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**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 2018**

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 2018, together with comparative figures for the six months ended 30 June 2017.

**FINANCIAL HIGHLIGHTS OF THE GROUP**

- Revenue including revenue from providing talent acquisition services to our business customers, providing professional career services and directing individual user traffic to certain internet service providers was RMB578.9 million for the six months ended 30 June 2018, a 55.3% increase from RMB372.7 million for the six months ended 30 June 2017.
- Gross profit was RMB484.0 million for the six months ended 30 June 2018, a 53.2% increase from RMB315.9 million for the six months ended 30 June 2017.
- Net profit was RMB4.8 million for the six months ended 30 June 2018, compared to a net loss of RMB9.8 million for the six months ended 30 June 2017.
- Net profit attributable to the owners of the Company was RMB2.9 million for the six months ended 30 June 2018, compared to a loss of RMB9.1 million for the six months ended 30 June 2017.
- Non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and one-time listing expenses) was RMB61.3 million for the six months ended 30 June 2018, compared to a loss of RMB4.4 million for the six months ended 30 June 2017.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 to the shareholders of the Company.

## **MARKET REVIEW**

### **The PRC Human Resource Services Market**

During the first half of 2018, the PRC human resource services market has continued to benefit from the abundant and increasing budget of businesses for human resources services, their increasing willingness to increase spending on high-quality customized services, as well as continued government policy and financial support.

Benefitting from the ongoing talent upgrade and economic transformation in China, the application of AI technology and Big Data analytics which allowed talent acquisition service providers to deliver more accurate and efficient matching results and more personalized services, and the growing talent pool of mid- to high-end job candidates, the size of mid- to high-end talent acquisition service market is expected to notably expand.

### **The PRC Professional Career Services Market**

The PRC professional career services market in China mainly addresses professionals' increasing demand for career development and advancement. This market primarily encompasses career coaching, CV advisory services, professional skill training and other related career services but does not include degree- and certificate-oriented training.

## **BUSINESS REVIEW**

As a pioneer of online talent acquisition services platform in China, we achieved a strong growth in the first half of 2018. For the six months ended 30 June 2018, our revenue and gross profit amounted to RMB578.9 million and RMB484.0 million, respectively, representing an increase of 55.3% and 53.2%, respectively, compared to the same period in 2017. Set forth below is a summary of major developments of our business in the first half of 2018:

### **Continued development and expansion of our platforms**

We operate the largest talent acquisition services platform in China focused on mid- to high-end talents in term of total revenue in 2017 where we host a range of proprietary online platform and SaaS solutions and provide them to our registered individual users, verified business users and verified headhunters over the internet. Through our mobile app, website and branded WeChat official account, we offer a comprehensive set of talent services to help businesses acquire talents more effectively. As we recognize the centrality of our service providing platforms to connecting different players of our ecosystem, we have continually revamped and improved the platforms' interfaces to enhance users' experience and strengthen the platform's security. During the first six months of 2018, we have implemented a series of enhancements to our systems, including intelligence recommendation to headhunters, onboarding express rating system, interview invitation and online video interview, etc..

Drawing upon our understanding of the evolving needs of our users, we have been continuously leveraging headhunters and other ecosystem partners to offer customized, closed-loop talent acquisition services catering to different needs of our business and individual users. Our headhunter-assisted, closed-loop talent acquisition services such as *Interview Express* (面試快) and *Onboarding Express* (入職快), enable our business customers to request services online, obtain customized hiring services from AI-selected headhunters with result-driven fee structures, identify suitable candidates, and complete payment processes online. Such data-enabled services optimize and deepen our product-mix. During the first six months of 2018, the pace of growth of our headhunter-assisted, closed-loop talent acquisition services, primarily *Interview Express* (面試快) and *Onboarding Express* (入職快) was notable.

### **Expansion of talent pool**

Our core talent acquisition service is based upon a critical mass of active, authentic and diversified talent pool which comprises of active individual users who leverage on our platforms as their prime career optimizer. The number of registered individual users that we have connected and empowered increased from 38.9 million as of 31 December 2017, with an average annual salary of RMB144,286, to 43.2 million as of 30 June 2018, with an average annual salary of RMB155,204.

The level of engagement of our registered individual users is also critical to the quality of the talent pool and, hence, our talent acquisition services. We observe a strong level of activeness among our individual users, which is attributable to the wide-range of attractive career opportunities, the professional social network functions and other value-added services that we offer. We continue to offer certain basic 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 Tongdao* (獵聘同道) mobile app. During the first half of 2018, we have also added certain new features to our free basic services to enhance user experiences, including personality assessment & self evaluation, interview invitation and online video interview.

We also offer paid value-added services to our individual users who require from us career services in addition to the aforesaid free basic services. We offer premium membership packages under different pricing plans for which individual users can subscribe on a monthly, quarterly, semi-annually and annual basis for 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 over 700 third-party professional advisors. During the first half of 2018, we have commenced providing two new paid value-added service: *Career Advisory Services* (生涯諮詢) which helps individuals to clarify career development questions, conduct career positioning and achieve better career development, and *Professional Skills Training* (面試教練) which provides one-on-one interview coaching and mock interviews and helps talents to practise interview skills and improve interview passing rate. These two new paid value-added services were well received by users during the first half of 2018.

We generated RMB33.6 million of revenue from individual users during the six months ended 30 June 2018 (compared with RMB9.1 million for the six months ended 30 June 2017).

### **Growth of talent acquisition services to business users**

Provision of talent acquisition services to business users continued to be our major source of revenue. During the six months ended 30 June 2018, we generated revenue of RMB544.1 million (compared with RMB363.0 million generated during the same period in 2017) from this business segment. *Liepintong* (獵聘通) remains our primary platform through which we offer a wide range of basic and advanced talent solutions via PC or mobile app to our verified business users during the first half of 2018. We continue 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 248,600 as of 31 December 2017 to 304,407 as of 30 June 2018. The number of job postings on our online platform also grew from 1.4 million as of 30 June 2017 to 2.4 million as of 30 June 2018.

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 hiring process. 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 RMB40,000 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 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) for which they will pay us a fixed fee upon the completion of certain milestones based on the offered annual salary of the particular job. The number of times that our business customers had launched new hiring via *Interview Express* (面試快) and *Onboarding Express* (入職快) increased to 80,943 for the six months ended 30 June 2018 from 54,574 for the same period in 2017.

### **Strengthened partnership with headhunters**

We regard our headhunters as not only players in our ecosystem but also valued business partners with whom we provide talent services to. *Chenglietong* (誠獵通) continued to be an important tool through which professional recruiting firms and individual headhunters source and manage candidates in a customized way as well as streamline and optimize their internal management throughout their service process. During the first half of 2018, we have implemented the following enhancements to *Chenglietong* (誠獵通): intelligence recommendation to headhunters and onboarding express rating system.

The number of our verified headhunters increased from 91,425 as of 30 June 2017 to 119,271 as of 30 June 2018. The total number of contacts with registered individual users by our verified headhunters also increased from 216.4 million to 332.0 million over the same period.

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

	<b>As of 30 June</b>		<b>As of 31 December</b>	
	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
<b>Individual Users</b>				
Number of registered individual users (in millions)	43.2	36.2	38.9	32.7
Number of individual paying users	140,607	77,546	89,606	66,651
Average annual salary of registered individual users (in RMB)	155,204	135,554	144,286	131,404
Number of CVs (in millions)	43.2	36.2	38.9	32.7
<b>Business Users and Customers</b>				
Number of verified business users	304,407	205,279	248,600	160,399
Number of business customers	45,377	35,806	39,887	30,957
Number of job postings (in millions)	2.4	1.4	2.5	2.2
<b>Headhunters</b>				
Number of verified headhunters	119,271	91,425	101,840	82,545
Number of contacts with registered individual users by our verified headhunters (in millions)	332.0	216.4	482.1	215.5

## INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2018, as follows:

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

*For the six months ended 30 June 2018 — unaudited*

		<b>Six months ended 30 June</b>	
		<b>2018</b>	<b>2017</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>578,894</b>	372,708
Cost of revenue		<u>(94,896)</u>	<u>(56,784)</u>
<b>Gross profit</b>		<b>483,998</b>	315,924
Other income	5	<b>5,623</b>	4,038
Sales and marketing expenses		<b>(333,940)</b>	(235,603)
General and administrative expenses		<b>(107,576)</b>	(42,524)
Research and development expenses		<u>(53,121)</u>	<u>(43,578)</u>
<b>Loss from operations</b>		<b>(5,016)</b>	(1,743)
Net finance income/(cost)		<u>10,118</u>	<u>(8,051)</u>
<b>Profit/(loss) before taxation</b>	6	<b>5,102</b>	(9,794)
Income tax	7	<u>(327)</u>	—
<b>Profit/(loss) for the period and total comprehensive income</b>		<b><u>4,775</u></b>	<b><u>(9,794)</u></b>
<b>Total comprehensive income attributable to:</b>			
Equity owners of the Company		<b>2,947</b>	(9,126)
Non-controlling interests		<u>1,828</u>	<u>(668)</u>
		<b><u>4,775</u></b>	<b><u>(9,794)</u></b>
<b>Earnings per share</b>	8		
Basic		<b>RMB0.0072</b>	RMB(0.0227)
Diluted		<b><u>RMB0.0067</u></b>	<b><u>RMB(0.0227)</u></b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2018 — unaudited*

		At <b>30 June 2018</b>	At 31 December 2017
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>26,938</b>	22,614
Investment properties		<b>28,580</b>	29,096
Intangible assets		<b>7,867</b>	8,605
Long-term investment	9	<b>53,324</b>	—
Prepaid investment	10	<b>37,592</b>	—
Financial assets measured at fair value through other comprehensive income		<b>7,700</b>	—
Available-for-sale financial assets		—	6,200
Other non-current assets		<b>3,860</b>	3,360
Financial assets measured at fair value through profit and loss	9	<b>2,089</b>	—
		<b>167,950</b>	69,875
<b>Current assets</b>			
Trade receivables	11	<b>56,216</b>	18,462
Prepayments and other receivables	12	<b>32,452</b>	19,495
Receivables from related parties		—	2,000
Receivables from a shareholder		—	62,638
Other current assets		<b>24,453</b>	120,010
Time deposits with banks		<b>403,613</b>	398,586
Cash and cash equivalents		<b>2,872,651</b>	251,345
		<b>3,389,385</b>	872,536
<b>Current liabilities</b>			
Trade and other payables	13	<b>208,957</b>	108,215
Deferred revenue	14	—	443,790
Contract liabilities	14	<b>556,714</b>	—
Payables due to a related party		<b>99,249</b>	2,004
		<b>864,920</b>	554,009
<b>Net current assets</b>		<b>2,524,465</b>	318,527
<b>Total assets less current liabilities</b>		<b>2,692,415</b>	388,402
<b>NET ASSETS</b>		<b>2,692,415</b>	388,402



		At <b>30 June 2018</b> <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
	<i>Note</i>		
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>237</b>	31,785
Reserves	<i>15</i>	<b>2,686,533</b>	352,800
<b>Total equity attributable to equity owners of the Company</b>		<b>2,686,770</b>	384,585
<b>Non-controlling interests</b>		<b>5,645</b>	3,817
<b>TOTAL EQUITY</b>		<b><u>2,692,415</u></b>	<b><u>388,402</u></b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 — unaudited

	Note	Attributable to equity owners of the Company					Non-controlling interests	Total
		Share capital	Capital reserve	(Accumulated losses)/ Retained profits	Total			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2017</b>		2,375	789,014	(727,254)	64,135	(49)	64,086	
<b>Changes in equity for six months ended 30 June 2017:</b>								
Loss for the period		—	—	(9,126)	(9,126)	(668)	(9,794)	
Total comprehensive income		—	—	(9,126)	(9,126)	(668)	(9,794)	
Capitalization upon conversion of a subsidiary of the Company into a joint stock Company	15(a)(ii)	27,625	(747,758)	720,133	—	—	—	
Conversion of convertible loans into capital	15(a)(i)	1,785	300,552	—	302,337	—	302,337	
Share-based compensation expenses		—	4,707	—	4,707	—	4,707	
<b>Balance at 30 June 2017 and 1 July 2017</b>		<u>31,785</u>	<u>346,515</u>	<u>(16,247)</u>	<u>362,053</u>	<u>(717)</u>	<u>361,336</u>	
<b>Changes in equity for six months ended 31 December 2017:</b>								
Profit for the period		—	—	18,124	18,124	(779)	17,345	
Total comprehensive income		—	—	18,124	18,124	(779)	17,345	
Capital injection from non-controlling owners		—	—	—	—	5,313	5,313	
Share-based compensation expenses		—	4,408	—	4,408	—	4,408	
<b>Balance at 31 December 2017</b>		<u>31,785</u>	<u>350,923</u>	<u>1,877</u>	<u>384,585</u>	<u>3,817</u>	<u>388,402</u>	

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018 — unaudited

	Note	Attributable to equity owners of the Company					Non-	Total
		Share capital	Share premium	Capital reserve	Retained profits	Total	controlling interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2018</b>		31,785	—	350,923	1,877	384,585	3,817	388,402
<b>Changes in equity for six months ended 30 June 2018:</b>								
Profit for the period		—	—	—	2,947	2,947	1,828	4,775
Total comprehensive income		—	—	—	2,947	2,947	1,828	4,775
Repurchase of own shares	15(d)	(402)	—	(78,743)	—	(79,145)	—	(79,145)
Group reorganization	15(a)(iii)	(31,383)	—	(1,024,595)	—	(1,055,978)	—	(1,055,978)
Capitalization issuance	15(a)(iv)/ 15(b)	263	1,055,608	—	—	1,055,871	—	1,055,871
Issuance of shares for the initial public offering (“IPO”), net of issuance cost	15(a)(v)/ 15(b)	59	2,362,694	—	—	2,362,753	—	2,362,753
Share-based compensation expenses		—	—	15,737	—	15,737	—	15,737
<b>Balance at 30 June 2018</b>		<b>322</b>	<b>3,418,302</b>	<b>(736,678)</b>	<b>4,824</b>	<b>2,686,770</b>	<b>5,645</b>	<b>2,692,415</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2018*

## 1 CORPORATION INFORMATION

Wise Talent Information Technology Co., Ltd. (the “**Company**”) was established in the Cayman Islands on 30 January 2018 as an exempted company with limited liability under the Companies Law (2013 Revision) (as consolidated and revised) of the Cayman Islands. The Company was listed on the Main Board of Hong Kong Stock Exchange on 29 June 2018. The registered office address of the Company is P.O. Box 309 Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in talent services.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance 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 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 combined financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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 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 combined financial statements for the year ended 31 December 2017. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagement 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The financial information relating to the financial year ended 31 December 2017 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.

### **3 CHANGES IN ACCOUNTING POLICIES**

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. In preparing the interim financial report, the Group has adopted IFRS 9 Financial Instruments (“**IFRS 9**”) and IFRS 15 Revenue from Contracts with Customers (“**IFRS 15**”).

#### **3.1 Financial assets**

##### *3.1.1 Classification*

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss), and
- Those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

### 3.1.2 *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### — Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated income statements. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

In thousands of RMB	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<b>Financial assets:</b>					
Financial assets measured at fair value through other comprehensive income	(a)	Available-for-sale	FVOCI – equity instrument	6,200	6,200
Investment in wealth management products	(b)	Available-for-sale	Mandatorily at FVTPL	100,000	100,000
Trade receivables	(c)	Loans and receivables	Amortized cost	18,462	18,462
Cash and cash equivalents		Loans and receivable	Amortized cost	<u>251,345</u>	<u>251,345</u>
<b>Total financial assets</b>				<u><u>376,007</u></u>	<u><u>376,007</u></u>

- (a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.
- (b) As permitted by IFRS 9, the Group has designated these investment in wealth management products at the date of initial application as measured at FVTPL.
- (c) Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. The application of the expected credit loss model has no material impact on its consolidated financial information.

### 3.1.3 Impairment

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and etc.

Under IFRS 9, loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- The Group measures loss allowances at an amount equal to lifetime ECLs.
- The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 60 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.



### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### *Presentation of impairment*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss and OCI.

### *Impact of the new impairment model*

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 has no material impact on the retained earnings and other comprehensive income and consequently no adjustment has been made to the comparative figures.

## **3.1.4 Transition**

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

The determination of the business model within which a financial asset is held.

The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

The designation of certain investments in equity instruments not held for trading as at FVOCI.

### **3.2 Revenue recognition**

The Group generates revenue from providing a variety of talent services to business customers (including head hunters) and individual paying users.

Revenue is recognized when the customer obtains control of the promised service in the contract.

#### **(i) Revenue from services**

Talent acquisition services provided to business customers

##### *— Subscription-based model:*

Under subscription-based model, the Group provides to the business customers a customized package of services, such services including job posting, CV search, 360-degree CV downloading, intent communications with job candidates, invitations to apply for jobs, top display of job postings, etc. Such service agreement normally has a term of one year.

The subscription fee varies based on the type and quantity of services agreed with the business customers. The Group normally receives all of the subscription fee upfront, such amount is non-refundable and recognized as contract liabilities as a current liability. As the adoption of IFRS15 from 1 January 2018, the deferred revenue was recognized as contract liabilities.

Under the subscription-based model, the service can be divided into two categories: 1) consumption based such as 360-degree CV downloading, intent communications with job candidates, invitations to apply for jobs, etc. and 2) time-based services such as top display of job posting and access to the platform, etc.

Each service is a performance obligation. At contract inception, the transaction price is generally allocated to each performance obligation on the basis of relative stand-alone selling price. The revenue from the consumption-based service is recognized upon the consumption of the individual service. The service that is not consumed within the contract period is recognized as revenue upon the expiry of the contract when the Group has no future obligation. The revenue from the time-based service is recognized on a straight-line basis over the contract period.

— *Transaction-based models:*

The Group provides to the business customers' transaction based services such as closed-loop services leading up to candidate interview (Interview Express) or closed-loop services related to onboarding (Onboarding Express) and other project based services.

The revenue from transaction-based services is recognized when the service performance is accepted by the customer.

Professional career services provided to individual users

— *Professional career services:*

These services are provided to individual paying users for premium membership services or CV advisory services. The revenue is recognized on a straight-line basis over the contract period for the time-based membership service or upon the performance of the service of transaction-based service such as CV advisory services.

The Group has initially applied IFRS 15 using the cumulative effect method, the comparative information is not restated. And the adoption of IFRS 15 has no material impact on the Group's timing of revenue recognition.

### **3.3 HK (IFRIC) 22, Foreign currency transactions and advance consideration**

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognizing the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK (IFRIC)22 does not have any material impact on the financial position and the financial result of the Group.

## 4 REVENUE

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

The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Service revenue	577,719	372,169
Rental income	1,175	539
	<u>578,894</u>	<u>372,708</u>

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 2017 and 2018.

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 of revenue, non-current assets and customers is presented.

- (b) Disaggregation of revenue

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

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Talent acquisition services to business customers	544,077	363,047
Professional career services to individual users	33,641	9,122
Rental income	1,176	539
	<u>578,894</u>	<u>372,708</u>

## 5 OTHER INCOME

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Investment income from wealth management products	1,419	1,114
Investment income from long-term investment	433	—
Government grant	2,900	2,100
Others	871	824
	<u>5,623</u>	<u>4,038</u>

## 6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before tax is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Staff cost	362,564	237,253
Depreciation of property, plant and equipment and investment properties	5,973	6,510
Amortization of intangible assets	976	1,136
Impairment losses of trade receivables	2,550	2,579
Operating lease charge	22,989	19,630
Issuance cost	42,645	—

## 7 INCOME TAX

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax and deferred tax	<u>327</u>	<u>—</u>

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong profits tax rate during the six months ended 30 June 2018 is 16.5%.

In accordance with the Enterprise Income Tax Law (“**Income Tax Law**”) of the PRC, enterprise income tax rate for the Group’s PRC subsidiary during the six months ended 30 June 2018 is 25% (2017: 25%).

## 8 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 RMB2,947 thousand (six months ended 30 June 2017: the loss of RMB9,794 thousand) and the weighted average of 408,048,353 ordinary shares (2017: 402,514,984) issued during the interim period.

The weighted average number of shares in six months ended 30 June 2018 was based on the assumption that the 407,559,464 shares were issued before the listing of shares on the Hong Kong Stock Exchange, as if such shares had been outstanding throughout the six months ended 30 June 2018.

### (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 RMB2,947 thousand (six months ended 30 June 2017: the loss of RMB9,794 thousand) and the weighted average number of ordinary shares of 442,487,518 (2017: 402,514,984).

## 9 LONG-TERM INVESTMENT AND FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

In December 2017, Liedao Information Technology Co., Ltd. (“**Liedao**”) entered into an investment agreement with, among others, Unicareer (Shanghai) Education Technology Co., Ltd. (“**Unicareer**”), pursuant to which Liedao agreed to acquire certain registered capital in Unicareer from its existing shareholders for a total consideration of RMB18,980 thousand and agreed to subscribe for additional registered capital in Unicareer for a total consideration of RMB36,000 thousand. Unicareer is a company incorporated in the PRC and principally engaged in the businesses of online and offline career training for students and employees. The Group satisfied the consideration payable for the acquisition of Unicareer in cash, which had been fully settled on 25 January 2018. As a result of the acquisition of Unicareer, the Company holds, through Liedao, approximately 9.9723% of the enlarged registered capital of Unicareer.

Liedao had the right to appoint one director to the board of directors of Unicareer. The investment in Unicareer was accounted for under equity method as the Company is able to exercise significant influence through its board seat.

Liedao also has the preferred redemption right contracted in the investment agreement which is recognized as financial assets measured at fair value through profit and loss.

## 10 PREPAID INVESTMENT

In December 2017, the Company entered into an investment proposal agreement with MoSeeker, Inc. (“**MoSeeker**”) to purchase 14.59% of preferred shares of MoSeeker. In January 2018, the Company has paid a cash deposit in the amount of RMB37,592 thousand to MoSeeker. As of 30 June 2018, the transaction has not closed yet, and the amount of deposit was recorded as prepaid investment.

## 11 TRADE RECEIVABLES

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Trade receivables	65,904	25,600
Less: allowance for doubtful debts	<u>(9,688)</u>	<u>(7,138)</u>
	<u><b>56,216</b></u>	<u><b>18,462</b></u>

### (a) Ageing analysis

As at 31 December 2017 and 30 June 2018, the ageing analysis of trade debtors based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Within 60 days	47,224	17,513
60 days to 1 year	8,023	949
Over 1 year	<u>969</u>	<u>—</u>
	<u><b>56,216</b></u>	<u><b>18,462</b></u>

## 12 PREPAYMENTS AND OTHER RECEIVABLES

	At <b>30 June</b> <b>2018</b> <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Prepayments to suppliers	<b>13,649</b>	12,273
Other receivables	<b>10,421</b>	3,510
Interest receivable	<b>8,382</b>	3,712
	<u><b>32,452</b></u>	<u>19,495</u>

## 13 TRADE AND OTHER PAYABLES

	At <b>30 June</b> <b>2018</b> <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Trade payables to third parties	<b>26,888</b>	16,047
Salary and welfare payable	<b>55,157</b>	68,536
Other tax payables	<b>14,240</b>	12,967
Other payables	<b>112,672</b>	10,665
	<u><b>208,957</b></u>	<u>108,215</u>

The other payables mainly included the payables of unsettled issuance cost of RMB37,433 thousand and payables to Sparkle Day Investments Limited of RMB66,166 thousand. The Company borrowed RMB66,166 thousand (equivalent to US\$10,000 thousand) from Sparkle Day Investments Limited for the restructuring of the Group for the Company's IPO, and the amount was fully settled on 2 July 2018.

### (a) Ageing analysis

As at 31 December 2017 and 30 June 2018, the ageing analysis of trade payables to third parties, based on the invoice date, is as follows:

	At <b>30 June</b> <b>2018</b> <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Within 30 days	<b>26,548</b>	14,184
30 days to 1 year	<b>340</b>	1,863
	<u><b>26,888</b></u>	<u>16,047</u>



## 14 CONTRACT LIABILITIES/DEFERRED REVENUE

Contract liabilities/deferred revenue mainly represents service fees prepaid by customers for the talent services for which the related services had not been rendered as at 30 June 2018 and 2017, respectively.

## 15 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

#### (i) *Conversion of convertible loans into capital*

In 2016, Shenzhen Huatai Ruilin Fund Investment Management Partnership (Limited Partnership), Shanghai Chuangji Investment Centre Partnership (Limited Partnership) and China Mobile Innovation Industry Fund (Shenzhen) Partnership (Limited Partnership) converted the loans to equity of Wisest (Beijing) Management Consulting Co., Ltd. (the “**Wisest**”), which included share capital of RMB119 thousand, and capital reserve of RMB260,983 thousand.

In 2017, Shanghai Chuangji Investment Centre Partnership (Limited Partnership) converted the loans to shares of the Group, which included share capital of RMB190 thousand, and capital reserve of RMB33,493 thousand.

In 2017, Ningbo Xinshi Online Finance Equity Investment Partnership (Limited Partnership), Shanghai Weiyi Investment Management Centre (Limited Partnership), Beijing Tianshi Kaiyuan I Investment Fund Management Centre (Limited Partnership), Tianhong Innovative Asset Management Co., Ltd. and Tibet Lingsheng Asset Investment Management Co., Ltd. converted the loans to shares of the Group, which included share capital of RMB1,595 thousand, and capital reserve of RMB267,059 thousand.

#### (ii) *Capitalization upon conversion of Wisest into a joint stock company*

On 11 April 2017, Wisest was converted into a joint stock company with limited liability by converting total equity as at 31 December 2016 into 30,000,000 ordinary shares of nominal value of RMB1.00 each. Excess of total equity of Wisest over the nominal value of total issued share capital has been recognized as “capital reserve” in the consolidated statements of financial position.

#### (iii) *Group reorganization*

The amount arose from the acquisition of equity interest in the Wisest by TD Elite (HK) Information Technology Co., Ltd. during the group reorganization.

**(iv) Capitalization issuance**

During the six months ended 30 June 2018, the directors were authorized to allot and issue a total of 407,559,464 shares, with RMB263 thousand and RMB1,055,608 thousand recorded in share capital and share premium, respectively.

**(v) Issuance of shares for the initial public offering (“IPO”)**

On 29 June 2018, 88,000 thousand new shares were issued by way of initial public offering. The proceeds less the issuance costs directly attributable to the issue of shares, amount to HK\$2,802,457 thousand (equivalent to RMB2,362,753 thousand), with HK\$69 thousand (equivalent to RMB59 thousand) and HK\$2,802,388 thousand (equivalent to RMB2,362,694 thousand) recorded in share capital and share premium, respectively.

**(b) Reserves**

***Share premium***

Share premium represented the difference between the share capital and the amount of the net proceeds received from its shareholders of the Company. The application of the share premium is governed by the Companies Law of the Cayman Islands.

**(c) Dividends**

During the six months ended 30 June 2017 and 2018, no dividends were declared by the entities comprising the Group to its owners.

**(d) Purchase of own shares**

During the six months ended 30 June 2018, the Company repurchased the shares held by Ningbo Xinshi Online Finance Equity Investment Partnership (Limited Partnership) and Tibet Lingsheng Asset Investment Management Co., Ltd. in the amount of RMB72,645 thousand and RMB6,500 thousand, respectively, representing 1.2% and 0.1% of shares, respectively. The shares of Ningbo Xinshi Online Finance Equity Investment Partnership (Limited Partnership) were repurchased by settling the balance of receivables from a shareholder of RMB62,638 thousand as at 31 December 2017.

## FINANCIAL REVIEW

### Revenue

Our revenue was RMB578.9 million for the six months ended 30 June 2018, a 55.3% increase from RMB372.7 million for the six months ended 30 June 2017, which was primarily due to the growth of talent acquisition services provided to business customers. During the period under review, approximately 94.0% of our revenue was generated from providing talent acquisition services to our business customers, 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 (1) providing professional career services, such as premium membership services, career coaching and CV advisory services to our registered individual users, and (2) directing individual user traffic to certain internet service providers. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the six months ended 30 June			
	2018		2017	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Talent acquisition services to business customers	<b>544,077</b>	<b>94.0</b>	363,047	97.4
Professional career services to individual users	<b>33,641</b>	<b>5.8</b>	9,122	2.5
Rental income	<b>1,176</b>	<b>0.2</b>	539	0.1
<b>Total</b>	<b><u>578,894</u></b>	<b><u>100</u></b>	<b><u>372,708</u></b>	<b><u>100</u></b>

Revenue from talent acquisition services to business customers was RMB544.1 million for the six months ended 30 June 2018, a 49.9% increase from RMB363.0 million for the six months ended 30 June 2017 primarily due to the increase in number of business customers and increase in average revenue per user.

Revenue from professional career services to individual users was RMB33.6 million for the six months ended 30 June 2018, a 268.8% increase from RMB9.1 million for the six months ended 30 June 2017 primarily due to more product innovation provided to mid- to high-end talents.

Revenue from rental income was RMB1.2 million for the six months ended 30 June 2018, a 118.2% increase from RMB0.5 million for the six months ended 30 June 2017.

## Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits of our talent acquisition service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB94.9 million for the six months ended 30 June 2018, a 67.1% increase from RMB56.8 million for the six months ended 30 June 2017. This increase was generally in line with our increase in revenue during the same period as we continued to attract and serve more business customers and scale up our operations. Specifically, it was mainly driven by an increase in service and project expenses as we continued to scale up our operations. The increase in service and project expenses was (i) mainly attributable to higher proportion of *Interview Express* (面試快) and *Onboarding Express* (入職快), which bear slightly higher costs primarily headhunter-related costs as compared to other closed-loop talent acquisition services, in our product mix offering, and (ii) to a lesser extent, an increase in miscellaneous costs as we carried out more talent acquisition projects for our business customers.

## Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB484.0 million for the six months ended 30 June 2018, a 53.2% increase from RMB315.9 million for the six months ended 30 June 2017. Gross profit margin decreased to 83.6% for the six months ended 30 June 2018 from 84.8% for the six months ended 30 June 2017 due to higher proportion of *Onboarding Express* (入職快), which bears slightly higher costs, primarily headhunter-related costs, as compared to other of our closed-loop talent acquisition services in our product mix offering.

## Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise 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 RMB333.9 million for the six months ended 30 June 2018, a 41.7% increase from RMB235.6 million for the six months ended 30 June 2017, which was primarily due to the increase in sales personnel salary and incentives which is in line with the growth of revenue. Our sales and marketing expenses as a percentage of revenue decreased from 63.2% for the six months ended 30 June 2017 to 57.7% for the six months ended 30 June 2018, primarily due to improvement on sales efficiency.

## **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 impairment losses for doubtful accounts receivable. Our general and administrative expenses were RMB107.6 million for the six months ended 30 June 2018, a 153.0% increase from RMB42.5 million for the six months ended 30 June 2017, which was primarily due to one-time listing expenses of RMB42.6 million and increase in share-based compensation expenses from RMB0.6 million for the six months ended 30 June 2017 to RMB6.7 million for the six months ended 30 June 2018. Our general and administrative expenses as a percentage of revenue increased from 11.4% for the six months ended 30 June 2017 to 18.6% for the six months ended 30 June 2018, primarily due to the share-based compensation expenses and one-time listing expenses.

## **Research and Development Expenses**

Our R&D expenses primarily comprise 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 RMB53.1 million for the six months ended 30 June 2018, a 21.9% increase from RMB43.6 million for the six months ended 30 June 2017, which was primarily due to the increase in R&D headcounts and increase in salaries and benefits paid to our R&D personnel including share-based compensation expenses in the amount of RMB4.8 million. As a percentage of revenue, our R&D expenses decreased from 11.7% for the six months ended 30 June 2017 to 9.2% for the six months ended 30 June 2018, primarily as a result of the increase in revenue.

## **Other Income**

Other income primarily comprises income we derived from investing in wealth management products and government grants. Our other income increased by 39.3% from RMB4.0 million for the six months ended 30 June 2017 to RMB5.6 million for the six months ended 30 June 2018, primarily as a result of the increase in investment income from wealth management products.

## **Loss from Operations**

As a result of the foregoing, our loss from operations for the six months ended 30 June 2018 was RMB5.0 million, compared to a loss of RMB1.7 million for the six months ended 30 June 2017.

## **Net Finance Income/(Cost)**

Net finance income/(cost) primarily consists of interest income from bank deposits, bank charges, gain or loss on fair value changes of convertible loans, and foreign currency exchange gain/(loss) due to fluctuations of U.S. dollars against RMB. Our net finance income increased from a net finance cost of RMB8.1 million for the six months ended 30 June 2017 to a net finance income of RMB10.1 million for the six months ended 30 June 2018, primarily as a result of foreign currency exchange gain.

## **Profit/(Loss) before Tax**

As a result of the foregoing, profit/(loss) before tax was RMB5.1 million for the six months ended 30 June 2018, compared to a loss of RMB9.8 million for the six months ended 30 June 2017.

## **Income Tax**

Income tax expenses were RMB0.3 million for the six months ended 30 June 2018. There was no income tax expense for the six months ended 30 June 2017 as a result of utilization of accumulated losses position.

## **Profit/(Loss) for the Reporting Period**

Profit was RMB4.8 million for the six months ended 30 June 2018, compared to a loss of RMB9.8 million for the six months ended 30 June 2017.

## **Non-GAAP Financial Measures**

To supplement the consolidated results of the Group prepared in accordance with IFRS, non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and one-time listing expenses) has been presented in this announcement. 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 certain impact of M&A transactions.

## LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating activities, other funds raised from the capital markets from time to time 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 RMB139.5 million and RMB2,872.7 million as of 30 June 2017 and 30 June 2018 respectively. Our cash and cash equivalents are held in RMB and USD. The following table sets forth our cash flows for the periods indicated:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2018</b>	<b>2017</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>(in RMB'000)</i>	
Net cash generated from operating activities	<b>117,211</b>	23,549
Net cash generated from/(used in) investing activities	<b>2,500</b>	(12,306)
Net cash generated from financing activities	<b>2,500,466</b>	—
	<hr/>	<hr/>
Net increase in cash and cash equivalents	<b>2,620,177</b>	11,243
Effect of foreign exchange rate changes	<b>1,129</b>	(771)
Cash and cash equivalents at the beginning of the Reporting Period	<b>251,345</b>	128,986
	<hr/>	<hr/>
Cash and cash equivalents at the end of the Reporting Period	<b><u>2,872,651</u></b>	<b><u>139,458</u></b>

### **Net cash generated from operating activities**

For the six months ended 30 June 2018, net cash generated from operating activities was RMB117.2 million, compared to RMB23.5 million for the six months ended 30 June 2017.

### **Net cash generated from/(used in) investing activities**

For the six months ended 30 June 2018, net cash generated from/(used in) investing activities was RMB2.5 million, which was mainly attributable to investment income from wealth management products and time deposits with banks, compared to RMB(12.3) million for the six months ended 30 June 2017.

## Net cash generated from financing activities

For the six months ended 30 June 2018, net cash generated from financing activities was RMB2,500.5 million, mainly attributable to the proceeds from the initial public offering. There was no net cash generated from financing activities for the six months ended 30 June 2017.

## 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	
	2018	2017
	( <i>unaudited</i> )	( <i>unaudited</i> )
	(in RMB'000)	
Payment for property, plant and equipment and intangible assets	10,123	3,484
Payment for investments	92,572	—
Total capital expenditures and long-term investments	<u>102,695</u>	<u>3,484</u>

Our capital expenditure during the six months ended 30 June 2018 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 RMB92.6 million in different companies that have technologies or businesses that supplement and benefit our business (for the six months ended 30 June 2017: nil).

## INDEBTEDNESS

We have no bank loans or convertible loans as of 30 June 2018 and as of 30 June 2017.

## GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2018 was 2.8% (31 December 2017: 0.2%).

The Board and the audit committee of the Company (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.



## **CONTINGENT LIABILITIES**

As of 30 June 2018, 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 of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US dollars. 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 2017 and 2018, we had foreign currency exchange gain/(loss) (both realized and unrealized) of RMB(10.4) million and RMB4.4 million respectively, recognized as net finance income/(cost) in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain/(loss) for the six months ended 30 June 2018 was mainly attributable to USD appreciation against RMB.

## **CREDIT RISK**

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

Bank deposits are placed with reputable banks and financial institutions.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and to take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 to 90 days from the date of billing. 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 2018.

## **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 its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

## **SIGNIFICANT INVESTMENTS HELD**

In December 2017, Liedao Information Technology Co., Ltd. ("**Liedao**"), one of the entities the Company control through contractual arrangements, entered into an investment agreement with, among others, Unicareer (Shanghai) Education Technology Co., Ltd. ("**Unicareer**"), a PRC company engaging in the businesses of online and offline career training for students and employees, pursuant to which Liedao agreed to acquire certain registered capital in Unicareer from its existing shareholders for a total consideration of RMB18,980,000 and agreed to subscribe for additional registered capital in Unicareer for a total consideration of RMB36,000,000. The consideration payable in cash was fully settled on 25 January 2018 and the Company holds, through Liedao, approximately 9.9723% of the enlarged registered capital of Unicareer.

In January 2018, the Company has paid a cash deposit in the amount of RMB37,592,000 to MoSeeker, Inc. ("**MoSeeker**"), a Cayman Island company engaging in the development of recruitment platforms and social recruitment services, to purchase 14.59% of preferred shares of MoSeeker. As of 30 June 2018, the transaction has not closed yet, and the amount of deposit was recorded as prepaid investment.

## **USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING**

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

During the six months ended 30 June 2018, the Group applied the net proceeds for the following purposes:

	<b>Use of proceeds in the same manner and proportion as stated in the Prospectus (in HKD'000) (approximate)</b>	<b>Actual use of proceeds during the six months ended 30 June 2018 (in HKD'000) (approximate)</b>	<b>Net proceeds unutilized during the six months ended 30 June 2018 (in HKD'000) (approximate)</b>
40% for Enhancement of R&D capabilities and product offerings	1,121,840	—	1,121,840
25% for Pursue of acquisitions of or investments in assets and business and support our growth strategies	701,150	—	701,150
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 marketing	701,150	—	701,150
10% for working capital and general corporate purposes	280,460	—	280,460
	<u>2,804,600</u>	<u>—</u>	<u>2,804,600</u>

As the shares of the Company were listed on the Hong Kong Stock Exchange on 29 June 2018, the Company confirms that none of the net proceeds from the initial public offering of the Company in the amount of approximately HKD2,804.6 million has been utilized for the six months ended 30 June 2018. For the unutilized net proceeds in the amount of approximately HKD2,804.6 million as at 30 June 2018, 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 OUTLOOK AND STRATEGIES**

Despite the market turbulence and uncertainties in light of certain macroeconomic factors such as the US-China trade war, we are generally optimistic about the prospect of the PRC human resources industry as well as our business while remaining cautious of any risks 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, the Company believes 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. The Company strongly believes that such economic structural transformation and industrial advancement will increase demand for mid- to high-end talents, require ongoing talent upgrade and prompt 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. Coupled with multiple drivers including ongoing talent upgrade, economic structural transformation, emergence and popularity of AI and Big Data analytics, it is anticipated there is huge room for online talent acquisition services, in particular, online mid- to high-end talent acquisition services market to grow.

We plan to capitalize on the tremendous potential presented by China's rapid economic growth and structural transformation which fuels the increasing demand for mid- to high-end talents of businesses. While we will continue to expand our talent and business customer base, introduce more partnering headhunters to provide closed-loop services and further enhance our brand equity as a leading talent services platform, the focus of our strategy will be the development of AI and Big Data technology given our conviction of the tremendous potential that such technologies possess to the enhancement of efficiency throughout the talent acquisition process. For example, we plan to continue to invest in AI technologies such as machine learning, knowledge graph and natural language processing. We also plan to further invest in Big Data technology to constantly analyze and address the rapidly evolving demand of our customers. We will continue to enhance our recommendation and matching algorithm and develop more insightful cognitive and personality assessment of our individual users by leveraging our extensive user behavior and transaction data.

We also plan to continuously upgrade and optimize our SaaS solutions through which we offer a comprehensive set of talent services in order to help our business customers to acquire talents more effectively, to allow talents to advance their careers, and to incentivize headhunters to facilitate efficiency and matching results of the entire hiring process. We aim to provide better quality professional and training platform to our individual users.

Further, we plan to further strengthen our competitiveness through selectively pursuing strategic alliances, investments and acquisitions in the broader talent services market and the professional career education market. With respect to the broader talent services market, we will seek opportunities to enter into human resources management services. In the professional education market, we plan to diversify our service offerings in career development services through selective alliances and investments.

## **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 and has complied with the code provisions under the CG Code during the six months ended 30 June 2018 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 2018.

## **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 2018. The Audit Committee has reviewed and considered that the interim financial results for the six months ended 30 June 2018 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

KPMG, the Group's independent auditor, had also reviewed the Group's unaudited consolidated financial statements of the Group for the six months ended 30 June 2018.

## **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 2018.

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**

The over-allotment option described in the Prospectus was partially exercised by Morgan Stanley Asia Limited, the stabilization manager, on 21 July 2018, in respect of an aggregate of 286,400 shares, representing approximately 0.33% of the total number of the offer shares initially available under the initial public offering. The two over-allotment option grantors, namely Giant Lilly Investment Ltd and Matrix Partners China I, L.P., each sold 143,200 shares pursuant to such partial exercise of the over-allotment option.

Apart from the abovementioned partial exercise of the over-allotment option, there were no important events affecting the Company nor any of its subsidiaries since the end of the Reporting Period.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 to the shareholders of the Company.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This 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 2018 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
“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, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018
“Director(s)”	the director(s) of our Company

“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 2018
“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
“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 2018

*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.*