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Tongdao Liepin Group

同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6100)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**”) is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (together, “**Liepin Group**”, “**the Group**”, “**we**” or “**us**”) for the six months ended 30 June 2021, together with comparative figures for the six months ended 30 June 2020.

FINANCIAL HIGHLIGHTS OF THE GROUP

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB1,198.5 million for the six months ended 30 June 2021, a 48.3% increase from RMB808.1 million for the six months ended 30 June 2020.
- Gross profit was RMB953.6 million for the six months ended 30 June 2021, a 47.6% increase from a gross profit of RMB646.1 million for the six months ended 30 June 2020.
- Net profit was RMB79.8 million for the six months ended 30 June 2021, a 19.6% increase from a net profit of RMB66.7 million for the six months ended 30 June 2020. Net profit attributable to the owners of the Company was RMB53.4 million for the six months ended 30 June 2021, a 57.1% increase from RMB34.0 million for the six months ended 30 June 2020.

- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB166.5 million for the six months ended 30 June 2021, a 45.5% increase from RMB114.4 million for the six months ended 30 June 2020.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 to the shareholders of the Company.

| | For the three months ended 30 June | | For the six months ended 30 June | |
|---|---------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (unaudited) <i>RMB'000</i> | (unaudited) <i>RMB'000</i> | (unaudited) <i>RMB'000</i> | (unaudited) <i>RMB'000</i> |
| Revenue | 675,461 | 465,406 | 1,198,476 | 808,103 |
| Gross profit | 536,524 | 364,215 | 953,572 | 646,138 |
| Net profit | 76,789 | 68,898 | 79,753 | 66,708 |
| Net profit attributable to the owners of the Company | 61,298 | 46,388 | 53,439 | 34,015 |
| Non-GAAP Profit from Operation | 129,511 | 88,381 | 166,519 | 114,418 |

MARKET REVIEW

PRC Talent Acquisition and Other HR Services Market

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

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

The PRC Talent Development Services Market

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

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

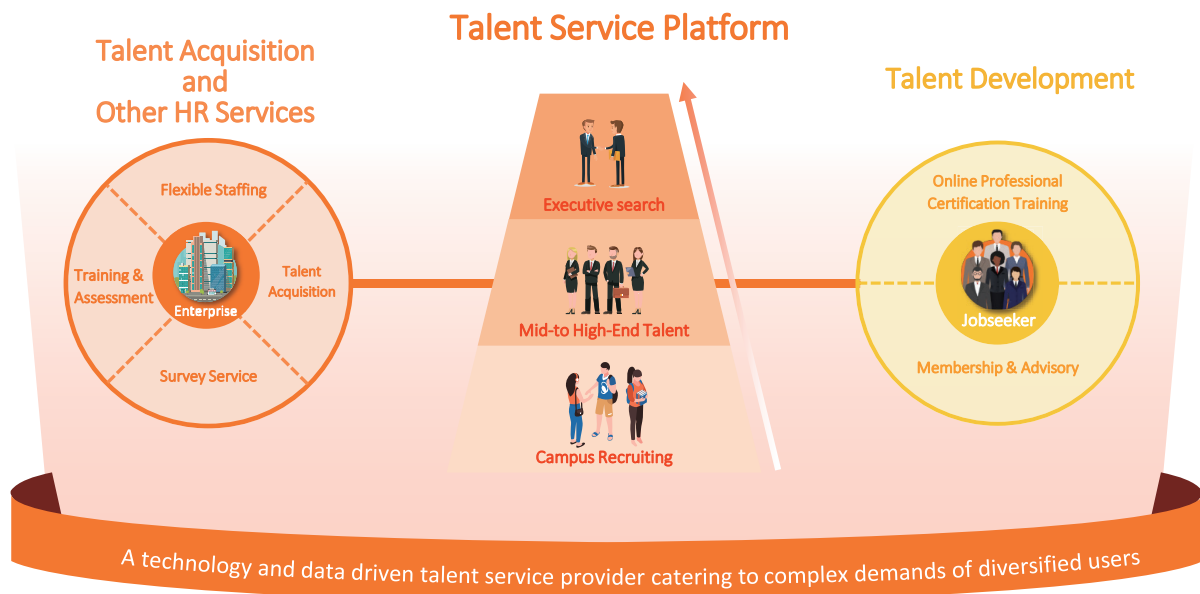
BUSINESS REVIEW

Overall Performance and Highlights

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

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

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



Talent Acquisition Services

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

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

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

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

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

Other HR Services

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

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

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

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

Talent Development

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

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

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

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

FUTURE OUTLOOK AND STRATEGIES

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

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

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

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

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

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2021, as follows:

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

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

Consolidated Statement of Financial Position

at 30 June 2021 — unaudited

(Expressed in RMB)

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

Consolidated Statement of Financial Position
at 30 June 2021 — unaudited (continued)
(Expressed in RMB)

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

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2021 — unaudited
(Expressed in RMB)

| | Six months ended 30 June | |
|---|---------------------------------|----------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Operating activities | | |
| Cash generated from operations | 169,989 | 1,565 |
| Tax paid | (26,454) | (20,614) |
| | <hr/> | <hr/> |
| Net cash generated from/(used in) operating activities | 143,535 | (19,049) |
| | <hr/> | <hr/> |
| Investing activities | | |
| Proceeds from maturity of wealth management products | 481,217 | 421,200 |
| Payment for the purchase of property, plant and equipment, and intangible assets | (9,549) | (8,775) |
| Payment for the purchase of equity securities | (11,000) | (3,000) |
| Payment for business acquisitions net of cash acquired | (54,237) | (1,000) |
| Payment for the purchase of wealth management products | (579,600) | (407,200) |
| Other cash flows arising from investing activities | (78,895) | (24,526) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (252,064) | (23,301) |
| | <hr/> <hr/> | <hr/> <hr/> |

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2021 — unaudited (continued)
(Expressed in RMB)

| | | Six months ended 30 June | |
|---|-------------|---------------------------------|-----------------------|
| | | 2021 | 2020 |
| | <i>Note</i> | RMB'000 | RMB'000 |
| Financing activities | | | |
| Proceeds from interest-bearing borrowings | | 3,000 | 137,452 |
| Shares held for RSU scheme | | (37,151) | (11,592) |
| Other cash flows arising from financing activities | | (30,239) | (25,815) |
| | | <hr/> | <hr/> |
| Net cash (used in)/generated from financing activities | | (64,390) | 100,045 |
| | | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents | | (172,919) | 57,695 |
| Cash and cash equivalents at 1 January | | 516,944 | 359,156 |
| Effect of foreign exchanges rates changes | | 2,702 | 1,818 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at 30 June | <i>11</i> | <u>346,727</u> | <u>418,669</u> |

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 20 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. The interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

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

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

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

3 Revenue

Disaggregation of revenue

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

| | Six months ended 30 June | |
|--|---------------------------------|----------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| — Services to business customers | 1,023,545 | 762,693 |
| — Services to individual users | 174,166 | 43,847 |
| | <hr/> | <hr/> |
| Revenue from other sources | | |
| — Rental income from investment properties | 765 | 1,563 |
| | <hr/> | <hr/> |
| | 1,198,476 | 808,103 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Group's customer base is diverse. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2020 and 2021.

The Group's operations, assets and most of the customers are located in the PRC. Accordingly, no geographic information is presented.

4 Other income

| | Six months ended 30 June | |
|---|--------------------------|---------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Interest income from bank deposits | 17,804 | 37,385 |
| Investment income from wealth management products | 5,269 | 1,946 |
| Government grant | 6,845 | 4,544 |
| Additional deduction for value added tax | 3,692 | 2,224 |
| Others | 680 | 115 |
| | <u>34,290</u> | <u>46,214</u> |

5 Profit before taxation

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

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

| | Six months ended 30 June | |
|---|---------------------------------|----------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| (b) Other items | | |
| Depreciation charge | | |
| — owned property, plant and equipment and investment properties | 9,274 | 8,167 |
| — right-of-use assets | 29,182 | 19,453 |
| Amortization of intangible assets | 26,915 | 21,532 |
| Expected credit losses of trade receivables | 802 | 21,905 |
| Operating lease charge | 5,074 | 4,605 |
| Auditors' remuneration — Audit service | 3,022 | 2,000 |

6 Income tax

| | Six months ended 30 June | |
|-------------------|---------------------------------|----------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Current tax | (14,077) | (6,680) |
| Deferred taxation | 7,856 | 7,322 |
| | (6,221) | 642 |

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

7 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB53,439 thousand (six months ended 30 June 2020: RMB34,015 thousand) and the weighted average of 510,927,701 ordinary shares (2020: 521,287,362) in issue during the interim period.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB53,439 thousand (six months ended 30 June 2020: RMB34,015 thousand) and the weighted average number of ordinary shares of 516,647,679 (2020: 526,192,110).

8 Investment properties and property, plant and equipment

(a) *Right-of-use assets*

During the six months ended 30 June 2021, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB61,920 thousand.

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

| | Six months ended 30 June 2021 | Six months ended 30 June 2020 | | |
|------------------------------|--|--------------------------------------|--|------------------------------|
| | Fixed payments RMB'000 | Fixed payments RMB'000 | COVID-19 rent concessions RMB'000 | Total payments RMB'000 |
| Right-of-use assets property | 32,127 | 24,089 | (1,486) | 22,603 |

The Group has early adopted the Amendment to IFRS 16, Leases, Covid-19-Related Rent Concessions, and has applied the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the period.

(b) *Acquisitions and disposals of owned assets*

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

9 Trade receivables

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

Ageing analysis

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

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

10 Prepayments and other receivables

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

11 Cash and cash equivalents

| | At 30 June 2021 <i>RMB'000</i> | At 31 December 2020 <i>RMB'000</i> |
|----------------------------|---|---|
| Demand deposits with banks | <u>346,727</u> | <u>516,944</u> |
| Cash and cash equivalents | <u><u>346,727</u></u> | <u><u>516,944</u></u> |

12 Trade and other payables

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

Ageing analysis

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

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

13 Dividends

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

FINANCIAL REVIEW

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

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

Revenue

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

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

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

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

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

Cost of Revenue

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

Gross Profit and Gross Profit Margin

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

Sales and Marketing Expenses

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

General and Administrative Expenses

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

Research and Development Expenses

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

Other Income

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

Profit from Operations

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

Net Finance (Cost)/Income

Net finance (cost)/income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance cost was RMB7.5 million for the six months ended 30 June 2021, compared to a net finance income of RMB8.6 million for the six months ended 30 June 2020, primarily as a result of the increase in foreign currency exchange loss due to depreciation of USD against RMB.

Profit before Tax

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

Income Tax

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

Profit for the Period

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

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

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

Revenue

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

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

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

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

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB138.9 million for the three months ended 30 June 2021, a 37.3% increase from RMB101.2 million for the three months ended 30 June 2020. The amortization of intangible assets resulting from acquisition was RMB4.3 million in 2021 (2020: RMB2.3 million). The percentage increase in cost of revenue was lower than the percentage increase in revenue, mainly driven by the improvement of operation efficiency.

Gross Profit and Gross Profit Margin

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

Sales and Marketing Expenses

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

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB100.6 million for the three months ended 30 June 2021, a 44.5% increase from RMB69.6 million for the three months ended 30 June 2020, which was primarily due to the increase in management personnel costs driven by the group expansion, and the increase in the share-based compensation expenses from RMB10.0 million for the three months ended 30 June 2020 to RMB24.6 million for the three months ended 30 June 2021. Our general and administrative expenses as a percentage of revenue decreased from 15.0% for the three months ended 30 June 2020 to 14.9% for the three months ended 30 June 2021, which remained comparably stable.

Research and Development Expenses

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

Other Income

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

Profit from Operations

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

Net Finance (Cost)/Income

Net finance (cost)/income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance cost was RMB8.0 million for the three months ended 30 June 2021, compared to a net finance income of RMB6.7 million for the three months ended 30 June 2020, primarily as a result of the increase in foreign currency exchange loss due to the depreciation of USD against RMB.

Profit before Tax

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

Income Tax

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

Profit for the Period

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

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with the IFRS and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance, non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has been presented in this 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 the IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies. The Company's management believes that these non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and one-off expenses.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

We had cash and cash equivalents of RMB418.7 million and RMB346.7 million as of 30 June 2020 and 30 June 2021 respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

| | For the six months ended | |
|--|---------------------------------|-----------------------|
| | 30 June | |
| | 2021 | 2020 |
| | (unaudited) | (unaudited) |
| | (in RMB'000) | |
| Net cash generated from/(used in) operating activities | 143,535 | (19,049) |
| Net cash used in investing activities | (252,064) | (23,301) |
| Net cash (used in)/generated from financing activities | (64,390) | 100,045 |
| Net (decrease)/increase in cash and cash equivalents | (172,919) | 57,695 |
| Effect of foreign exchange rate changes | 2,702 | 1,818 |
| Cash and cash equivalents at 1 January | 516,944 | 359,156 |
| Cash and cash equivalents at 30 June | <u>346,727</u> | <u>418,669</u> |

Net Cash Generated from/(Used in) Operating Activities

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

Net Cash Used in Investing Activities

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

Net Cash (Used in)/Generated from Financing Activities

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

GEARING RATIO

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

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

LOANS AND BORROWINGS

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

The bank loan with the principal amount of RMB3.0 million is unsecured, carrying a fixed interest rate of 4.5% per annum.

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

CONTINGENT LIABILITIES

As of 30 June 2021, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

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

For the six months ended 30 June 2021 and 2020, we had foreign currency exchange loss (both realized and unrealized) of RMB3.1 million and foreign currency exchange gain of RMB15.0 million respectively, recognized as net finance (cost)/income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange loss for the six months ended 30 June 2021 was mainly attributable to the depreciation of USD against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2021.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 30 June 2021.

PLEDGE OF ASSETS/CHARGE ON ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies during the six months ended 30 June 2021.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD1,913.7 million out of the net proceeds have been utilized as of 30 June 2021 in the manner consistent with that disclosed in the Prospectus dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 30 June 2021, the unutilized net proceeds was in the amount of approximately HKD890.9 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, as of 30 June 2021, the Group did not have other plans for material investments and capital assets.

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

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

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 2021.

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2021. The Audit Committee has reviewed and considered that the interim financial results for the six months ended 30 June 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2021.

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

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 2021 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 (ir.liepin.com).

The interim report of the Company for the six months ended 30 June 2021 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.

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| “Audit Committee” | the audit committee of our Company |
| “Board” | the board of directors of our Company |
| “Business customers” | verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription |
| “Company”, “our Company”, or “the Company” | Tongdao Liepin Group (stock code: 6100) an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange |
| “Director(s)” | the director(s) of our Company |
| “HK\$” or “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HR” | Human Resource |
| “IAS” | International Accounting Standards |
| “IASB” | International Accounting Standards Board |
| “IFRS” | International Finance Reporting Standards, amendments, and interpretations, as issued by the IASB |

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| “Individual paying users” | the individual users that have previously subscribed for the Company’s premium membership services or CV advisory services at least once as of a given date |
| “Individual users” | the individual users that have completed all required registration and verification procedures for our talent development services to the Group’s satisfaction |
| “Job postings” | active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due to being more than 90 days old |
| “Liepin Group”, “our Group”, “the Group”, “we”, “us” or “our” | the Company and its subsidiaries from time to time |
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Number of CVs” | number of professional profiles of registered individual users presented to business customers that typically include at least the name, gender, age, location, contact number, current employer, title, salary and industry of such registered individual users |
| “PRC” | the People’s Republic of China |
| “Prospectus” | the prospectus of the Company, dated 19 June 2018, in relation to its global offering |
| “R&D” | research and development |
| “Registered individual users” | the individual users that have completed all required registration and verification procedures through the Company’s talent acquisition platforms to its satisfaction |
| “Reporting Period” | the six months ended 30 June 2021 |
| “RMB” | Renminbi, the lawful currency of PRC |

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| “SaaS” | software-as-a-solution |
| “Talent services” | talent acquisition services, other HR services, and professional career services provided to business users and individual users, as the case may be |
| “US\$” or “USD” | United States dollars, the lawful currency of the United States of America |
| “Verified business users” | all business users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date |
| “Verified headhunters” | the headhunters that have completed all required registration and verification procedures to our satisfaction |

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 20 August 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. DAI Kebin and Mr. CHEN Xingmao 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.