Professional Career Services Market

The PRC professional career services market 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.

BUSINESS REVIEW

As a pioneer of online talent acquisition services platform in China, we achieved a solid growth in the first half of 2019 amid challenges posed by the macro economy. For the six months ended 30 June 2019, our revenue and gross profit amounted to RMB712.4 million and RMB570.5 million, respectively, representing an increase of 23.1% and 17.9%, respectively, compared to the same period in 2018. Set forth below is a summary of major developments of our business in the first half of 2019:

Continued Development and Expansion of our Platforms

We operate a talent service platform in China focused on mid- to high-end talents where we host a full range of proprietary online platform and SaaS solutions and provide online products and services to our registered individual users, verified business users and verified headhunters. Through our mobile app, website and branded WeChat official accounts, we offer a comprehensive range of talent services to individual users to find better career opportunities and verified business users and headhunters to source talents more effectively. During the first six months of 2019, we have launched a series of product innovations, including *Magic Mirror* (魔鏡), an AI interview screening system and certain new features to *Direct Recruitment* (直招), for example, candidate-to-candidate direct recruitment.

We have been continuously leveraging on headhunters and other ecosystem partners to offer customized and closed-loop services, catering to the needs of our business customers and individual users. 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. 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, and the real time data accumulated through the closed-loop services can optimize our algorithm to further enhance the match between job opportunities and candidates. As part of our ecosystem expansion strategy, we have also expanded our background check services, which comprise identification verification, degree or diploma verification, work experience verification and legal proceedings check with our service partners.

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 43.2 million as of 30 June 2018, with an average annual salary of RMB155,204 to 51.0 million as of 30 June 2019, with an average annual salary of RMB176,062.

Our traffic reached record high in March 2019. We observe a strong level of activeness among our individual users and the level of engagement of our registered individual users continue 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 provided with our Big Data and AI technology, as well as social network and career content services provided through our *Liepin* (獵聘) mobile app. During the first half of 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 paid value-added services to our individual users who require from us career services in addition to the aforesaid free basic services. We offered 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). We also offer CV advisory services 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 generated RMB37.4 million of revenue from individual users during the six months ended 30 June 2019 (compared with RMB33.6 million for the six months ended 30 June 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. Not only we functioned as a massive transaction platform facilitating hiring transactions, but also generated proprietary transactional data to help us enhancing our service quality. During the first half of 2019, we launched *Magic Mirror* (魔鏡), an AI interview screening system, which potentially assists our business users to reduce their cost of recruitment.

Growth of Talent Acquisition Services to Business Users

Talent acquisition services to business users continued to be our major source of revenue. During the six months ended 30 June 2019, we generated revenue of RMB674.0 million (compared with RMB544.1 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 during the first half of 2019. We continued to provide free basic talent solutions and tools including job posting services on *Liepintong* (獵聘通), 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 from 304,407 as of 30 June 2018 to 455,935 as of 30 June 2019. The number of job postings on our online platform also grew from 2.4 million as of 30 June 2018 to 3.1 million as of 30 June 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.

Business customers can also elect to purchase our headhunter-assisted, closed-loop talent acquisition services, primarily *Interview Express* (面試快), *Onboarding Express* (入職快) and *Recruiting Process Outsourcing (3.0)* (招聘流程外包(3.0)), for which they will pay us a fixed fee upon the completion of certain milestones based on the offered annual salary of a particular position.

By leveraging various types of closed-loop talent acquisition transactions, we collected highly valuable and insightful transaction data altogether with our comprehensive and expanding talent graph. Benefiting from the insights of these 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. During the first half of 2019, approximately 70% 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.

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 119,271 as of 30 June 2018 to 151,386 as of 30 June 2019. The total number of contacts with registered individual users by our verified headhunters also increased from 332.0 million as of 30 June 2018 to 449.2 million as of 30 June 2019. Headhunters significantly boost up the level of activity and engagement of registered individual user.

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

	As of 30 June		As of 31 December	
	2019	**2018**	**2018**	**2017**
Individual Users				
Number of registered individual users (in millions)	51.0	43.2	46.9	38.9
Number of individual paying users	225,970	140,607	178,901	89,606
Average annual salary of registered individual users (in RMB)	176,062	155,204	168,341	144,286
Number of CVs (in millions)	51.0	43.2	46.9	38.9
Business Users and Customers				
Number of verified business users	455,935	304,407	338,658	248,600
Number of business customers	48,915	45,377	48,230	39,887
Number of job postings (in millions)	3.1	2.4	3.9	2.5
Headhunters				
Number of verified headhunters	151,386	119,271	137,031	101,840
Number of contacts with registered individual users by our verified headhunters (in millions)	449.2	332.0	729.0	482.1

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2019, as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2019 — unaudited
(Expressed in RMB)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**712,426**	578,894
Cost of sales		**(141,924)**	(94,896)
Gross profit		**570,502**	483,998
Other income	*4*	**45,856**	12,369
Sales and marketing expenses		**(361,155)**	(333,940)
General and administrative expenses		**(114,722)**	(107,576)
Research and development expenses		**(84,977)**	(53,121)
Profit from operations		**55,504**	1,730
Net finance (cost)/income	*5*	**(2,317)**	2,939
Share of profits less losses of associates		**13,673**	433
Profit before taxation	*5*	**66,860**	5,102
Income tax	*6*	**3,565**	(327)
Profit for the period		**70,425**	4,775
Attributable to:			
Equity shareholders/owners of the company		**67,558**	2,947
Non-controlling interests		**2,867**	1,828
Profit for the period		**70,425**	4,775
Earnings per share	*7*		
Basic		**RMB0.1306**	RMB0.0072
Diluted		**RMB0.1240**	RMB0.0067

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2019 — unaudited
(Expressed in RMB)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Profit for the period		**70,425**	4,775
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)		**22,010**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**98,966**	—
Other comprehensive income for the period		**191,401**	4,775
Total comprehensive income for the period		**191,401**	4,775
Attributable to:			
Equity shareholders/owners of the company		**188,534**	2,947
Non-controlling interests		**2,867**	1,828
Total comprehensive income for the period		**191,401**	4,775

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

Consolidated Statement of Financial Position

at 30 June 2019 — unaudited
(Expressed in RMB)

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment	2 & 8	**122,554**	27,751
Investment property	8	**27,550**	28,065
Intangible assets		**21,075**	13,227
Goodwill		**65,535**	—
Prepaid investment	9	**26,075**	—
Interest in associates		**—**	18,444
Other financial assets		**149,000**	105,918
Other non-current assets		**9,292**	7,161
		421,081	200,566
Current assets			
Trading receivables	10	**58,717**	36,019
Prepayments and other receivables	11	**104,278**	72,117
Receivables from related parties		**2,913**	—
Other current assets		**31,726**	79,118
Time deposits with banks		**2,495,035**	2,587,426
Cash and cash equivalents	12	**681,465**	648,331
		3,374,134	3,423,011
Current liabilities			
Trade and other payables	13	**139,363**	151,625
Contract liabilities		**610,359**	636,992
Lease liabilities	2(d)	**42,011**	—
Current taxation		**3,673**	7,442
		795,406	796,059

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Net current assets		**2,578,728**	2,626,952
Total assets less current liabilities		**2,999,809**	2,827,518
Non-current liabilities			
Lease liabilities	*2(d)*	**52,420**	—
NET ASSETS		**2,947,389**	2,827,518
CAPITAL AND RESERVES			
Share capital		**337**	332
Reserves		**2,929,553**	2,828,363
Total equity attributable to equity shareholders/owners of the company		**2,929,890**	2,828,695
Non-controlling interests		**17,499**	(1,177)
TOTAL EQUITY		**2,947,389**	2,827,518

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2019 — unaudited
(Expressed in RMB)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash generated from operations		**9,840**	117,211
Tax paid		**(433)**	—
Net cash generated from operating activities		**9,407**	117,211
Investing activities			
Proceeds from sale of property, plant and equipment		**3**	136
Investment income from wealth management products received		**689**	1,419
Proceeds from maturity of wealth management products		**100,000**	240,000
Proceeds from maturity of time deposits with banks		**1,830,358**	240,572
Payment for the purchase of property, plant and equipment, and intangible assets		**(12,654)**	(10,123)
Payment for the purchase of equity securities		**(56,552)**	(92,572)
Payment for the purchase of wealth management products		**(53,000)**	(140,000)
Placement of time deposits with banks		**(1,734,508)**	(236,932)
Loan to employees		**(15,352)**	—
Net cash generated from investing activities		**58,984**	2,500

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Financing activities			
Capital injection from owners		**—**	2,364,546
Capital injection from non-controlling owners		**980**	—
Proceeds from bank loans and related-party loans		**—**	352,765
Proceed from share issued under share option scheme		**1,414**	—
Shares held for RSU scheme		**(18,751)**	—
Payment for repurchase of own shares		**—**	(16,507)
Repayment of bank loans and related-party loans		**—**	(192,758)
Payment for interest		**—**	(668)
Payment for group restructuring		**—**	(106)
Payment for issuance cost		**—**	(6,806)
Capital element of lease rentals paid		**(17,993)**	—
Interest element of lease rentals paid		**(2,587)**	—
Net cash (used in)/generated from financing activities		**(36,937)**	2,500,466
Net increase in cash and cash equivalents		**31,454**	2,620,177
Cash and cash equivalents at 1 January		**648,331**	251,345
Effect of foreign exchanges rates changes		**1,680**	1,129
Cash and cash equivalents at 30 June	*12*	**681,465**	2,872,651

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

1 Basis of preparation

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 20 August 2019.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial information contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. The interim financial information is unaudited.

The financial information relating to the financial year ended 31 December 2018 that is included in the interim financial information as comparative information does not constitute the company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

The IASB has issued a new 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 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 in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, International Financial Reporting Interpretations Committee ("**IFRIC**") 4, *Determining whether an arrangement contains a lease*, Standing Interpretation Committee ("**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 are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment 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 options applied are set out below:

(a) Changes in the accounting policies

(i) 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.

(ii) Lessee accounting

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. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

— right-of-use assets that meet the definition of investment property are carried at fair value;

— right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

— right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) 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.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16, 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:

	At 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)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	98,064
Total 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 Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

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

(d) ***Lease liabilities***

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	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*
Within 1 year	42,011	42,716	34,812	35,314
After 1 year but within 2 years	35,667	38,870	32,237	35,168
After 2 years but within 5 years	16,753	18,933	31,015	35,332
After 5 years	—	—	—	—
	52,420	57,803	63,252	70,500
	94,431	100,519	98,064	105,814
Less: total future interest expenses		(6,088)		(7,750)
Present value of lease liabilities		94,431		98,064

(e) ***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 significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 since this superseded standard had continued to apply to 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 six months ended 30 June 2019 impacted by the adoption of IFRS 16:					
Profit from operations	55,504	19,114	(19,530)	55,088	1,730
Finance costs	(2,317)	2,587	—	270	2,939
Profit before taxation	66,860	21,701	(19,530)	69,031	5,102
Profit for the period	70,425	21,701	(19,530)	72,596	4,775

	2019 Amounts reported under IFRS 16 (A) *RMB'000*	Estimated amounts related to operating leases as if under IAS 17 *(notes 1 & 2)* (B) *RMB'000*	Hypothetical amounts for 2019 as if under IAS 17 (C=A+B) *RMB'000*	2018 Compared to amounts reported for 2018 under IAS 17 *RMB'000*
Line items in the consolidated statement of cash flows for the six months ended 30 June 2019 impacted by the adoption of IFRS 16:				
Cash generated from operations	9,840	(20,580)	(10,740)	117,211
Net cash generated from operating activities	9,407	(20,580)	(11,173)	117,211
Capital element of lease rentals paid	(17,993)	17,993	—	—
Interest element of lease rentals paid	(2,587)	2,587	—	—
Net cash used in financing activities	(36,937)	20,580	(16,357)	2,500,466

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.

3 Revenue

(a) *The principal activities of the Group are providing a variety of talent services to business customers and individual paying users.*

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Talent acquisition services to business customers	**673,972**	544,077
Professional career services to individual paying users	**37,373**	33,641
Revenue from other sources		
Rental income from investment property	**1,081**	1,176
	712,426	578,894

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2018 and 2019.

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

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

Accordingly, no geographic information is presented.

4 Other income

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income from bank deposits	**44,251**	7,179
Investment income from wealth management products	**275**	1,419
Government grant	**820**	2,900
Others	**510**	871
	45,856	12,369

5 Profit before taxation

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
(a) Net finance (cost)/income		
Interest expenses on bank loans and other borrowings	**—**	(1,021)
Interest on lease liabilities	**(2,587)**	—
Foreign currency exchange gain	**767**	4,387
Bank charges and other finance costs	**(497)**	(427)
	(2,317)	2,939

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
(b) Other items		
Depreciation charge		
— owned property, plant and equipment and investment property *(note 8)*	**7,136**	5,973
— right-of-use assets	**19,114**	—
Amortization of intangible assets	**1,947**	976
Impairment losses of trade receivables	**5,471**	2,550
Operating lease charge	**6,339**	22,989
Share issuance cost	**—**	42,645
Auditors' remuneration — Audit service	**2,000**	—

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

6 Income tax

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax and deferred tax	**3,565**	(327)
	3,565	(327)

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

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB67,558 thousand (six months ended 30 June 2018: RMB2,947 thousand) and the weighted average of 517,373,221 ordinary shares (2018: 408,048,353) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB67,558 thousand (six months ended 30 June 2018: RMB2,947 thousand) and the weighted average number of ordinary shares of 544,850,174 (2018: 442,487,518).

8 Investment properties and property, plant and equipment

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. In addition, the depreciated carrying amount of the finance leased assets which were previously included in property, plant and equipment is also identified as right-of-use assets. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

During the six months ended 30 June 2019, the Group entered into a number of lease agreements for use of office premises, and therefore recognised the additions to right-of-use assets of RMB14,784 thousand.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2019, the Group acquired items of office equipment and others with a cost of RMB6,911 thousand (six months ended 30 June 2018: RMB9,583 thousand). Items of office equipment, and others with a net book value of RMB4 thousand were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: RMB66 thousand), resulting in a loss on disposal of RMB1 thousand (six months ended 30 June 2018: RMB23 thousand).

9 Prepaid investment

It mainly includes the prepaid investment with Changsha Ranxing Information Technology Co., Ltd. ("**Changsha Ranxing**"). In March 2019, the Group entered into an investment proposal agreement with minority shareholder of Changsha Ranxing to purchase 61.23% shares of the company. In March 2019, the Group has paid a cash deposit in the amount of RMB21,000 thousand to minority shareholder of Changsha Ranxing. As of 30 June 2019, the transaction has not closed yet, and the amount of deposit was recorded as prepaid investment.

10 Trade receivables

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Trade receivables — measured at amortized cost	**58,717**	36,019

Ageing analysis

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

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Within 60 days	**37,616**	22,392
60 days to 1 year	**18,502**	11,566
Over 1 year	**2,599**	2,061
	58,717	36,019

11 Prepayments and other receivables

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Prepayments to suppliers *(note)*	**10,622**	11,588
Other receivables	**48,199**	24,542
Interest receivable	**45,457**	35,987
	104,278	72,117

Note: On the date of transition to IFRS 16, accrued lease payments of RMB3,521 thousand previously included in "Prepayments to suppliers" were adjusted to right-of-use assets recognised at 1 January 2019. See note 2.

12 Cash and cash equivalents

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Bank deposits with a maturity of three months or less	**493,300**	415,155
Demand deposits with banks	**188,162**	233,176
Cash on hand	**3**	—
Cash and cash equivalents	**681,465**	648,331

13 Trade and other payables

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade payables to third parties *(note)*	**25,969**	31,384
Salary and welfare payable	**59,019**	85,481
Other tax payables	**8,969**	12,920
Other payables	**45,406**	21,840
	139,363	151,625

Note: On the date of transition to IFRS 16, accrued lease payments of RMB3,566 thousand previously included in "Trade payables to third parties" were adjusted to right-of-use assets recognised at 1 January 2019. See note 2.

Ageing analysis

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

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 30 days	**24,946**	30,877
30 days to 1 year	**1,023**	507
	25,969	31,384

14 Dividends

No dividends have been declared or paid by the Company during the reporting period ended 30 June 2019.

15 Business Combination

(a) Combination of Xunhou

During the first half of 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**"), 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.

As of 30 June 2019, the industrial and commercial modification procedures with Hangzhou Enniu and Hangzhou Fanniu have not been completed yet.

The following summarises the consideration transferred, and the provisional fair value of assets acquired and liabilities assumed at the acquisition date:

	At 30 April 2019
	RMB'000
Property, plant and equipment	800
Intangible assets	5,200
Cash and cash equivalents	10,429
Trade receivables	3,413
Prepayments and other receivables	7,602
Trade and other payables	(2,382)
Others	615
Total identifiable net assets acquired	25,677
Add: Goodwill arising from the acquisition	56,236
Total consideration transferred	81,913
Satisfied by:	
Interest in associate	32,117
Consideration payable	13,504
Cash paid	27,256
Non-controlling interests	9,036
Total consideration transferred	81,913
Cash flow in respect of the acquisition:	
Cash paid by the Group	27,256
Less: Cash acquired	(10,429)
Net cash outflow in respect of the acquisition	16,827

The Goodwill of approximately RMB56,236 thousand arose in the acquisition of Xunhou because the purchase consideration included amounts in relation to the benefit of expected synergies, which cannot be recognised separately from goodwill because it does not meet the recognition criteria for identifiable intangible assets.

Since the acquisition, Xunhou contributed RMB5,667 thousand to the Group's revenue and loss of RMB543 thousand to the consolidated profit for the six months ended 30 June 2019.

Had the acquisition been completed on 1 January 2019, the Group's pro forma combined revenue and pro forma combined profits for the six months ended 30 June 2019 would have been RMB719,289 thousand and RMB62,916 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.

Acquisition-related costs

The Group incurred transaction costs of RMB200 thousand for the acquisition. These transaction costs have been expensed and also included in administrative expenses in the interim consolidated statement of profit or loss.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

The fair value of intangible assets (right to use the brands) has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

(b) Combination of Liepin Kaipusi

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**"), pursuant to which the Group agreed to acquire approximately 71.2% equity interest in Liepin Kaipusi with a total cash consideration of RMB22 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 following summarises the consideration transferred, and the provisional fair value of assets acquired and liabilities assumed at the acquisition date:

	At 31 May 2019
	RMB'000
Property, plant and equipment	29
Intangible assets	3,200
Trading receivables	2,775
Prepayments and other receivables	13,000
Total identifiable net assets acquired	19,004
Add: Goodwill arising from the acquisition	8,979
Total consideration transferred	27,983
Satisfied by:	
Consideration payable	4,510
Cash paid	18,000
Non-controlling interests	5,473
Total consideration transferred	27,983
Cash flow in respect of the acquisition:	
Cash paid by the Group	18,000
Less: Cash acquired	—
Net cash outflow in respect of the acquisition	18,000

The Goodwill of approximately RMB8,979 thousand arose in the acquisition of Liepin Kaipusi because the purchase consideration included amounts in relation to the benefit of expected synergies, which cannot be recognised separately from goodwill because it does not meet the recognition criteria for identifiable intangible assets.

Since the acquisition, Liepin Kaipusi contributed no revenue to the Group's revenue and loss of RMB53 thousand to the consolidated profit for the six months ended 30 June 2019.

Had the acquisition been completed on 1 January 2019, the Group's pro forma combined revenue and pro forma combined profits for the six months ended 30 June 2019 would have been RMB719,510 thousand and RMB70,180 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.

Acquisition-related costs

The Group incurred transaction costs of RMB150 thousand for the acquisition. These transaction costs have been expensed and also included in administrative expenses in the interim consolidated statement of profit or loss.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

The fair value of intangible assets (right to use the brands) has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

FINANCIAL REVIEW

Revenue

Our revenue was RMB712.4 million for the six months ended 30 June 2019, a 23.1% increase from RMB578.9 million for the six months ended 30 June 2018, which was primarily due to the increase in the number of business customers and average revenue per user. Specifically, while small and medium 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 the first half of 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 user, 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 six months ended 30 June			
	2019		**2018**	
	RMB'000	**%**	*RMB'000*	%
	(unaudited)		*(unaudited)*	
Talent acquisition services to business user	**673,972**	**94.6**	544,077	94.0
Professional career services to individual paying users	**37,373**	**5.2**	33,641	5.8
Rental income from investment property	**1,081**	**0.2**	1,176	0.2
Total	**712,426**	**100**	578,894	100

Revenue from talent acquisition services to business user was RMB674.0 million for the six months ended 30 June 2019, a 23.9% increase from RMB544.1 million for the six months ended 30 June 2018 primarily due to the increase in the number of business customers and average revenue per user.

Revenue from professional career services to individual paying users was RMB37.4 million for the six months ended 30 June 2019, a 11.1% increase from RMB33.6 million for the six months ended 30 June 2018 primarily due to the offering of wider range of products to registered individual users.

Revenue from rental income was RMB1.1 million for the six months ended 30 June 2019 and RMB1.2 million for the six months ended 30 June 2018, 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 RMB141.9 million for the six months ended 30 June 2019, a 49.6% increase from RMB94.9 million for the six months ended 30 June 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 RMB570.5 million for the six months ended 30 June 2019, a 17.9% increase from RMB484.0 million for the six months ended 30 June 2018. Gross profit margin decreased to 80.1% for the six months ended 30 June 2019 from 83.6% for the six months ended 30 June 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 and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB361.2 million for the six months ended 30 June 2019, a 8.1% increase from RMB333.9 million for the six months ended 30 June 2018, which was primarily due to the increase in sales personnel costs. Our sales and marketing expenses as a percentage of revenue decreased from 57.7% for the six months ended 30 June 2018 to 50.7% for the six months ended 30 June 2019, primarily due to improving operation leverage driven by the increase in efficiency of our sales 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 RMB114.7 million for the six months ended 30 June 2019, a 6.6% increase from RMB107.6 million for the six months ended 30 June 2018, which was primarily due to the increase in office rental expenses. Our general and administrative expenses as a percentage of revenue decreased from 18.6% for the six months ended 30 June 2018 to 16.1% for the six months ended 30 June 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 RMB85.0 million for the six months ended 30 June 2019, a 60.0% increase from RMB53.1 million for the six months ended 30 June 2018. In order to seize the significant long-term growth opportunities, we invested aggressively in R&D headcounts and personnel costs, especially share-based compensation. As a percentage of revenue, our R&D expenses increased from 9.2% for the six months ended 30 June 2018 to 11.9% for the six months ended 30 June 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 270.7% from RMB12.4 million for the six months ended 30 June 2018 to RMB45.9 million for the six months ended 30 June 2019, primarily as a result of increase of interest income from bank deposit.

Profit from Operations

As a result of the foregoing, our profit from operations for the six months ended 30 June 2019 was RMB55.5 million, compared to a profit from operations of RMB1.7 million for the six months ended 30 June 2018.

Net Finance (Cost)/Income

Net finance (cost)/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 cost was RMB2.3 million for the six months ended 30 June 2019, compared to a net finance income of RMB2.9 million for the six months ended 30 June 2018, primarily as a result of the increase in interest on lease liabilities.

Profit before Tax

As a result of the foregoing, profit before tax was RMB66.9 million for the six months ended 30 June 2019, compared to a profit before tax of RMB5.1 million for the six months ended 30 June 2018.

Income Tax (Credit)/Expenses

Income tax credit was RMB3.6 million for the six months ended 30 June 2019, compared to income tax expenses of RMB0.3 million for the six months ended 30 June 2018.

Profit for the Reporting Period

Profit was RMB70.4 million for the six months ended 30 June 2019, compared to a profit of RMB4.8 million for the six months ended 30 June 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 interim results announcement. This unaudited non-GAAP financial measure 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, this non-GAAP financial measure may be defined differently from similar terms used by other companies. The Company's management believes that this non-GAAP financial measure provides 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 six months ended 30 June	
	2019	**2018**
	(unaudited)	*(unaudited)*
	(in RMB'000)	
Profit attributable to equity owners of the Company	**67,558**	2,947
Share-based compensation expenses	**24,673**	15,737
Listing expenses	**—**	42,645
Non-GAAP profit attributable to equity owners of the Company	**92,231**	61,329

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 RMB2,872.7 million and RMB681.5 million as of 30 June 2018 and 30 June 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 six months ended 30 June	
	2019	**2018**
	(unaudited)	*(unaudited)*
	(in RMB'000)	
Net cash generated from operating activities	**9,407**	117,211
Net cash generated from investing activities	**58,984**	2,500
Net cash (used in)/generated from financing activities	**(36,937)**	2,500,466
Net increase in cash and cash equivalents	**31,454**	2,620,177
Effect of foreign exchange rate changes	**1,680**	1,129
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	**681,465**	2,872,651

Net Cash Generated from Operating Activities

For the six months ended 30 June 2019, net cash generated from operating activities was RMB9.4 million, compared to net cash generated from operating activities of RMB117.2 million for the six months ended 30 June 2018, primarily because business customers remained more cautious in hiring decisions.

Net Cash Generated from Investing Activities

For the six months ended 30 June 2019, net cash generated from investing activities was RMB59.0 million, which was mainly attributable to the proceeds from maturity of wealth management products and the net proceeds from time deposits with banks, compared to RMB2.5 million for the six months ended 30 June 2018.

Net Cash (Used in)/Generated from Financing Activities

For the six months ended 30 June 2019, net cash used in financing activities was RMB36.9 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 RMB2,500.5 million for the six months ended 30 June 2018 in connection with the initial public offering of the Company.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENT

Our capital expenditures and long-term investment primarily included payment for property, plant and equipment and intangible assets and acquisition of financial assets measured at fair value through other comprehensive income. The following table sets forth our capital expenditures and long-term investments for the periods indicated:

	For the six months ended 30 June	
	2019	**2018**
	(unaudited)	*(unaudited)*
	(in RMB'000)	
Payment for property, plant and equipment and intangible assets	**12,654**	10,123
Payment for the purchase of equity securities	**56,552**	92,572
Total capital expenditures and long-term investments	**69,206**	102,695

Our capital expenditure during the six months ended 30 June 2019 primarily included expenditure for purchases of property, plant and equipment and acquisition of long-term investment and prepaid investment. We have invested an aggregate of approximately RMB56.6 million in different companies that have technologies or businesses that supplement and benefit our business (for the six months ended 30 June 2018: RMB92.6 million) which includes a cash deposit in the amount of RMB21 million paid to minority shareholder of Changsha Ranxing in March 2019 in relation to the acquisition of equity interests in Changsha Ranxing.

INDEBTEDNESS

We had no bank loans or convertible loans as of 30 June 2019 and as of 30 June 2018.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2019 was nil (30 June 2018: 2.8%).

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.

BORROWINGS AND BONDS

As of 30 June 2019, the Company had no bank loans or other borrowings and nor did the Company issue any bonds.

CONTINGENT LIABILITIES

As of 30 June 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.

For the six months ended 30 June 2019 and 2018, we had foreign currency exchange gain (both realized and unrealized) of RMB0.8 million and RMB4.4 million respectively, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain for the six months ended 30 June 2019 was mainly attributable to appreciation of USD against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2019.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as at 30 June 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2019.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

During the first half of 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 the business of online career service for undergraduates and fresh graduates, 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.

As of 30 June 2019, the industrial and commercial modification procedures with Hangzhou Enniu and Hangzhou Fanniu have not been completed yet.

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 clients 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 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 all of these investments have technologies or business that supplement and benefit our business in the coming years.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD449.5 million out of the net proceeds have been utilized as of 30 June 2019 in the manner consistent with that disclosed in the Prospectus under the section headed "Future Plans and Use of Proceeds".

During the year ended 31 December 2018 and the six months ended 30 June 2019, the Group applied the net proceeds for the following purposes:

	Use of proceeds as stated in the Prospectus *(in HKD'000)* *(approximate)*	**Actual use of proceeds during the year ended 31 December 2018** *(in HKD'000)* *(approximate)*	**Actual use of proceeds during the six months ended 30 June 2019** *(in HKD'000)* *(approximate)*	**Net proceeds unutilized during the six months ended 30 June 2019** *(in HKD'000)* *(approximate)*
40% for enhancement of R&D capabilities and product offerings	1,121,840	64,941	68,642	988,257
25% for pursue of acquisitions of or investments in assets and business and support our growth strategies	701,150	20,691	70,460	609,999
25% for improvement and implementation our sales and marketing initiative to (i) expand our user and customer base and increase spending by our existing customers; and (ii) continued optimization of our online advertising and promotion activities	701,150	96,984	93,286	510,880
10% for working capital and general corporate purposes	280,460	17,487	17,052	245,921
	2,804,600	200,103	249,440	2,355,057

For the unutilized net proceeds in the amount of approximately HKD2,355.1 million as at 30 June 2019, the Company intends to apply them in the same manner and proportion as stated in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timeframe disclosed in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, as of 30 June 2019, the Group did not have other plans for material investments and capital assets.

FUTURE OUTLOOK AND STRATEGIES

We have seen a slower start during the first half of 2019 as a result of more cautious recruitment plans and budget 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 solutions and services. Further, 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 providers.

During the tough economic cycle with weak hiring demand and low market visibility, we will stay focus 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 expand our sales network to broaden our customer base and product offerings in order to bring more headhunters to empower our ecosystem.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted and complied with the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2019 except for the following deviation.

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2019.

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2019. The Audit Committee has reviewed and considered that the interim financial results for the six months ended 30 June 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Model Code for Securities Transactions by Directors

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

INVESTMENT IN CHANGSHA RANXING

On 26 March 2019, Liepin (HK) Information Technology Co., Limited, a wholly-owned subsidiary of the Company ("**Liepin (HK)**") entered into two investment term sheets with (i) Changsha Ranxing Information Technology Co., Ltd. ("**Changsha Ranxing**") and Mr. Hu Xiao, and (ii) Nantong Chengwei Changqing Equity Investment Partnership (Limited Partnership) respectively (all third parties independent of the Company and its connected persons). Pursuant to the investment term sheets, Liepin (HK) conditionally agreed to invest in 75% equity interest in Changsha Ranxing for a total consideration of RMB944.76 million (the "**Investment**"). Upon completion of the Investment, Changsha Ranxing will become a non-wholly-owned subsidiary of the Company. The Company is actively currently negotiating the terms of the definitive agreements concerning the Investment. The Company will keep the shareholders of the Company and potential investors informed of any further material developments in the connection with the Investment by way of further announcement(s) in the near future. For details of the Investment, please refer to the announcement of the Company dated 27 March 2019.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 to the shareholders of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Company for the six months ended 30 June 2019 will be despatched to the shareholders of the Company and published on the above websites 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.

DEFINITIONS

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

"AI"	artificial intelligence
"Audit Committee"	the audit committee of our Company
"Average annual salary of registered individual users"	the average annual salary of all registered individual users who have provided to the Company with their salary information, which accounted for a substantial majority of all registered individual users
"Big Data"	big data
"Board"	the board of directors of our Company
"Business customers"	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
"CAGR"	compound annual growth rate

"Company", "our Company", or "the Company"	Wise Talent Information Technology Co., Ltd, (stock code: 6100) an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Director(s)"	the director(s) of our Company
"GDP"	Gross Domestic Product
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"Headhunter-assisted, closed-loop talent acquisition services"	end-to-end talent acquisition services that are delivered on a one-stop integrated platform, facilitated by headhunters, to business customers
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRS"	International Finance Reporting Standards, amendments, and interpretations, as issued by the IASB
"Individual paying users"	the individual users that have previously subscribed for the Company's premium membership services or CV advisory services at least once as of a given date
"Job postings"	active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due to being more than 90 days old
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mid- to high-end talents"	individual job candidates with an average annual salary of at least RMB100,000

"Number of CVs"	number of professional profiles of registered individual users presented to business customers that typically include at least the name, gender, age, location, contact number, current employer, title, salary and industry of such registered individual users
"Percentage of total number of job postings with an average annual salary of at least RMB100,000"	the number that equals to the total number of job postings with an average annual salary of at least RMB100,000 as of a given date, divided by the total number of job postings as of the same date
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company, dated 19 June 2018, in relation to its global offering
"R&D"	research and development
"Registered individual users"	the individual users that have completed all required registration and verification procedures to the Company's satisfaction, which include both individual paying users and individual non-paying users as of a given date
"Reporting Period"	the six months ended 30 June 2019
"RMB"	Renminbi, the lawful currency of PRC
"SaaS"	software-as-a-solution, which refers to the Company's talent services delivery model where the Company hosts a range of proprietary software solutions and provide them to the Company's registered individual users, verified business users and verified headhunters over the internet
"Talent services"	talent acquisition services and professional career services provided to business users and individual users, as the case may be
"Total number of contacts with individual users by our verified headhunters"	the total number of contacts with individual users by the Company's verified headhunters through phone calls and messages, as of a given date
"US$" or "USD"	United States dollars, the lawful currency of the United States of America

"Verified business users"	all business users that have completed all required registration and verification procedures to the Company's satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date
"Verified headhunters"	the headhunters that have completed all required registration and verification procedures to our satisfaction

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

The PRC, 20 August 2019

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.