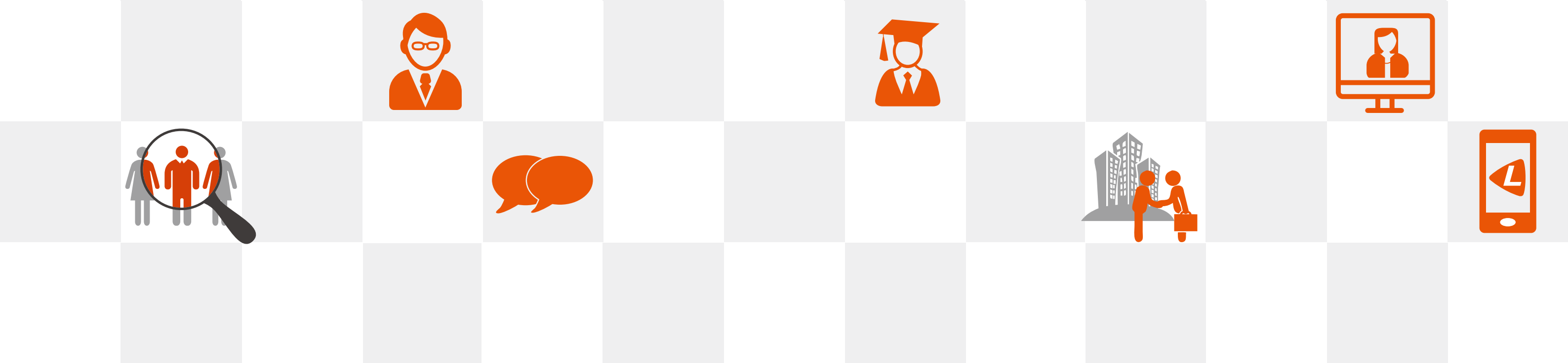


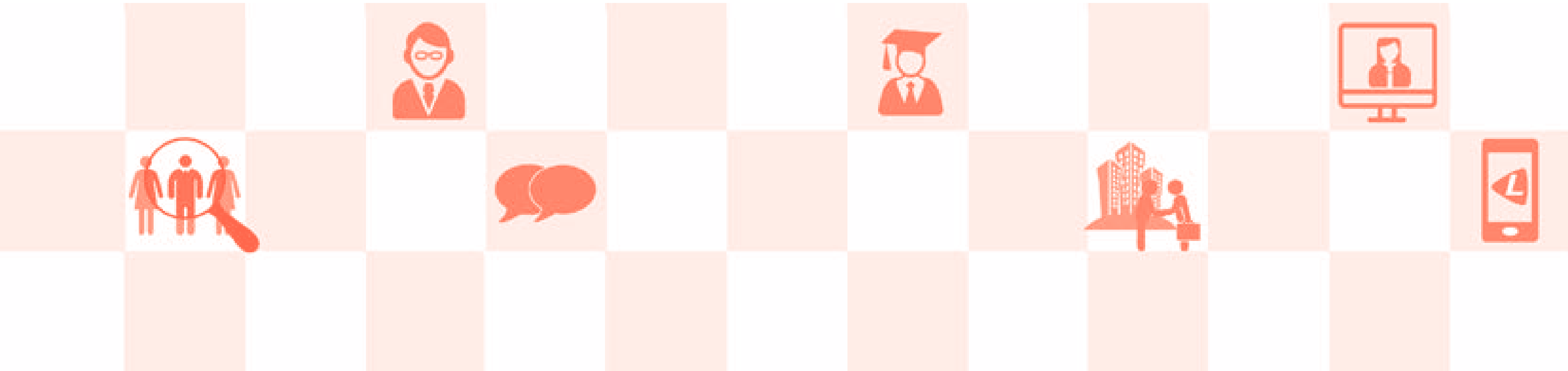
猎聘 Liepin

Tongdao Liepin Group

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6100

ANNUAL REPORT 2020



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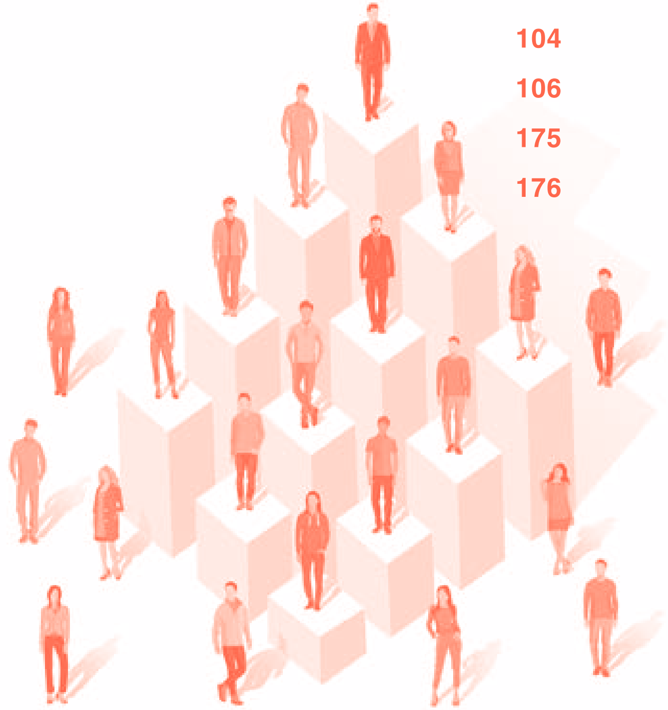


DEFINITIONS

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

"AI"	artificial intelligence
"Audit Committee"	the audit committee of our Company
"Average annual salary of registered individual users"	the average annual salary of all registered individual users who have provided to the Company with their salary information, which accounted for a substantial majority of all registered individual users
"Big Data"	big data
"Board"	the board of directors of our Company
"Business customers"	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
"BVI SPVs"	the wholly-owned companies established by each of the Founding Shareholders
"CAGR"	compound annual growth rate
"Cayman Company"	WJX INC., an offshore holding company established in the Cayman Islands to control Changsha Ranxing
"Changsha Ranxing"	Changsha Ranxing Information Technology Co., Ltd. (長沙冉星信息科技有限公司), a limited liability company established under the laws of the PRC
"Changsha Ranxing Contractual Arrangements"	The contractual arrangements in respect of Changsha Ranxing
"Changsha Ranxing Group"	Changsha Ranxing, its subsidiaries, controlled companies and subsidiaries of controlled companies
"Company", "our Company", or "the Company"	Tongdao Liepin Group (formerly known as Wise Talent Information Technology Co., Ltd) (Stock Code: 6100), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange

"Consolidated Affiliated Entities"	Wisest, TD Elite and Liedao and their respective subsidiaries and branches, the financial accounts of which have been consolidated and accounted for as if they were wholly-owned subsidiaries of our Company by virtue of the Contractual Arrangements
"Contractual Arrangements"	the series of contractual arrangements entered into by Tongdao Liepin (Tianjin) with Wisest, TD Elite and Liedao and their respective relevant shareholders
"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 an one-stop integrated platform, facilitated by headhunters, to business customers
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Company"	WJX HK LIMITED, a wholly-owned company established by the Cayman Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"ICP License"	Value-added Telecommunications Services Operating Permit for Internet information services
"IFRS"	International Finance Reporting Standards, amendments, and interpretations, as issued by IASB
"Individual paying users"	the individual users that have previously subscribed for the Company's premium membership services or CV advisory services at least once as of a given date
"Job postings"	active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due to being more than 90 days old
"Liedao"	Liedao Information Technology Co., Ltd. (獵道信息技術有限公司), a LLC established in Tianjin, the PRC on 25 April 2014, one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
"Liepin (HK)"	Liepin (HK) Information Technology Co., Limited, a wholly-owned subsidiary of the Company
"Listing Date"	29 June 2018, being the date on which the shares of the Company were listed on the Hong Kong Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LLC"	limited liability company
"Mid-to high-end talents"	individual job candidates with an average annual salary of at least RMB100,000
"Nomination Committee"	the nomination committee of our Company
"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 to the Company's satisfaction, which include both individual paying users and individual non-paying users as of a given date
"Remuneration Committee"	the remuneration committee of our Company
"Reorganization"	the reorganization arrangements undertaken by the Group in preparation for the listing of the shares of the Company on the Main Board of the Hong Kong Stock Exchange
"Reporting Period"	the year ended 31 December 2020
"RMB"	Renminbi, the lawful currency of PRC

"Saiyou" or "Beijing Saiyou"	Beijing Saiyou Education Technology Co., Ltd. (北京賽優職教育科技有限公司), a LLC established in the PRC on 30 May 2014
"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, other HR services, and professional career services provided to business users and individual users, as the case may be
"TD Elite"	TD Elite (Tianjin) Information Technology Co., Limited (同道精英(天津)信息技術有限公司), a LLC established in Tianjin, the PRC on 27 July 2015, one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements
"Tongdao Liepin (Tianjin)"	Tongdao Liepin (Tianjin) Technology Group Limited (同道獵聘(天津)科技集團有限公司) (formerly known as Tiancai Youdao (Tianjin) Information Technology Co., Limited (天才有道(天津)信息技術有限公司)), a LLC established in the PRC on 26 April 2018
"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
"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
"WFOE"	Changsha Xingku Information Technology Co., Ltd. (長沙星酷信息科技有限公司), a wholly foreign-owned enterprise established by the Hong Kong Company
"Wisest"	Wisest (Beijing) Management Consulting Co., Ltd. (萬仕道(北京)管理諮詢股份有限公司), a LLC established in the Zhongguancun Science Park (中關村國家自主創新示範區), Beijing, the PRC on 7 September 2006, one of our Consolidated Affiliated Entities by virtue of the Contractual Arrangements

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Kebin
(Chairman and Chief Executive Officer)
Mr. Chen Xingmao *(Chief Technology Officer)*

Non-executive Directors

Mr. Shao Yibo
Mr. Zuo Lingye
Mr. Ding Gordon Yi

Independent Non-executive Directors

Mr. Ye Yaming
Mr. Zhang Ximeng
Mr. Choi Onward

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 415–3, Building No. 5
Courtyard No. 59, Gaoliangqiaoxie Road
Haidian District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 417, 4th Floor, Lippo Centre, Tower Two
No. 89 Queensway, Admiralty
Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman KY1–1104
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1–1102
Cayman Islands

LEGAL ADVISER TO HONG KONG LAW

Davis Polk & Wardwell
18th Floor, The Hong Kong Club Building
3A Chater Road, Hong Kong

PRINCIPAL BANK

Industrial and Commercial Bank of China
No. 110, Jianguo Road
Chaoyang District
Beijing, PRC

COMPANY SECRETARY

Ms. Fung Wai Sum *(ACG, ACS)*

AUTHORIZED REPRESENTATIVES

Mr. Dai Kebin
Ms. Fung Wai Sum

AUDIT COMMITTEE

Mr. Choi Onward *(Chairman)*
Mr. Ye Yaming
Mr. Zuo Lingye

REMUNERATION COMMITTEE

Mr. Zhang Ximeng *(Chairman)*
Mr. Choi Onward
Mr. Ding Gordon Yi

NOMINATION COMMITTEE

Mr. Dai Kebin *(Chairman)*
Mr. Ye Yaming
Mr. Zhang Ximeng

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK CODE

6100

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

COMPANY WEBSITE

www.liepin.com

FINANCIAL HIGHLIGHTS

- Revenue primarily including revenue generated from providing talent acquisition and other HR services to our business customers and providing professional career services to individual users was RMB1,869.7 million in 2020, a 23.5% increase from RMB1,513.5 million in 2019.

- Gross profit was RMB1,457.1 million in 2020, a 24.8% increase from RMB1,167.7 million in 2019.

- Net profit was RMB92.8 million in 2020, compared to RMB126.6 million in 2019. Net profit attributable to the owners of the Company was RMB53.6 million in 2020, compared to RMB120.4 million in 2019.

- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB248.6 million in 2020, a 33.9% increase from RMB185.6 million in 2019. Non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB156.4 million in 2020, compared to RMB174.1 million in 2019.

- The Board does not recommend the payment of final dividend for the year ended 31 December 2020.

2020 was not an ordinary year. We observed significant changes in the macro economy, the human resource industry, and how our users engage in recruitment activities. The global pandemic significantly impacted society and everyone's lives, also brought many uncertainties to the global economy. But great opportunities can be found in great challenges.

The pandemic has brought disruptive changes to the talent acquisition market, and there has been a remarkable market transformation since then. On the one hand, the online recruitment penetration rate has reached a historical high. On the other hand, on top of industries' accelerated digitalization trends, the urge for talents' and corporates' structure upgrade was also fuelled by the pandemic outbreak.

In the face of these challenges and opportunities, Liepin's business model and ecosystem in the talent service industry have proven to be resilient through different economic cycles. While focusing on our core talent recruitment platform, we expand our services coverage on both the business user front and individual user front by continuously exploring and addressing our users' needs. We are delighted to see that as we persistently expand our business coverage on the 2B and 2C side, the resilience of our Group was greatly improved, leading us to a healthy growth despite the macroeconomic downturn. Our ARPU continued to improve in 5 sequential years and hit a historical high at RMB31,300. The service expansion also put us in a better position to fulfill our mission of "helping every talent to achieve greater career success."

While we continuously prioritize technological innovation, user experience, and fulfilling users' needs, we also provide meaningful support in matching the progress of talent development and corporates' strategy upgrade. In an era where China is transforming from experiencing "demographic dividend" to enjoying "talent dividend," the structure change in the talent market is remarkable. Particularly, the mid-to high-end talent market is growing at a much faster speed than the mass talent market and is composed of the younger generation. The trends open up tremendous opportunities for us as the market leader.

We initiated our branding upgrade in 2020, which helped us serve a wider range of users by targeting more young generations on top of the talents with substantial working experience. We are pleased to see that around 30% of the newly registered users in 2021 are the young population, including entry-level white-collar workers and students. Looking forward, we will continue to expand our user base, enhance user engagement through interactive features, and provide more comprehensive services to our users.

In 2021, the talent service industry will further recover from the economic rebound. Looking forward, as a one-stop talent service provider, Liepin will continue to focus on three key strategies, which are striving for superior product and user experience, investing in technological innovation, and further expanding our talent services on 2B and 2C sides to embrace the ecosystem.

Firstly, Liepin will continue to pursue excellence in product development. Our superior and diversified product mix will be largely adopted by all kinds of users, including business users ranging from new economy companies, traditional titans to even individual recruiters. Job seekers in various demographics and with different work experiences will also be fully served.

Secondly, we are going to strengthen our advantage in technological capability. Our consistent investment in R&D has built a solid foundation for our advanced matching algorithm, data security and innovative SaaS products. We assist in the industrial transformation by boosting efficiency and leading the digitalization, and further create value for the industry.

Lastly, in the longer term, Liepin will keep exploring along the talent service value chain by carrying out our vertical population penetration and horizontal business expansion strategies. By optimizing integration and empowering the ecosystem, both the business users and individual users will be able to benefit from our multi-streamed business portfolio.

2021 marks the 10th year of Liepin. I would like to take this important opportunity to express my sincere gratitude to our consumers, partners, and investors for their continuous trust and support. We continue to believe that China will be an important engine of the global economy, and rich talent resources and comprehensive talent services serve as major foundations for future development. In the past 10 years, we optimized recruitment efficiency by applying data analysis and technology. In the next 10 years, while taking the lead in building a more intellectual talent service industry, we will continue to shoulder social responsibilities in devoting ourselves into establishing a safe and upgraded nationwide employment environment. We firmly believe that our value creation in the talent service industry is helping every talent in their career success and will ultimately lead to the success of Chinese companies.

MARKET REVIEW

The PRC Talent Acquisition Services

Since the beginning of this year, the COVID-19 pandemic has swept the world, disrupting our daily work and living routines. The Chinese economy confronted unprecedented challenges in 2020. Since the beginning of 2020, the majority of economic activities in China were suspended, among which hiring activities were mostly postponed. During this challenging time, as a market-leading player, we utilised our platforms and technologies to help our business and individual users to adapt to the new normal via online tools, to support enterprises in conducting online talent acquisition and to broadly contribute to economic recovery. Soon after the outbreak, the Chinese government promptly issued and executed policies including social insurance reduction, employment subsidy, and training subsidy to stabilize employment. Starting from the second quarter of 2020, with policies taking effect and the pandemic getting under control, the hiring sentiment gradually recovered from the bottom, and continued to pick up momentum for the rest of 2020.

The COVID-19 pandemic has brought disruptive changes to the talent acquisition market and there has been a remarkable market transformation since then. The quarantine caused by the COVID-19 pandemic had reshaped the hiring business to a great extent. Many corporates suffered dramatically from the COVID-19 pandemic outbreak starting from the first quarter of 2020. We have witnessed the companies' close-downs, especially among the small-and-medium size enterprises, led to a shrink in the "expansion hiring" demand during the pandemic. The mass recruitment market was therefore under huge pressure. On the other hand, large scale companies were able to smooth out the negative effect of the pandemic and their demand in "replacement hiring" for mid-to high-end talents are less affected by the crisis. Therefore, the higher-end of the talent recruitment market showed relatively greater resilience through different economic cycles. In addition, more recruitments were accomplished online due to the inconvenience of face-to-face conversation, resulting in a historical high of the online recruitment penetration rate. Although the change might be triggered by the COVID-19 pandemic, the new recruiting pattern brought by online talent acquisition services, with its boosted efficiency and incremental value, may be embraced by more Chinese enterprises in the future.

Another change was the polarization of hiring sentiments among different industries. Throughout the year, biomedical and online service-related industries were more active with the surging user traffic brought by the COVID-19. Therefore, hiring demands from these industries increased in 2020. In contrast, the hiring sentiment in travel, airline and catering industries are at a periodical low. Although industries experienced diverse market sentiments, China's economic and recruiting activities staged an impressive comeback with the Chinese government's multi-pronged measures of corporate burden reduction, payroll stabilization and job creation. Benefiting from the supportive government policies, ongoing talent upgrade and economic transformation in China, the application of AI technology and Big Data analytics in the human resources service industry, and the growing talent pool of mid-to high-end job candidates, the size of mid-to high-end market of talent acquisition services is expected to expand sustainably, from RMB167 billion in 2020 to RMB243 billion in 2022, representing a CAGR of more than 20.6%, according to China Insights Consultancy Limited ("**CIC**") report.

The Rise of Human Resource Market

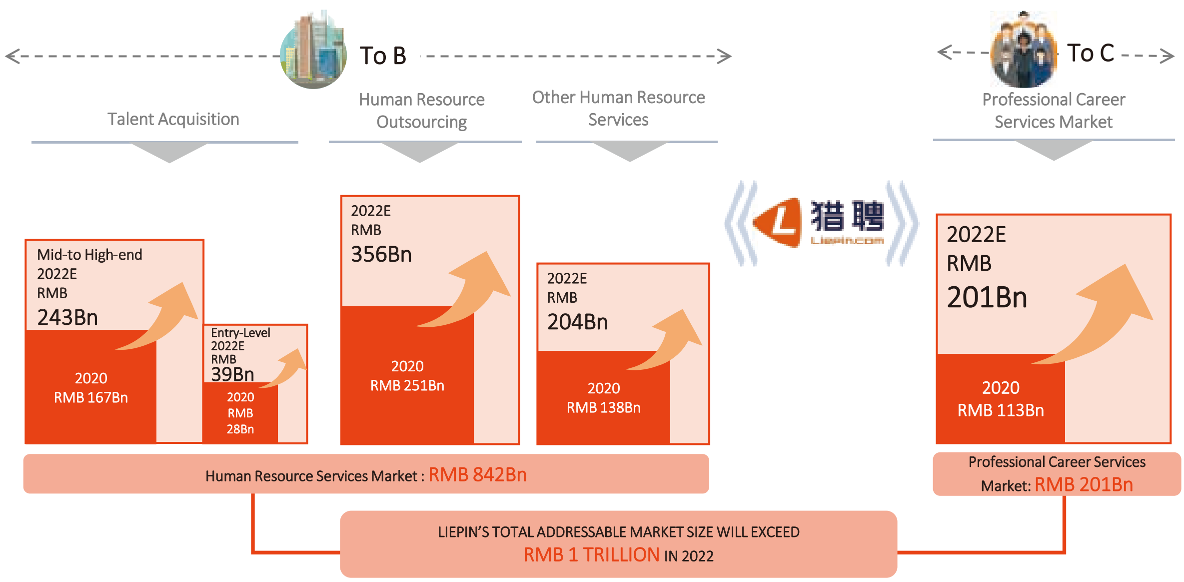
Apart from the continuous growth in the talent acquisition services market, the market size of the human resource services market also expands significantly. According to the CIC report, the market size of the human resource market was RMB584 billion in 2020 and is expected to grow to RMB842 billion in 2022, representing a CAGR of 20.1%. The key drivers for the fast growth of human resources market include abundant and increased budget of enterprises for human resources services, especially high-quality customized services such as flexible staffing, corporate training and assessment, as well as continued government and financial support.

New economic and social conditions led to the transformation of the human resource market in various aspects. Firstly, black-swan events like the COVID-19 pandemic have brought up concerns among employers about fixed labor costs. Many companies, especially large-scale enterprises, recognized flexible staffing as a contingency plan in case of external shocks. We demonstrated our social responsibility by launching 'employee sharing programme' between companies and providing professional human resource management consulting. Fueled by the pandemic, the flexible staffing industry is emerging from an early stage in China. In the near future, we believe China's flexible staffing business will evolve toward a more mature form where elementary white-collar positions, on top of blue-collar positions, are extensively demanded and well placed.

Secondly, companies gradually acknowledge the importance of staff training, and, as a result, they are willing to allocate more budget on talent development. During the pandemic, online training and follow-up services became a hit among employers. With huge online users and data traffic incoming, training platforms will be able to optimize and upgrade their products, as a result delivering high-quality customized training materials with better user experience. Therefore, we believe the phenomenon is expected to continue in the training industry.

The PRC Professional Career Services Market

The PRC professional career services market in China mainly addresses professionals' increasing urge for career development and advancement. This market primarily encompasses career coaching, CV advisory services, professional skill training and other related career services. In year 2020, the particular difficulty in job placement boosted high quality talents' willingness to pay for career services and concerns about career development in long term. The trend drives the continuous growth of the professional career services market. Therefore, the total potential market size in terms of the total revenue of the mid-to high-end professional career services market was expected to grow from RMB113 billion in 2020 to RMB201 billion in 2022, representing a CAGR of 33.4%.



BUSINESS REVIEW

Liepin (獵聘) pioneered the China online mid-to high-end talent acquisition market in 2011, realized rapid development and kept a dominating position since then. With the ever-changing macro environment, we remain focused on mid-to high-end talent acquisition services while actively expanding along the human resource value chain.

We exhibited strong resilience during this challenging year of 2020. The new initiatives among our total human resource services achieved robust growth against market headwinds, while our core recruitment business kept expanding steadily. The growth mainly attributes to our unique market positioning, high-quality customer base, and the ability to provide well-rounded solutions.

In the fourth quarter of 2020, we recognized RMB607.6 million in revenue, representing 47.6% growth on yearly basis. A robust fourth quarter lifted the overall performance of 2020. The total revenue and gross profit of the year amounted to RMB1,869.7 million and RMB1,457.1 million, respectively, representing an increase of 23.5% and 24.8%, respectively, compared to 2019. A strengthening financial performance is an indication of our scalable business model, successful strategy in diversification, and solidified market-leading position. Set forth below is a summary of major developments of our business in 2020:

Continued Development and Integration of our Group

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

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

We continued to leverage on our multi-faceted database and data analytics to empower business growth. Our Galaxy Data Visualization Center, which generates dynamic in-depth dashboard of our talent database and presents our wide talent coverage, plays an important role in our business development and acquisition of key account customers. In 2020, we analyzed our data in more dimensions with a more sophisticated data labeling approach. We obtained a deeper understanding of detailed industrial trends and talents' employment intentions. Our system has assisted local governments in visualizing their talent map and local employment. While leveraging our abundant data, we kept ensuring the protection of our data security and user privacy. We actively improved the privacy protection mechanisms by closely monitoring and severely punishing information leakage, as well as enforcing identity verification process.

Attributable to our early and determined business expansion along the human resource value chain, the new initiatives we launched in the past years grew forcefully amid the macroeconomic downturn. During the year 2020, we optimized our video-based talent platform by embedding an artificial intelligence analysis function. This unique feature differentiated us from other online interview platforms. Relying on its product superiority, we captured the surge of online interview demand last year and generated large user traffic. Our flexible staffing segment also expanded dramatically alongside the increasing awareness of the flexible staffing business. We have sufficiently improved our industrial know-how with increasing business demand. Last but not least, our survey platform played a significant role during the pandemic period by providing handy tools for data collection and conducting online exams. The mass demand has augmented its penetration rate, and further reinforced the using habit of users. Overall, we persistently provide one-stop human resource services to our high-quality business customers by integrating various value-added solutions.

In addition to the success of the existing business streams, we recognized the growth potential of individual-certificate-training business and seized favorable timing by strategically investing in Saiyou, a technology-driven professional education company. Together with the full spectrum of our talent services, we are in a greater position to continuously fulfill our mission of "helping every talent to achieve greater career success".

Growth of Talent Acquisition Services to Business Users (Vertical Penetration)

Talent acquisition services to business users continued to be our major source of revenue. *Liepintong* (獵聘通) remained our primary platform through which we offered a wide range of basic and advanced talent solutions via personal computers or mobile apps to our verified business users in 2020. We continued to provide free basic talent solutions and tools including job posting services on *Liepintong* (獵聘通), a SaaS-based solution of HR internal synergy tools, AI-driven CV search, recommendation and management services, and enterprise station services.

In addition to our basic talent acquisition services, we offer customized subscription packages for business customers to access advanced talent acquisition services to further optimize their recruitment efficiency. Pricings of our subscription packages are determined based on the talent acquisition services selected by our business customers as well as our relationships with such business customers, which typically range from RMB10,000 to RMB55,000 per package and generally have a term of 12 months. These tools include our 360-degree CV review service, *Express Hiring 2.0* (急聘2.0), invitations to apply for jobs, intent communication with job candidates, instant messaging, training and assessment, salary reports and background checks.

Leveraging on our advanced technology and headhunter resources, we enjoy the dominating advantage in headhunter-assisted, closed-loop talent acquisition services. We provide two unique products namely *Interview Express* (面試快) and *Onboarding Express* (入職快). These products enable our business customers to request talent acquisition services online and obtain customized hiring services at different hiring milestones such as interview or onboarding from AI-selected headhunters with result-driven fee structures. Corporates enjoy increasing recruitment efficiency from directly connecting to the most suitable headhunters and receiving result-driven services. Meantime, headhunters enjoy a larger number of incoming service requests in the field of their best expertise. Benefiting from the valuable insights generated from the transaction data, our technology and Big Data Team has continued to improve the matching algorithm to further enhance our service quality and matching efficiency between job opportunities and candidates.

Adapting to the preference of young talents and the pandemic prevention policies of schools, we improved campus online recruitment services by leveraging our technology capability and product innovation. Specifically, we provided online interview services with AI analysis functions. Recruiters' efficiency is highly boosted with clear visibility of candidates' performance. Meantime, by conducting interviews online, we have accumulated valuable behavioral data for further optimization and monetization of the platform.

Overall, we kept enriching our spectrum of talent acquisition solutions for different demographics of talents to our business customers with (i) our core platform *Liepin* (獵聘) which services mid-to high-end talents with annual income starting from RMB100,000; (ii) *Consultants for Global Leadership*, our executive search services which serves senior executives with annual income staring from RMB800,000; and (iii) the integration of campus recruitment and video-based talent platform for young professionals.

Growth of Total Human Resource Solutions (Horizontal Expansion)

In 2020, we continued to execute our long-term and well-rounded strategy of penetrating the human resources market to further cater to the diversified needs of business customers by leveraging the synergies from our existing talent acquisition platform.

Flexible Staffing Platform

Our mass recruiting and flexible staffing service platform, *Xunhou* (勛厚), achieved strong growth benefiting from industrial development and synergies from *Liepin* (獵聘). In 2020, the flexible staffing industry was gaining tremendous awareness and recognition owing to the conceptual and behavioral refinement in recruiting business after the COVID-19 pandemic outbreak. More specifically, many corporates adopted flexible staffing services as alternatives of fixed employment when facing the fluctuated recruiting needs and short-term shocks. We were able to dive deep into this fast-expanding segment and developed as a competitive player in a short time.

Moreover, by utilizing the innovative technology of the precise talent matching system of *Liepin* (獵聘), *Xunhou* (勛厚) differentiates itself by introducing a proprietary SaaS-based platform for business customers to access real-time information about job vacancies as well as to monitor and to analyze job performance of their flexible employees. As the platform continues to grow and mature, it will also be able to leverage *Liepin*'s high-quality customer base and brand reputation by providing flexible staffing services of mid-to high-end positions.

The above positive external and internal improvements contributed to the tremendous increase in the business size of our flexible staffing services throughout the year. With the expanding flexible staffing market and continuous supports from our Group, we are confident in building a further scalable and upgraded business segment.

Assessment and Training Platform

In 2020, we upgraded our proprietary assessment and training app and SaaS platform. These innovative products can provide video-based training, such as leadership training and professional skillsets courses to employees. Direct managers and HR department can assign training schedule, conduct assessment questionnaires, and track the employee training completion status. Employees can leverage the mobile app to conduct online training and take exams in their spare time. This becomes a handy tool for both the HR department to organize online training and the employees to attend training and assessments.

Survey SaaS Platform

Wenjuanxing (問卷星), our survey SaaS platform, exhibited an enormous growth spurt in 2020. The changes caused by the COVID-19 pandemic have provided us with an opportunity to solidify the market-leading position of our survey SaaS platform and further cultivate user habits.

The massive information collection needs under the pandemic are the primary drivers of the growth in 2020. Since the COVID-19 pandemic outbreak, local governments, communities and corporates have tracked travel and COVID-19 related information using online tools on daily basis. As a market leader with 15 years of operational experience, *Wenjuanxing* (問卷星) responded instantly to the surging market demand through providing customized pandemic-related survey templates, upgrading user interfaces and improving support services. Furthermore, many schools adopted our survey platform as an online exam platform. Teachers can efficiently distribute tests, check responses and analyze results with full visibility of the process. Various value-added tools such as cheating precaution measures and exercise question pool were launched.

Credit to *Wenjuanxing*'s (問卷星) first-mover advantage and user-friendly product design, the amount of total survey collection in 2020 exceeded 4 billion, which almost quadrupled the volume of 2019, and the amount of survey distribution surged over 100 million. More notably, we were able to preserve the traffic after the pandemic outbreak by rapidly developing high-frequent users' using habit. As a company mainly driven by product developments instead of selling forces, the product superiority enables *Wenjuanxing* (問卷星) to build positive word of mouth and strong user relationships. Given that, our survey platform exponentially expanded its SaaS services which embed functions like survey, test, and assessment. The user experience was hence reinforced.

With the success in broadly introducing the SaaS subscription package, a more profound integration plan with our Group is mapped and will be initiated in 2021. Diverse monetization strategies supported by better utilization of in-depth data will be promoted. We look forward to more individual user traffic sharing between the platforms within *Liepin* (獵聘) and value creation through synergies.

Recap of Talent Acquisition and Other HR Services to Business Users

For the year ended 31 December 2020, we generated revenue of RMB1,723.2 million (compared with RMB1,431.3 million generated during the same period in 2019) from talent acquisition services and other HR services. The number of our verified business users increased from 559,568 as of 31 December 2019 to 725,059 as of 31 December 2020. The number of job postings on our online platform also grew from 5.2 million as of 31 December 2019 to 6.9 million as of 31 December 2020.

Expansion of Talent Pool

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

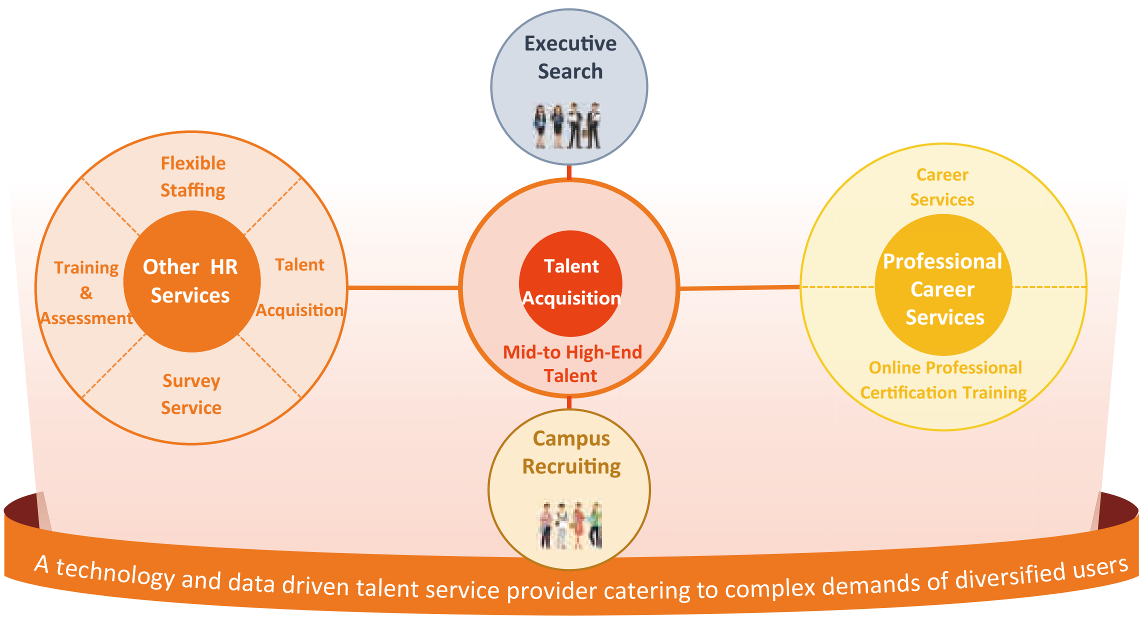
The number of registered individual users increased from 54.2 million as of 31 December 2019 to 63.2 million as of 31 December 2020. Our traffic reached record high in April 2020. We observe a strong level of activeness among our individual users and the level of engagement of our registered individual users continues to grow as the pandemic gradually eased. We continue to offer products and services for free to our registered individual users, including the creation of professional profiles with customized privacy setting on our platforms, personalized job and headhunter recommendations powered by Big Data and AI technology, as well as social network and career content services provided through our *Liepin* (獵聘) mobile app.

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

Following our strategy in forming a one-stop talent service platform, we continuously enrich and expand our services. Based on our observation during daily operations, the increase in corporate and individual training demand and spending has been a trend. To capture the market potential, we embraced the opportunity by investing in approximately 51.58% equity interest in Saiyou, a technology-driven education company incorporated in China that provides online training for professional certification and skills.

By strategically invested in Saiyou, we would be able to expand our business coverage and to provide training for professional certification and skills to our individual users. More individual users can be attracted to our platform by this closed-loop professional services starting from training to job seeking, which can ultimately lead to an increase in our individual user traffic. Furthermore, Saiyou has a proven track record in trainings for teaching, counselling and other professional certifications. The individual users on Saiyou's professional training platform are potential jobseekers upon their completion of certified examinations, so this strategic investment and the partnership is expected to help promote our talent service platform and raise our brand awareness among these users. Therefore, the Group will be able to access the large number of individual user traffic from an early stage of these talents' professional careers. We also expect cross-sale opportunities of providing training service for professional certification and skills to the employees of our existing business customers in the future.

In 2020, we generated RMB144.1 million of revenue from individual users (compared with RMB80.0 million in 2019). Leveraging on our talent networks and AI technology, we have mapped out a comprehensive and expanding talent graph and accumulated data insights that are difficult to replicate. Our talent database accumulates a vast and growing amount of rich, up-to-date and relevant information of recruitment activities. Such information reflects individual users' behaviors and social interactions, mutual endorsement, variation and transactions. The networking and social features of our online professional community enable us to capture users' behavioral data. We collected and analyzed the data to model and predict user intentions and behaviors.



Strengthened Partnership with Headhunters

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

This SaaS-based headhunter platform can streamline and optimize headhunters' sourcing process, internal management and dashboard throughout their service process including posting jobs, accessing to and managing candidate CVs and initial contacts with candidates on *Chenglietong* (誠獵通) SaaS platform. We categorize headhunters base on their activeness, past performance, and years of experience. Top headhunters can post more jobs for free and are matched to suitable high-end individual users. Hence, headhunters become more dependent on our platform as they move up the hierarchy. We also avoid disturbance to individual users by only exposing them to headhunters who can provide suitable positions.

The number of our verified headhunters increased from 158,365 as of 31 December 2019 to 168,108 as of 31 December 2020. The total number of contacts with registered individual users by our verified headhunters temporarily decreased from 851.5 million to 816.6 million over the same period due to lower contacts in the first quarter of 2020 as the outbreak of the pandemic. However, as always, headhunters significantly boosted up the level of activity and engagement of registered individual user.

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

	As of 31 December	
	2020	2019
Individual Users		
Number of registered individual users *(in millions)*	**63.2**	54.2
Number of individual paying users *(accumulative)*	**367,984**	273,744
Average annual salary of registered individual users *(in RMB)*	**182,573**	179,114
Number of CVs *(in millions)*	**63.2**	54.2
Business Users and Customers		
Number of verified business users	**725,059**	559,568
Number of business customers	**55,036**	51,773
Number of job postings *(in millions)*	**6.9**	5.2
Headhunters		
Number of verified headhunters	**168,108**	158,365
Number of contacts with registered individual users by our verified headhunters *(in millions)*	**816.6**	851.5

FUTURE OUTLOOK AND STRATEGIES

Looking into 2021, we expect that the approval and administration of vaccines and ongoing stimulus policies could bring a forceful recovery to the global economy. According to the "World Economic Outlook Update" by International Monetary Fund ("**IMF**") released in January 2021, the global economy is projected to grow 5.5% in 2021 compared to a contraction of 3.5% in 2020. China is the only major world economy that reported positive growth in 2020 with a rise of 2.3%, and is expected to register a rise of 8.1% in 2021 according to the report. Many measures that issued by the Chinese government were proven to be effective in preventing a new outbreak and easing the negative effects of the pandemic.

During the spring festival of 2021, a major portion of the population in PRC was staying put as suggested by the Chinese authorities. Low population mobility dented the possibility of virus infection on one hand and increase recruitment activeness on the other hand. Based on our data, the workforce return rate and the number of job openings within the first week in 2021 after the spring festival holiday increased dramatically compared to 2020 and even the year before, suggesting a stable working environment and a retaliatory rebound of market demand.

In addition to the anticipated market recovery, we noticed the remarkable increase in online recruitment penetration rate over the year. Remote working was more widely accepted. Recruiters and job seekers adopted online recruitment tools and kept an open mind to value-added talent recruitment solutions. We believe the efficiency enhancement brought by online recruitment platforms will be able to foster users' long-term using habits.

This year, we will make greater efforts on business and individual user segmentation to realize and capture diverse commercialization opportunities. On the business user front, we carefully labeled and segmented our registered business users. For each segmented user group, we will promote diversified products and implement unique sale strategies. We look forward to generating incremental revenue from detecting and fulfilling different users' needs. On the individual user front, the trend towards a younger 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 rising of young talents fuels the digitalization of talent services in the long run. Under this favorable trend, we have formulated and implemented various measures to capture younger talents' minds and reinforce our brand positioning. In January 2021, we unlocked our new logo to emphasize the interactive features of our recruitment platform. Our new brand ambassador, as part of the brand upgrade, also leads to deeper penetration into young populations. Alongside the marketing campaigns, we will continue to refine our products to better accommodate the needs of young talents. For example, we emphasize our platform's real-time interactive features through improved instant messaging functions, which will drive up the platform activeness and eventually further improve matching efficiency.

2021 marks the tenth anniversary of *Liepin* (獵聘). We will continue to focus on users and technological innovation, and remain committed to our initial mission of helping every talent achieve greater career success by providing a technology-driven talent service platform catering to complex demands from both the business and individual users. Underpinned by our well-rounded and further expanding talent services, we are determined and confident in our sustainable competitiveness and forceful growth.

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss

Year Ended 31 December 2020 Compared to Year Ended 31 December 2019

	2020 *RMB'000*	2019 *RMB'000*
Revenue	1,869,668	1,513,474
Cost of revenue	(412,575)	(345,789)
Gross profit	1,457,093	1,167,685
Other income	97,739	120,067
Sales and marketing expenses	(848,608)	(723,341)
General and administrative expenses	(320,554)	(247,409)
Research and development expenses	(239,870)	(185,202)
Profit from operations	145,800	131,800
Net finance (cost)/income	(38,252)	1,895
Share of results of associates	452	(2,911)
Deemed disposal of associate	—	10,522
Profit before taxation	108,000	141,306
Income tax	(15,177)	(14,678)
Profit for the year	92,823	126,628
Attributable to:		
— Equity shareholders of the Company	53,627	120,353
— Non-controlling interests	39,196	6,275
Non-GAAP Profit from Operation	248,582	185,567
Non-GAAP Profit attributable to equity owners of the Company	156,409	174,120

Revenue

Our revenue was RMB1,869.7 million in 2020, a 23.5% increase from RMB1,513.5 million in 2019, which was primarily due to (i) the increase in the number of paying customers, driven by 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 and resilient demands. During the period under review, approximately 92.2% 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 revenue by providing professional career services to individual paying users, such as premium membership services, career coaching, CV advisory and certificate training services to our registered individual users. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the year ended 31 December			
	2020		2019	
	RMB'000	%	*RMB'000*	%
Talent acquisition and other HR services to business users	1,723,169	92.2	1,431,285	94.6
Professional career services to individual paying users	144,118	7.7	79,967	5.3
Rental income from investment property	2,381	0.1	2,222	0.1
Total	1,869,668	100.0	1,513,474	100.0

Revenue from talent acquisition and other HR services to business users was RMB1,723.2 million in 2020, a 20.4% increase from RMB1,431.3 million in 2019, primarily due to the increase in number of business customers and increase in average revenue per user.

Revenue from professional career services to individual paying users was RMB144.1 million in 2020, a 80.1% increase from RMB80.0 million in 2019, primarily due to more innovative products provided to mid-to high-end talents and the revenue generated from certificate training. Revenue from rental income from investment property was RMB2.4 million in 2020, a 7.2% increase from RMB2.2 million in 2019, which remained relatively stable.

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, IT infrastructure and maintenance costs. Our cost of revenue was RMB412.6 million in 2020, a 19.3% increase from RMB345.8 million in 2019. The amortisation of intangible assets resulting from acquisition was RMB10.9 million in 2020 (2019: nil). The percentage increase in cost of revenue was lower than the percentage increase in revenue, which was mainly driven by the change in product mix as a result of customers' preference in using online services causing a decrease in project expenses, and the improvement of operation efficiency.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB1,457.1 million in 2020, a 24.8% increase from RMB1,167.7 million in 2019. Gross profit margin increased to 77.9% in 2020 from 77.2% in 2019 due to the change in product mix as a result of customers' preference in using online services with higher profit margin due to less project expenses, and 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 services and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB848.6 million in 2020, a 17.3% increase from RMB723.3 million in 2019. The share-based compensation expenses were RMB12.2 million in 2020 and RMB8.3 million in 2019. The amortisation of intangible assets resulting from acquisition was RMB31.9 million in 2020 (2019: nil). Our sales and marketing expenses as a percentage of revenue decreased from 47.8% in 2019 to 45.4% in 2020, primarily due to improving operation leverage driven by the increase in efficiency of our sales and service team.

General and Administrative Expenses

Our general and administrative expenses primarily encompassed salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include impairment losses for doubtful accounts receivable and other receivables. Our general and administrative expenses were RMB320.6 million in 2020, a 29.6% increase from RMB247.4 million in 2019, which was primarily due to the increase in management personnel costs driven by the group expansion, the increase in loss allowance for expected credit losses as the management were more prudent on the recoverable rate due to the outbreak of pandemic, such as the recoverability of the government grant, and the increase in the share-based compensation expenses from RMB27.3 million in 2019 to RMB31.0 million in 2020. Our general and administrative expenses as a percentage of revenue increased from 16.3% in 2019 to 17.1% in 2020, primarily due to the increase in management personnel expenses due to group expansion and the increase in loss allowance due to more prudent estimation on recoverability of 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 RMB239.9 million in 2020, a 29.5% increase from RMB185.2 million in 2019. 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 RMB18.2 million in 2019 to RMB16.8 million in 2020, primarily due to the net impact of new share options granted in 2020 and a batch exercised in the end of 2019. As a percentage of revenue, our R&D expenses increased from 12.2% in 2019 to 12.8% in 2020, primarily as a result of investment in product innovations, upgrade of existing products and integration of the systems developed for those newly acquired subsidiaries with the Group's existing system in order to achieve future synergy.

Other Income

Other income primarily comprised income derived from interest income from bank deposits. Our other income decreased by 18.6% from RMB120.1 million in 2019 to RMB97.7 million in 2020, primarily as a result of (1) the decrease of interest income from bank deposit due to the cash consideration settled in 2019 to acquire Changsha Ranxing Information Technology Co., Ltd. (長沙冉星信息科技有限公司) ("**Changsha Ranxing**") and the decrease of interest rate; and (2) fair value changes of other financial assets.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB145.8 million in 2020, a 10.6% increase from RMB131.8 million in 2019, primarily attributable to (i) the increase in gross profit as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the improvement of sales efficiency, i.e. the decrease in sales bonus payout ratio as a result of the higher proportion of recurring revenue and the strict spending control as the average size of our sales and service team remained stable even after the outbreak of COVID-19.

Net Finance (Cost)/Income

Net finance cost primarily consists of interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange loss due to depreciation of USD against RMB. Our net finance cost was RMB38.3 million in 2020, compared to a net finance income of RMB1.9 million in 2019, primarily as a result of the increase in foreign currency exchange loss.

Profit before Tax

As a result of the foregoing, profit before tax was RMB108.0 million in 2020, compared to a profit before tax of RMB141.3 million in 2019, primarily as a result of the increase in foreign currency exchange loss.

Income Tax Expenses

Income tax expenses was RMB15.2 million in 2020, compared to income tax expenses of RMB14.7 million in 2019.

Profit for the Year

As a result of the aforementioned factors, profit for the year was RMB92.8 million in 2020, decreasing from RMB126.6 million in 2019, primarily as a result of the increased profit from operation net off by the increase in foreign currency exchange loss.

Consolidated Statement of Profit or Loss

Three Months Ended 31 December 2020 Compared to Three Months Ended 31 December 2019

	For the three months ended	
	2020 (unaudited) ***RMB'000***	2019 (unaudited) *RMB'000*
Revenue	**607,642**	411,618
Cost of revenue	**(152,812)**	(118,501)
Gross profit	**454,830**	293,117
Other income	**30,007**	48,606
Sales and marketing expenses	**(283,024)**	(202,863)
General and administrative expenses	**(118,207)**	(67,381)
Research and development expenses	**(66,318)**	(45,669)
Profit from operations	**17,288**	25,810
Net finance (cost)/income	**(23,873)**	4,458
Share of results of associates	**1**	9
Deemed disposal of associate	**—**	10,522
(Loss)/Profit before taxation	**(6,584)**	40,799
Income tax	**(12,293)**	(4,256)
(Loss)/Profit for the period	**(18,877)**	36,543
Attributable to:		
— Equity shareholders of the Company	**(13,483)**	36,071
— Non-controlling interests	**(5,394)**	472
Non-GAAP Profit from Operation	**40,978**	39,719
Non-GAAP Profit attributable to equity owners of the Company	**10,207**	49,980

Revenue

Our revenue was RMB607.6 million in the three months ended 31 December 2020, a 47.6% increase from RMB411.6 million in the three months ended 31 December 2019, which was primarily due to (i) the recovering recruitment and job seeking sentiment brought by relaxed restrictions and the rebound of economic conditions; (ii) the increase in the number of paying customers, driven by the improvement of online talent service penetration and brand recognition; and (iii) the increase of average revenue per user, driven by up-sell and cross-sell opportunities brought by high-quality customers' diverse and resilient demands. During the period under review, approximately 88.4% 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 small portion of our revenues by providing professional career services to individual paying users, such as premium membership services, career coaching, CV advisory and certificate training services to our registered individual users. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the three months ended 31 December			
	2020 (unaudited)		2019 (unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
Talent acquisition and other HR services to business users	**537,249**	**88.4**	393,352	95.5
Professional career services to individual paying users	**70,350**	**11.6**	17,634	4.3
Rental income from investment property	**43**	**0.0**	633	0.2
Total	**607,642**	**100.0**	411,619	100.0

Revenue from talent and other HR services to business users was RMB537.2 million in the three months ended 31 December 2020, a 36.6% increase from RMB393.4 million in the three months ended 31 December 2019, primarily due to the release of recruitment demand that was suppressed during the pandemic, resulting in the increase in number of business customers and increase in average revenue per user.

Revenue from professional career services to individual paying users was RMB70.4 million in the three months ended 31 December 2020, a 298.8% increase from RMB17.6 million in the three months ended 31 December 2019, primarily due to more innovative products provided to mid-to high-end talents and the revenue generated from certificate training.

Cost of Revenue

Our cost of revenue was RMB152.8 million in the three months ended 31 December 2020, a 28.9% increase from RMB118.5 million in the three months ended 31 December 2019. The amortisation of intangible assets resulting from acquisition was RMB5.0 million in the three months ended 31 December 2020 (2019: nil). The percentage increase in cost of revenue was lower than the percentage increase in revenue, which was mainly driven by the change in product mix as a result of reinforced customers' preference and habit in using online services during the pandemic period causing a decrease in project expenses, and the improvement of operation efficiency.

Gross Profit and Gross Profit Margin

The Company's gross profit was RMB454.8 million in the three months ended 31 December 2020, a 55.2% increase from RMB293.1 million in the three months ended 31 December 2019. Gross profit margin increased to 74.9% in the three months ended 31 December 2020 from 71.2% in the three months ended 31 December 2019 due to the change in product mix as a result of reinforced customers' preference and habit in using online services during the pandemic period due to less project expenses, and the improvement of operation efficiency.

Sales and Marketing Expenses

Our sales and marketing expenses were RMB283.0 million in the three months ended 31 December 2020, a 39.5% increase from RMB202.9 million in the three months ended 31 December 2019. The share-based compensation expenses were RMB3.2 million in the three months ended 31 December 2020 and RMB1.9 million in the three months ended 31 December 2019. The amortisation of intangible assets resulting from acquisition was RMB7.2 million in the three months ended 31 December 2020 (2019: nil). Our sales and marketing expenses as a percentage of revenue decreased from 49.3% in the three months ended 31 December 2019 to 46.6% in the three months ended 31 December 2020, primarily due to improving operation leverage driven by the increase in efficiency of our sales and service team.

General and Administrative Expenses

Our general and administrative expenses were RMB118.2 million in the three months ended 31 December 2020, a 75.4% increase from RMB67.4 million in the three months ended 31 December 2019, which was primarily due to: (1) the increase in management personnel costs due to the acquired subsidiaries; (2) the increase of loss allowance for expected credit losses as the management were more prudent on the recoverable rate due to the outbreak of pandemic on accounts receivables and other receivables, such as the recoverability of government grant. The share-based compensation expenses decreased from RMB9.3 million in 2019 to RMB5.5 million in 2020. Our general and administrative expenses as a percentage of revenue increased from 16.4% in the three months ended 31 December 2019 to 19.5% in the three months ended 31 December 2020, primarily due to the increase in management personnel expenses due to group expansion and the increase in loss allowance due to more prudent estimation on recoverability of receivables.

Research and Development Expenses

Our R&D expenses were RMB66.3 million in the three months ended 31 December 2020, a 45.1% increase from RMB45.7 million in the three months ended 31 December 2019. In order to seize the significant long-term growth opportunities, we invested aggressively in R&D headcounts and personnel costs, and the share-based compensation expenses increased from RMB2.7 million in the three months ended 31 December 2019 to RMB2.8 million in the three months ended 31 December 2020. As a percentage of revenue, our R&D expenses decreased from 11.1% in the three months ended 31 December 2019 to 10.9% in the three months ended 31 December 2020, which remained comparably stable.

Other Income

Our other income decreased by 38.3% from RMB48.6 million in the three months ended 31 December 2019 to RMB30.0 million in the three months ended 31 December 2020, primarily as a result of (1) the decrease of interest income from bank deposit due to the cash consideration settled in 2019 to acquire Changsha Ranxing and the decrease of interest rate; and (2) fair value changes of other financial assets.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB17.3 million in the three months ended 31 December 2020, a 32.9% decrease from RMB25.8 million in the three months ended 31 December 2019, primarily attributable to (i) the increase in gross profit as a result of the higher average revenue per user due to the higher level of market acceptance of the Company's products; (ii) the improvement of sales efficiency, i.e. the decrease in sales bonus payout ratio as a result of the higher proportion of recurring revenue and the strict spending control as the average size of our sales and service team remained stable; (iii) the improvement of R&D efficiency and integration of the Group's systems; and (iv) the increase of loss allowance for expected losses of other receivables, as the management were more prudent on the estimation on recoverability of receivables, such as government grant from prior years.

Net Finance (Cost)/Income

Our net finance cost was RMB23.9 million in the three months ended 31 December 2020, compared to a net finance income of RMB4.5 million in the three months ended 31 December 2019, primarily as a result of the increase in foreign currency exchange loss due to depreciation of USD against RMB.

(Loss)/Profit before Tax

As a result of the foregoing, loss before tax was RMB6.6 million in the three months ended 31 December 2020, compared to a profit before tax of RMB40.8 million in the three months ended 31 December 2019, primarily as a result of the increase in losses of other receivables as the management were more prudent on recoverability rate and foreign currency exchange loss.

Income Tax Expenses

Income tax expenses was RMB12.3 million in the three months ended 31 December 2020, compared to income tax expenses of RMB4.3 million in the three months ended 31 December 2019.

(Loss)/Profit for the Period

As a result of the aforementioned factors, loss for the period was RMB18.9 million in the three months ended 31 December 2020, compared to a profit for the period of RMB36.5 million in the three months ended 31 December 2019, primarily as a result of the increase in losses of other receivables as the management were more prudent on recoverability rate and foreign currency exchange loss.

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 amortisation 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 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 31 December		For the year ended 31 December	
	2020 (unaudited)	2019 (unaudited)	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
A. NON-GAAP PROFIT FROM OPERATION				
Profit from Operation	**17,288**	25,810	**145,800**	131,800
Share-based compensation expense	**11,483**	13,909	**59,978**	53,767
Amortization of intangible assets resulting from acquisition	**12,207**	—	**42,804**	—
Non-GAAP Profit from Operation	**40,978**	39,719	**248,582**	185,567
B. NON-GAAP PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY				
(Loss)/Profit attributable to equity owners of the Company	**(13,483)**	36,071	**53,627**	120,353
Share-based compensation expense	**11,483**	13,909	**59,978**	53,767
Amortization of intangible assets resulting from acquisition	**12,207**	—	**42,804**	—
Non-GAAP Profit attributable to equity owners of the Company	**10,207**	49,980	**156,409**	174,120

Total Comprehensive Income

As a result of the foregoing, total comprehensive income attributable to the owners of the Company and non-controlling interests was RMB-19.8 million in 2020, compared to RMB172.7 million in 2019.

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 RMB359.2 million and RMB516.9 million in 2019 and 2020 respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net cash generated from operating activities	**466,285**	249,191
Net cash (used in) investing activities	**(90,715)**	(495,085)
Net cash (used in) from financing activities	**(215,862)**	(69,121)
Net increase/(decrease) in cash and cash equivalents	**159,708**	(315,015)
Effect of foreign exchange rate changes	**(1,920)**	25,840
Cash and cash equivalents at the beginning of the Reporting Period	**359,156**	648,331
Cash and cash equivalents at the end of the Reporting Period	**516,944**	359,156

Net Cash Generated from Operating Activities

In 2020, net cash generated from operating activities was RMB466.3 million, compared to net cash generated from operating activities of RMB249.2 million in 2019, primarily because of the growth of business and cash advances from business customers.

Net Cash Used in Investing Activities

In 2020, net cash used in investing activities was RMB90.7 million, compared to net cash used in investing activities of RMB495.1 million in 2019, which was mainly attributable to the acquisition of Changsha Ranxing in 2019, with a consideration of RMB826.96 million.

Net Cash Used in Financing Activities

In 2020, net cash used in financing activities was RMB215.9 million, mainly attributable to payment for shares held for share award schemes and repayment from interest-bearing borrowings compared to net cash generated from financing activities of RMB69.1 million in 2019.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

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

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Payment for property, plant and equipment and intangible assets	**19,146**	16,513
Payment for the purchase of equity securities	**8,000**	57,769
Payment for business acquisition net of cash acquired	**86,667**	835,221
Total capital expenditures and long-term investments	**113,813**	909,503

Our capital expenditures and long-term investment primarily included payment for property, plant and equipment and intangible assets, payment for the purchase of equity securities and payment for business acquisition net of cash acquired. In 2019, we have invested an aggregate of approximately RMB892,990 million in different companies that have technologies or businesses that supplement and benefit our business, which includes the payment of RMB826.96 million for the investment in Changsha Ranxing. In 2020, we have invested in Saiyou, a technology-driven education company which provides online training for professional certification and skills, with a total cash consideration of RMB165.5 million, of which the initial payment was RMB88.2 million.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 31 December 2020 was nil (31 December 2019: 1.4%).

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

INVENTORIES

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

BORROWINGS AND BONDS

As at 31 December 2020, the Company had no other bank loans, convertible loans and borrowings nor did the Company issue any bonds.

CONTINGENT LIABILITIES

As of 31 December 2020, 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, nor was any financial instrument used for hedging purposes as of 31 December 2020. Our PRC subsidiaries and PRC operating entities all have RMB as their functional currency. We had foreign currency exchange gain (both realized and unrealized) of RMB9.0 million in 2019 and foreign exchange loss of RMB27.1 million in 2020, recognized as net finance income/(cost) in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange loss in 2020 was mainly attributable to USD depreciation against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 31 December 2020.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in the section headed "Material Acquisitions and Disposals" below, as at 31 December 2020, there was no other significant investment held by the Group.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as at 31 December 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

In 2020, Liedao Information Technology Co., Ltd (獵道信息技術有限公司), one of our consolidated affiliated entities that we control through contractual arrangements, invested approximately 51.58% equity interest in Saiyou, a technology-driven education company incorporated in China which provides online training for professional certification and skills, with a total cash consideration of RMB165.5 million ("**Strategic Investment**"). The applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Strategic Investment are all below 5%, therefore the Strategic Investment did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

We believe that this Strategic Investment can bring growth synergies to our Group in the coming years. By entering into this Strategic Investment, we would be able to expand our business coverage and to provide training for professional certification and skills to our individual users. More individual users can be attracted to our platform by this closed-loop professional services starting from training to job seeking, which can ultimately lead to an increase in our individual user traffic. We also expect cross-sale opportunities of providing training service for professional certification and skills to the employees of our existing business customers in the future.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD1,489.3 million out of the net proceeds have been utilized as at 31 December 2020 in the manner consistent with that disclosed in the prospectus of the Company dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 31 December 2020, the unutilized net proceeds was in the amount of approximately HKD1,315.3 million.

During the years ended 31 December 2019 and 2020, the Group applied the net proceeds for the following purposes:

	Use of proceeds as stated in the Prospectus *(in HKD'000)* (approximate)	Net proceeds utilized as at 31 December 2019 *(in HKD'000)* (approximate)	Actual use of proceeds in 2020 *(in HKD'000)* (approximate)	Net proceeds unutilized as at 31 December 2020 *(in HKD'000)* (approximate)	Expected time of use
40% for enhancement of R&D capabilities and product offerings	1,121,840	229,755	256,838	635,247	To be gradually used in 2021 and 2022
25% for pursue of acquisitions of or investments in assets and business and support our growth strategies	701,150	151,776	101,991	447,383	To be gradually used in 2021 and 2022
25% for improvement and implementation our sales and marketing initiative to (i) expand our user and customer base and increase spending by our existing customers; and (ii) continued optimization of our online advertising and promotion activities marketing	701,150	213,694	368,755	118,701	To be gradually used in 2021 and 2022
10% for working capital and general corporate purpose	280,460	51,387	115,116	113,957	To be gradually used in 2021 and 2022
	2,804,600	646,612	842,700	1,315,288	

For the unutilized net proceeds in the amount of approximately HKD1,315.3 million as at 31 December 2020, the Company intends to apply them in the same manner and proportion as stated in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timeframe disclosed in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

DIRECTORS

Executive Directors

Mr. Dai Kebin (戴科彬), aged 40, is our executive Director, appointed on 30 January 2018. He is also the Chairman of the Board and the Chief Executive Officer of our Company. He is primarily responsible for the overall strategic planning and business direction of our Group and management of our Company. He is also the Chairman of the Nomination Committee of our Company. Prior to joining our Group, Mr. Dai worked as a brand manager in the marketing department in the Great China region of Procter & Gamble Company, a company which shares are listed on the New York Stock Exchange (stock symbol: PG), from July 2003 to February 2008. Mr. Dai received a bachelor's degree in finance from Sun Yat-sen University in June 2003. Mr. Dai currently holds directorships in the following principal subsidiaries of our Group: Wisest, TD Elite and Liedao.

Mr. Chen Xingmao (陳興茂), aged 44, is our executive Director, appointed on 23 March 2018. He is also the Chief Technology Officer of the Company. He is primarily responsible for overseeing product research and development and developing strategies for the technological advancement of our Group. Prior to joining our Group, Mr. Chen worked at Xiamen Dongnan Longtop Technologies Limited from December 2005 to September 2006. Mr. Chen received a bachelor's degree in marine chemistry and a master's degree in environmental science from Ocean University of China (formerly known as Ocean University of Qingdao) in July 1999 and June 2002, respectively. Mr. Chen currently holds directorships in the following principal subsidiaries of our Group: Wisest and Liedao.

Non-executive Directors

Mr. Shao Yibo (邵亦波), aged 47, is our non-executive Director, appointed on 23 March 2018. Mr. Shao has been a founding partner of Matrix Partners China, a leading technology venture capital firm in the PRC since 2008. From 1999 to 2004, Mr. Shao was the founder and the chief executive officer of EachNet.com, an e-commerce company, which was acquired by eBay Inc., a company which shares are listed on the NASDAQ (stock symbol: EBAY), in July 2003. From July 2014 to May 2019, Mr. Shao served as a director of LexinFintech Holdings Ltd., a company which shares are listed on NASDAQ (stock symbol: LX). From June 2018 to March 2019, Mr. Shao served as a non-executive director of BabyTree Group, a company which shares are listed on the Main Board of Hong Kong Stock Exchange (Stock code: 1761). Mr. Shao received a bachelor's degree, summa cum laude, in physics and engineering science from Harvard College of Harvard University in June 1995, and a master of business administration degree from Harvard Business School in June 1999. Mr. Shao currently holds directorships in the following principal subsidiaries of our Group: Wisest and TD Elite.

Mr. Zuo Lingye (左凌燁), aged 42, is our non-executive Director, appointed on 23 March 2018. He is also a member of the Audit Committee of our Company. Prior to joining our Group, Mr. Zuo has been one of the founding members of Matrix Partners China since 2008 and has over ten years of expertise of investing in technology companies. From December 2017 to October 2019, Mr. Zuo served as an independent director in Cheetah Mobile Inc., a company which shares are listed on the New York Stock Exchange (stock symbol: CMCM). From December 2014 to December 2020, Mr. Zuo served as a director in Beijing OneAPM Co., Ltd., a company which shares are quoted on the National Equities Exchange and Quotations System (stock code: 838699). Mr. Zuo received a bachelor's degree in management information system and master of technical economics and management degree from Tsinghua University in July 2000 and in July 2002, respectively. Mr. Zuo currently serves as a director in Beijing Beisen Cloud Computing Co., Ltd., a company which shares were previously quoted on the National Equities Exchange and Quotations System.

Mr. Ding Gordon Yi (丁毅), aged 45, is our non-executive Director, appointed on 23 March 2018. He is also a member of the Remuneration Committee of our Company. Mr. Ding is a managing director of Warburg Pincus, which he joined in 2009 and focuses on investments in the technology, internet, media and education sectors in the PRC and other parts of Asia. Prior to joining Warburg Pincus, Mr. Ding worked at Citadel Investment Group from 2008 to 2009 and also in the investment banking divisions of Morgan Stanley Asia Limited and UBS Investment Bank from 2005 to 2007. Mr. Ding received a bachelor of science degree from Shanghai Jiao Tong University in July 1997 and a master of business administration degree from the Kellogg School of Management at Northwestern University, United States in June 2005. Mr. Ding currently holds directorships in the following principal subsidiaries of the Group: Wisest and INS Network (Beijing) Information Technology Co., Limited.

Independent Non-executive Directors

Mr. Ye Yaming (葉亞明), aged 57, is our independent non-executive Director, appointed on 9 June 2018. He is also a member of the Audit Committee and Nomination Committee of our Company. Mr. Ye served as the former chief scientist, the chief technology officer and senior vice president of Ctrip, a company currently listed on the NASDAQ (stock symbol: CTRP) from August 2011 to February 2017. From October 2001 to July 2011, he held various positions at eBay and he served as the director of software development before leaving. Mr. Ye received a bachelor's degree in mathematics from Jilin University in July 1984, a master of engineering degree from Institute of Computing Technology Chinese Academy of Sciences in September 1990 and a master of arts degree from Wayne State University in December 1993.

Mr. Zhang Ximeng (張溪夢), aged 44, is our independent non-executive Director, appointed on 9 June 2018. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee of our Company. Prior to joining our Group, since May 2015, Mr. Zhang has been the chief executive officer and one of the cofounders of GrowingIO, a data analytics company which provides closedloop data operations across various industries. From April 2010 to February 2015, Mr. Zhang worked at LinkedIn Corporation, and he was senior director of business analytics before leaving. Mr. Zhang received a master of business administration degree from Baldwin Wallace University in May 2004.

Mr. Choi Onward (蔡安活), aged 50, is our independent non-executive Director, appointed on 9 June 2018. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of our Company. Prior to joining our Group, Mr. Choi served as the acting chief financial officer of NetEase, Inc., a company listed on the NASDAQ (stock symbol: NTES), from July 2007 to June 2017. Mr. Choi received a bachelor of arts degree in accountancy with honors from the Hong Kong Polytechnic University in November 1993. Mr. Choi is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Choi served as an independent non-executive director of China ITS (Holdings) Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1900) from September 2008 to April 2019 and currently serves as a director in the following publicly listed companies:

- Beijing Jingkelong Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 814), as an independent non-executive director;
- Tuniu Corporation, a company listed on the NASDAQ (stock symbol: TOUR), as an independent director; and
- Ucloudlink Group Inc., a company listed on the NASDAQ (stock symbol: UCL), as an independent director.

SENIOR MANAGEMENT

Our senior management team, in addition to our Directors listed above, is as follows:

Mr. Dai Kebin (戴科彬), aged 40, is our executive Director, the Chairman of the Board and the Chief Executive Officer. Mr. Dai is primarily responsible for the overall strategic planning and business direction of our Group and management of our Company, and is acting as the Chairman of the Nomination Committee of our Company. Please see his biography in the part headed "Directors — Executive Directors" in this section.

Mr. Chen Xingmao (陳興茂), aged 44, is our executive Director and the Chief Technology Officer. Mr. Chen is primarily responsible for overseeing product research and development and developing strategies for technological advancement of our Group. Please see his biography in the part headed "Directors — Executive Directors" in this section.

Mr. Tian Ge (田歌), aged 34, is our Chief Financial Officer. Mr. Tian is primarily responsible for overseeing the corporate finance of our Group, handling investor relations, and overseeing all investments and acquisitions of our Group. He joined the Group in November 2019. Prior to joining the Group, Mr. Tian held various positions in China, France, the United States, the United Kingdom and Singapore at General Electric Company, a company listed on the New York Stock Exchange (stock symbol: GE), including as the Head of Finance of GE Power Global Repair Solutions APAC, from December 2009 to October 2019. Mr. Tian received a bachelor's degree in international accounting from Sichuan University in June 2008. Mr. Tian is a member of the Association of Chartered Certified Accountants (ACCA).

COMPANY SECRETARY

Ms. Fung Wai Sum (馮慧森), aged 38, is our company secretary. Ms. Fung is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Fung has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Fung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.

PRINCIPAL ACTIVITIES

We operate the leading talent services platform in China focused on mid-to high-end talent acquisition services, 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 the application of AI technology and Big Data analytics, our mobile app, website and branded WeChat official account, we offer a comprehensive set of talent services to help business users to acquire and serve talents in an effective and efficient manner. 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. In 2020, we optimized our product in various means, including improved instant messaging features, AI analytics functions embedded in our online interview platform, and a more digitalized flexible staffing business. Further details of such new products are set out in the section headed "Management Discussion and Analysis — Continued Development and Integration of our Group" at page 14 of this annual report.

There were no significant changes in the nature of the Group's principal activities during the year. Please refer to note 1 to the Consolidated Financial Statements on page 106 for details of the principal activities of the principal subsidiaries of the Group.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the Consolidated Financial Statements of the Group on pages 99 to 174 of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2020.

SHARE CAPITAL

Details of the issued shares of the Company during the year are set out in note 31(d) to the Consolidated Financial Statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 103 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to approximately RMB2,626.2 million (2019: approximately RMB2,668.4 million).

FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements, is set out on page 176 of this annual report.

BORROWINGS

Details of the Group's borrowings are set out in note 27 to the Consolidated Financial Statements.

Save as disclosed in this annual report, the Company had no other bank loans, convertible loans and borrowings nor did the Company issue any bonds as of 31 December 2020.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

The Hong Kong Stock Exchange has granted a waiver (the "**Waiver**") to the Company from strict compliance with the minimum public float of 25% upon completion of the global offering of the Company and the exercise of the over-allotment options. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the percentage of shares of the Company in public hands satisfies the minimum percentage prescribed in the conditions imposed in the Waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1) of the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "**Articles of Association**") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on Tuesday, 8 June 2021. The notice of the AGM will be published and despatched in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 3 June 2021 to Tuesday, 8 June 2021, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 June 2021.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group and analysis of the Group's performance using financial key performance indicators is provided in the Management Discussion and Analysis section on pages 11 to 34 of this annual report.

Environmental Policies and Performance

The Group does not operate any production facility. Individual users, business users and headhunters can access our paperless platform via personal computers or mobile app, therefore, it is not subject to significant environmental risks, laws or regulations. Nevertheless, the Group is committed to environmental protection, energy conservation and emission reduction, and the rational use of resources and energy. Adhering to the concept of environmental protection, the Group has also promoted green operations and advocated the concept of green office. Environmental protection, energy conservation and emission reduction, and reasonable and effective utilization of resources have been consistently implemented during daily operation of the Group. The Group has also thrived to take action to reduce its footprint and raise environmental awareness of its employees. For example, the Group has been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper, saving electricity and water and reducing the use of plastic supplies and containers.

The environmental and social matters that have a significant impact on the Group will be disclosed in the Environmental, Social and Governance Report to be issued separately under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules.

Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "**CG Code**") for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). For further details, please refer to the section headed "Compliance with the CG Code" in this section. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed "Regulations" in the Prospectus for details.

Key Relationships with Stakeholders

With the goal of developing into a trustworthy public company and a green enterprise, the Company actively fulfills its social responsibility. The Group, with high-quality products and services, is committed to creating good internal and external corporate relationships and believes that good corporate governance helps the Company safeguard the interests of its shareholders and enhance the performance of the Group. We regard our employees as the most valuable assets of the Company and we provide regular trainings to them in order to broaden their knowledge and improve their skills. We also have efficient human resources management in place to maximise the potential of our employees.

As for headhunters, we regard them as not only players in our ecosystem but also valued business partners. Through giving weight to headhunters and individual users in the ecosystem of *Liepin* (獵聘), we have strengthened the interaction between headhunters and individual users, increased the number of repeated users and inspired users' loyalty, thus popularised our brand and enhanced the degree of activeness of our platform users. Details are set out in the Management Discussion and Analysis section from page 19 of this annual report.

The Group is committed to improving our services and products to our customers. Through our mobile app, website and branded WeChat official account, we offer a comprehensive set of talent services to help business users to acquire and serve talents in an effective and efficient manner. We are constantly in the process of exploring and refining enhancements to our systems, including intelligence matching algorithm, headhunter rating system, instant messaging and online video interview, etc.

The Group recognizes the importance of protecting shareholders' interests and understands that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group believes that communication with its shareholders is a two-way process and has been proactive on ensuring the quality and effectiveness of information disclosure, maintaining an on-going dialogue with the shareholders and listen carefully to the views and feedback it receives from the shareholders. This has been achieved through AGMs, extraordinary general meetings, corporate communications, quarterly results, interim and annual reports and results announcements.

Key Risks and Uncertainties

There are certain key risks and uncertainties involved in our operations, some of which are beyond our control. Set out below is the material risks and uncertainties that we face:

Risks Relating to Our Business and Our Industry

The Group being a leading talent services platform in China focused on mid-to high-end talent acquisition services who rely heavily on our business as well as individual customers' experience and usage as they are the primary source of our revenues. Major risks relating to our business and our industry include, but not limited to, (1) failure to improve our users' experience or respond to changes in user preferences such that we may not be able to attract and retain individual and business users, which may have adverse effect on our business and results of operations; (2) failure to respond in a timely and cost effective manner to rapid product and service innovations demand, which may have impact on our business and operating results; (3) failure to keep up with technological advancements or adopt new technologies timely in response to users demands, which may adversely affect our business and operating results; (4) significant competition from online and offline service providers, particularly professional social network platforms, which may lead us to suffer from a loss of individual and business users; and (5) seasonality in the hiring market and downturns in the macro-economic conditions in China may cause our results of operations fluctuate. In order to manage the Group's exposure to the aforementioned risks, the Group has been focusing on increasing the number of business users offering job opportunities, the quantity and quality of job postings on our platform, and the service quality of headhunters and other talent service providers so as to broaden our base of individual users. We are also committed to exploring and advancing our technologies in order to improve users' experience.

Other major risks relating to our business and our industry include (1) failure to attract or retain business customers or increase purchase from our existing customers; and (2) failure to continue to attract or incentivize headhunters and other talent service providers to participate in our ecosystems, which may harm our operating results. In order to manage the Group's exposure to the risk of failure to attract or retain business customers, the Group has strived and will strive to continually attract new business customers and retain existing business customers by providing additional high-quality services or solutions valued by the business customers. The Group has been working hard to demonstrate that its talent acquisition services are an important recruiting tool for its business customers. In order to continue to attract or incentivize headhunters and other talent service providers to participate in our ecosystem, we will continue to grow our talent base and attract more business customers to use our platform and services. Further, we will continue improving and introducing services and tools to the headhunters and other service providers to enable them to better serve the individual and business users on our platform.

Risks Relating to Potential Claims or Proceedings Brought against Us

Major risks relating to potential claims or proceedings brought against us include, but not limited to, (1) failure to comply with laws and regulations on collection, disclosure, security and use of personal data and other privacy-related matters could damage our reputation and deter our users from using our services and may result in proceedings or actions against us by government entities or private individuals; (2) we may be vulnerable to intellectual property infringement claims brought against us by others in the ordinary course of our business. The Group has obtained necessary licenses and permits to operate its business. The Group has internal policies and measures that require employees to protect the personal data of our users and customers, and employees who violate such policies are subject to disciplinary actions, including dismissal. The Group has also adopted and implemented a series of technology-based protective measures to prevent unauthorized collection, use or disclosure of personal data. We have strived and will strive to comply with all applicable personal data protection laws and regulations as well as our own privacy policies, and we believe that we are in compliance with the applicable PRC laws and regulations on personal data protection. We also require our employees not to infringe others' intellectual property and have worked hard to ensure that our products, services, content and brand names do not and will not infringe on valid patents, trademarks, copyrights or other intellectual property rights held by third parties.

Risks Relating to Damage of Our Brand

We have developed a strong brand that we believe has contributed significantly to the success of our business. Failure to maintain, protect and enhance our *Liepin* (獵聘) brand would hurt our ability to retain or expand our user and customer base. Many factors, some of which are beyond our control, may negatively impact our brand and reputation, such as any failure to maintain a pleasant and reliable experience for users as their preferences evolve and as we expand into new services; any negative publicity relating to our products and services or online talent services industry in general; complaints by our users and customers about our products and services; etc. In order to maintain and ensure that there is adequate protection for the Group's brand, we will work hard in providing high-quality services or solutions to our users and customers.

Other Risks

The Group is exposed to various types of other risks, including credit risk, liquidity risk and currency risk. Details of such risks are set out in note 32 to the Consolidated Financial Statements in this annual report.

PROSPECTS

A description of the future development in the Company's future business is provided in the Chairman's Statement and the Management Discussion and Analysis on page 9 and page 20 respectively of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

From 1 January 2021 up to the date of this annual report, there are no significant events occurred after the reporting period that may affect the Group.

DIRECTORS

The Directors during the year ended 31 December 2020 and up to the date of this annual report are:

Executive Directors

Mr. Dai Kebin *(Chairman and Chief Executive Officer)*
Mr. Chen Xingmao *(Chief Technology Officer)*
Ms. Xu Lili *(Chief Financial Officer) (resigned on 30 September 2020)*

Non-executive Directors

Mr. Shao Yibo
Mr. Zuo Lingye
Mr. Ding Gordon Yi

Independent Non-executive Directors

Mr. Ye Yaming
Mr. Zhang Ximeng
Mr. Choi Onward

In accordance with article 16.18 of the Articles of Association, one-third of the Directors for the time being will retire from office by rotation at every annual general meeting and, being eligible, offer themselves for re-election.

In accordance with article 16.2 of the Articles of Association, any Director appointed by the Board from time to time and at any time to fill a casual vacancy or as an addition to the existing Board of Directors will hold office until the next following general meeting of the Company and be eligible for re-election at that meeting.

In accordance with article 16.3 of the Articles of Association, subject to the provisions of the Articles of Association and the Companies Law (2020 Revision) (as consolidated and revised) of the Cayman Islands, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Details of the Directors to be re-elected at the AGM are set out in the circular to shareholders dated 23 April 2021.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 35 to 37 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for a term of three years commencing from their respective effective date of appointment, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. Each of the non-executive Directors and the independent non-executive Directors has signed a service contract or an appointment letter with the Company for a term of one year with effect from the Listing Date (which was subsequently renewed with a further term of one year each). The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Ye Yaming, Mr. Zhang Ximeng and Mr. Choi Onward, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointments to 31 December 2020 and remain so as of the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at 31 December 2020, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in the Company's Shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Mr. Dai Kebin	Founder of a discretionary trust[(1)]	263,561,134	50.54
	Interest of spouse[(2)]	2,112,145	0.41
Mr. Chen Xingmao	Founder of a discretionary trust[(3)]	14,098,226	2.70

Notes:

(1) Mr. Dai Kebin is the settlor of a discretionary trust, The Dai Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Mr. Dai Kebin and certain of his family members. May Flower Information Technology Co., Limited ("**May Flower**") is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 263,561,134 shares in the Company (equivalent to approximately 50.54% of the total issued share capital of the Company as at 31 December 2020) which May Flower is interested. May Flower holds 110,533,199 shares in the Company beneficially (equivalent to approximately 21.20% of the total issued share capital of the Company as at 31 December 2020) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 153,027,935 shares out of the 263,561,134 shares (equivalent to approximately 50.54% of the total issued share capital of the Company as at 31 December 2020) in the Company:

i. 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P.;

ii. 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Giant Lilly Investment Ltd;

iii. 26,672,731 shares of the Company held by Tenzing Holdings 2011 Ltd.;

iv. 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited; and

v. 13,145,086 shares of the Company held by Wisest Holding Co., Limited.

(2) Ms. Song Yueting is the spouse of Mr. Dai Kebin. Ms. Song Yueting is interested in 2,112,145 shares in the Company in a capacity of a founder of a discretionary trust.

(3) Mr. Chen Xingmao is the settlor of a discretionary trust, The Xiaoying Trust, of which Vistra Trust (Singapore) Pte. Limited acts as its trustee and the beneficiaries of which are Mr. Chen Xingmao and certain of his family members. Xiaoying Information Technology Co., Limited is wholly-owned by Rewarding Boost Limited, which is in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited as the trustee of The Xiaoying Trust. Mr. Chen Xingmao (as settlor of The Xiaoying Trust), Vistra Trust (Singapore) Pte. Limited and Rewarding Boost Limited are deemed to be interested in 14,098,226 shares in the Company held by Xiaoying Information Technology Co., Limited.

Long Positions in Shares of Associated Corporations of the Company

Name of Director	Nature of Interest	Name of associated corporation	Number of securities held	Approximate percentage of shareholding interest of the associated corporation (%)
Mr. Dai Kebin	Beneficial owner	Wisest (Beijing) Management Consulting Co., Ltd.	7,073,760	17.80
	Other[(1)]	Wisest (Beijing) Management Consulting Co., Ltd.	3,902,580	9.82
	Beneficial owner	May Flower Information Technology Co., Limited	1	100.00
Mr. Chen Xingmao	Beneficial owner	Wisest (Beijing) Management Consulting Co., Ltd.	947,460	2.38

Note:

(1) Mr. Dai Kebin together with the general partner/limited partner were granted control of all management and executive functions of several entities, which in turn together own 3,902,580 shares in Wisest. Mr. Dai Kebin is deemed to be interested in such 3,902,580 shares in Wisest held by such entities.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to notify to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, to notify to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, to the best of the knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Interests in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Ms. Song Yueting	Founder of a discretionary trust(1)	2,112,145 (long position)	0.41
	Interest of spouse(2)	263,561,134 (long position)	50.54
May Flower Information Technology Co., Limited(3)	Beneficial owner	263,561,134 (long position)	50.54
Tenzing Holdings 2011 Ltd.(4)	Beneficial owner	26,672,731 (long position)	5.12
Tenzing Holdings, LLC(4)	Interest of controlled corporation	26,672,731 (long position)	5.12
South Dakota Trust Company LLC(4)	Trustee	26,672,731 (long position)	5.12
Matrix Partners China I, L.P.(5)	Beneficial owner	72,588,804 (long position)	13.92
Matrix China Management I, L.P.(5)	Interest of controlled corporation	79,943,619 (long position)	15.33
Matrix China I GP GP, Ltd.(5)	Interest of controlled corporation	79,943,619 (long position)	15.33

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Giant Lilly Investment Ltd[6]	Beneficial owner	81,309,219 (long position)	15.59
Warburg Pincus Private Equity XI, L.P.[6]	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus XI, L.P.[6]	Interest of controlled corporation	81,309,219 (long position)	15.59
WP Global LLC[6]	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus Partners II, L.P.[6]	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus Partners GP LLC[6]	Interest of controlled corporation	81,309,219 (long position)	15.59
Warburg Pincus & Co.[6]	Interest of controlled corporation	81,309,219 (long position)	15.59
FMR LLC[7]	Interest of controlled corporation	52,793,175 (long position)	10.12
Yiheng Capital, LLC	Beneficial owner	42,165,499 (long position)	8.09

Notes:

(1) Ms. Song Yueting is the settlor of a discretionary trust, The Song Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Ms. Song Yueting and certain of her family members. All Connected Information Technology Co., Limited ("**All Connected**") is wholly-owned by Hero Dreams Group Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Song Family Trust. Ms. Song Yueting (as settlor of The Song Family Trust), SMP Trustees (Hong Kong) Limited and Hero Dreams Group Limited are deemed to be interested in 2,112,145 shares in the Company held by All Connected.

(2) Mr. Dai Kebin is the spouse of Ms. Song Yueting. Mr. Dai Kebin is interested in 263,561,134 shares in the Company in capacity of a founder of a discretionary trust and through interests in controlled corporation. For details of Mr. Dai Kebin's interest in the shares of the Company, please refer to note (1) on page 46 of this annual report.

(3) May Flower is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 263,561,134 shares in the Company which May Flower is interested. May Flower beneficially holds 110,533,199 shares in the Company (equivalent to approximately 21.20% of the total issued share capital of the Company as at 31 December 2020) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 153,027,935 shares out of the 263,561,134 shares (equivalent to approximately 50.54% of the total issued share capital of the Company as at 31 December 2020) in the Company:

i. 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P.;

ii. 49,555,946 shares of the Company (being 10% of the total issued shares of the Company upon listing) held by Giant Lilly Investment Ltd;

iii. 26,672,731 shares of the Company held by Tenzing Holdings 2011 Ltd.;

iv. 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited; and

v. 13,145,086 shares of the Company held by Wisest Holding Co., Limited.

(4) The entire issued share capital of Tenzing Holdings 2011 Ltd. is held by Tenzing Holdings LLC, which is in turn held in the entirety by South Dakota Trust Company LLC, the trustee of Tenzing Trust. Tenzing Trust is a discretionary, irrevocable, non-grantor trust established by Mr. Shao Yibo, a non-executive Director, as settlor, and the discretionary beneficiaries are Mr. Shao Yibo's immediate family members and other non-profit organizations which are independent third parties.

(5) Matrix China Management I, L.P. is the general partner of Matrix Partners China I-A, L.P., which beneficially holds 7,354,815 shares in the Company. The general partner of Matrix Partners China I, L.P. is also Matrix China Management I, L.P., the general partner of which is Matrix China I GP GP, Ltd..

(6) The entire interest of Giant Lilly Investment Ltd is held as to 60.47% by Warburg Pincus Private Equity XI, L.P., 22.06% by Warburg Pincus XI (Asia), L.P., 11.20% by Warburg Pincus Private Equity XI-B, L.P. and 6.27% by other minority shareholders. The general partner of Warburg Pincus Private Equity XI, L.P. is Warburg Pincus XI, L.P., the general partner of which is WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P., the general partner of which is Warburg Pincus Partners GP LLC, and the managing member of which is Warburg Pincus & Co..

(7) The relevant interests of FMR LLC were held via its subsidiaries.

Save as disclosed above, as at 31 December 2020, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 December 2020 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2020 and up to the date of this annual report, none of the Directors or their associates had any interest in a business that competes or may compete, either directly or indirectly, with the business of the Group.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company and are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities were treated as the Company's wholly-owned subsidiaries, and their directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates were treated as the Company's "connected persons".

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with (where applicable) (i) the announcement and independent shareholders' approval requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. The Company has complied with the waiver conditions set out by the Hong Kong Stock Exchange and all necessary Listing Rules requirements as required by the Hong Kong Stock Exchange.

Connected Persons

The following parties, which have entered into certain written agreements with our Group, are connected persons of our Group:

Name	Connected Relationship
Mr. Dai Kebin	an executive Director, substantial shareholder and controlling shareholder of our Company
Associates of Mr. Dai Kebin	associates of Mr. Dai Kebin as defined under Rule 14A.07(4) of the Listing Rules
Mr. Chen Xingmao	an executive Director of our Company
Giant Lilly Investment Ltd	a substantial shareholder of our Company
Matrix Partners I Hong Kong Limited	associate of Matrix Partners China I, L.P., a substantial shareholder of our Company

Reasons for the Contractual Arrangements

Our primary businesses involve the provision of talent services and the offering of online information services through our online platform are subject to foreign investment restrictions under the PRC laws and which are currently conducted by our Consolidated Affiliated Entities, i.e. Wisest, TD Elite and Liedao, through the Contractual Arrangements (the "**Relevant Businesses**").

Due to the foreign investment restrictions under PRC law, and after consultation with our PRC legal advisor, we determined that it was not viable for our Group to directly hold more than 70% equity ownership in Wisest, or any equity ownership in either of TD Elite or Liedao. Instead, we decided that, in line with common practices in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by each of Wisest, TD Elite and Liedao through the Contractual Arrangements between Tongdao Liepin (Tianjin), an indirect wholly-owned subsidiary of our Company established in the PRC, on the one hand, and each of Wisest, TD Elite and Liedao and their respective relevant shareholders (the "**Relevant Shareholders**"), on the other hand.

Wisest is a LLC established in the Zhongguancun Science Park (中關村國家自主創新示範區), Beijing, the PRC on 7 September 2006, owned as to 70% by TD Elite (HK) Information Technology Co., Limited, 27.62% by Mr. Dai Kebin and 2.38% by Mr. Chen Xingmao upon completion of the reorganization arrangements undertaken by the Group in preparation for the initial public offering of the Company. Its primary business is the provision of offline talent services to business customers and headhunters (the "**Talent Intermediary Services**"). Wisest currently holds a license for human resources service (人力資源服務許可證) (the "**HR Service License**") which is required for the operation of the Talent Intermediary Services.

TD Elite is a LLC established in Tianjin, the PRC on 27 July 2015, owned as to 50.1% by Liedao, 21.88% by Matrix Partners China I Hong Kong Limited, 21.345% by Giant Lilly Investment Ltd and 6.675% by Tenzing Holdings Hong Kong Limited. Its primary business is the provision of talent services to individual users, business customers and headhunters through our online platform "*Liepin*.com". TD Elite is a Sino-foreign joint venture which currently holds an ICP License and a HR Service License, which are required for the provision of the Talent Intermediary Services through our online platform "*Liepin*.com".

Liedao is a LLC established in Tianjin, the PRC on 25 April 2014, owned as to 99% by Mr. Dai Kebin and 1% by Mr. Chen Xingmao. Its primary business is investment holding. Liedao currently holds a HR Service License which is required for the operation of the Talent Intermediary Services.

The principal business activities of the Consolidated Affiliated Entities fall within the scope of Talent Intermediary Services and value-added telecommunication services (增值電信業務) ("**VATS**"), and foreign investments in such services in the PRC are subject to restrictions under the PRC laws and regulations. In order to comply with the PRC laws and regulations, Tongdao Liepin (Tianjin), an indirect wholly-owned subsidiary of the Company which is a LLC established in the PRC, entered into a series of Contractual Arrangements in April 2018 with each of Wisest, TD Elite and Liedao and the Relevant Shareholders, through which the Company exercises effective control over and receive all the economic benefits generated by the businesses currently operated by each of Wisest, TD Elite and Liedao. As a result, the Company has control of 30% equity interests in Wisest, and 100% equity interests in each of TD Elite and Liedao.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated between Tongdao Liepin (Tianjin) and each of Wisest, TD Elite and Liedao and the respective Relevant Shareholders, (ii) by entering into the Exclusive Business Cooperation Agreements with Tongdao Liepin (Tianjin), each of Wisest, TD Elite and Liedao and their respective subsidiaries enjoys better economic and technical support from us, as well as a better market reputation after listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company and are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Risks Relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 52 to 58 of the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the Consolidated Affiliated Entities.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. The Consolidated Affiliated Entities or the Relevant Shareholders may fail to perform their obligations under our Contractual Arrangements.

- The ultimate shareholders of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business.

- If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

- We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are material to our business operations if our Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- We may not be able to meet the qualification requirements for VATS and our plan to unwind the Contractual Arrangements may be subject to certain limitations.

- Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the Draft Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated profit.

Contractual Arrangements in Place

The Contractual Arrangements which were in place during the year ended 31 December 2020 and a brief description of the major terms of the structured contracts under the Contractual Arrangements are as follows:

Exclusive Option Agreements

On 26 April 2018, each of Wisest, TD Elite and Liedao and the Relevant Shareholders entered into an exclusive option agreement with Tongdao Liepin (Tianjin) (collectively, the "**Exclusive Option Agreements**"), pursuant to which Tongdao Liepin (Tianjin) (or our Company or any subsidiary of our Company, the "**designee**") is granted an irrevocable and exclusive right to purchase: (1) 30% of the equity interest in and/or assets of Wisest, and (2) all of the equity interest in and/or assets of each of TD Elite and Liedao which are not owned by our Group and/or assets of each of Wisest, TD Elite and Liedao for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Relevant Shareholders and/or each of Wisest, TD Elite and Liedao shall return any amount of purchase price they have received to Tongdao Liepin (Tianjin). At Tongdao Liepin (Tianjin)'s request, the Relevant Shareholders and/or each of Wisest, TD Elite and Liedao will promptly and unconditionally transfer their respective equity interests in and/or the relevant assets of each of Wisest, TD Elite and Liedao to Tongdao Liepin (Tianjin) (or its designee) after Tongdao Liepin (Tianjin) exercises its purchase right. The Exclusive Option Agreements are for an initial term of 10 years and is automatically renewable upon expiry unless Tongdao Liepin (Tianjin) confirms a new renewal term in writing.

Exclusive Business Cooperation Agreements

On 26 April 2018, each of Wisest, TD Elite and Liedao entered into an exclusive business cooperation agreement with Tongdao Liepin (Tianjin) (collectively, the "**Exclusive Business Cooperation Agreements**"), pursuant to which each of Wisest, TD Elite and Liedao agrees to engage Tongdao Liepin (Tianjin) as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to Tongdao Liepin (Tianjin)'s adjustment, are equal to (i) 30% of the net profit of Wisest and its subsidiaries and (ii) all of the net profit of each of TD Elite and Liedao and their respective subsidiaries. Tongdao Liepin (Tianjin) enjoys (i) 30% of the economic benefits derived from the businesses of Wisest and its subsidiaries and (ii) all the economic benefits derived from the businesses of TD Elite and Liedao and their respective subsidiaries and bears the relevant portion of the business risks of Wisest, TD Elite and Liedao, respectively. If Wisest, TD Elite and Liedao runs into financial deficit or suffers severe operation difficulties, Tongdao Liepin (Tianjin) will provide financial support to Wisest, TD Elite and Liedao proportionately. Notwithstanding the above, no service fee has been charged by Tongdao Liepin (Tianjin) in 2020. It is also agreed between Tongdao Liepin (Tianjin) and each of Wisest, TD Elite and Liedao that Tongdao Liepin (Tianjin) will not charge any service fee for 2020 retrospectively in the future.

Share Pledge Agreements

On 26 April 2018, each of Wisest, TD Elite and Liedao, the Relevant Shareholders and Tongdao Liepin (Tianjin) entered into a share pledge agreement (collectively, the "**Share Pledge Agreements**"). Under the Share Pledge Agreements, the Relevant Shareholders will pledge as first charge all of their respective equity interests in Wisest, TD Elite and Liedao to Tongdao Liepin (Tianjin) as collateral security for any or all of their payments due to Tongdao Liepin (Tianjin) and to secure performance of their obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreements and the Powers of Attorney (as defined below).

Powers of Attorney

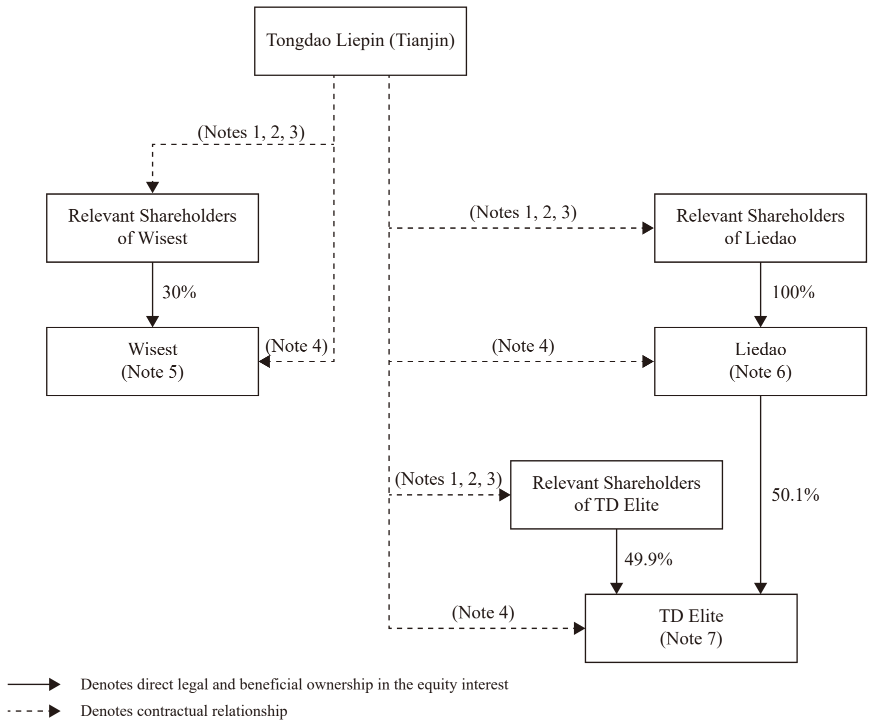
On 26 April 2018, each of Wisest, TD Elite and Liedao, the Relevant Shareholders and Tongdao Liepin (Tianjin) entered into an irrevocable power of attorney (collectively, the "**Powers of Attorney**"), whereby the Relevant Shareholders will appoint Tongdao Liepin (Tianjin) or a director of its offshore holding company or its/his/her successor (including a liquidator replacing Tongdao Liepin (Tianjin)'s director) as their exclusive agent and attorney to act on their behalf on all matters concerning each of Wisest, TD Elite and Liedao and to exercise all of its rights as a registered shareholder of each of Wisest, TD Elite and Liedao.

Shareholder Undertakings

On 26 April 2018, the corporate registered shareholders of Wisest and TD Elite irrevocably undertook to Tongdao Liepin (Tianjin) that they will not enter into any pledge, disposal, creating any encumbrance or any other third party right in respect of their respective interests in Wisest and TD Elite which would jeopardize the priority of the pledges under the relevant Share Pledge Agreement in relation to Wisest and TD Elite or affect the stable performance of the Contractual Arrangements in respect of Wisest and TD Elite.

For details of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

The following simplified diagram illustrates the flow of economic benefits from each of Wisest, TD Elite and Liedao and their respective subsidiaries to our Group stipulated under the Contractual Arrangements:



Notes:

(1) Powers of attorney to exercise 30% shareholders' rights in Wisest and all shareholders' rights in TD Elite and Liedao, respectively.

(2) Exclusive option to acquire (i) 30% of the equity interest in and/or assets of Wisest and (ii) all of the equity interest in and/or assets of each of TD Elite and Liedao, respectively.

(3) First priority security interest over (i) 30% equity interest in Wisest and (ii) the entire equity interest in TD Elite and Liedao, respectively.

(4) Business support, technical and consulting service fees.

(5) The Relevant Shareholders of Wisest are Mr. Dai Kebin holding as to 17.80%, Mr. Chen Xingmao holding as to 2.38% and the following holding entities (the "**Holding Entities**"): Tianjin Liejin Asset Management Partnership (Limited Partnership) (天津獵津資產管理合夥企業(有限合夥)) which holds approximately 3.05% of the equity interest in Wisest, Tianjin Liexin Enterprise Management Partnership (Limited Partnership) (天津獵鑫企業管理合夥企業(有限合夥)) which holds approximately 2.66% of the equity interest in Wisest, Tianjin Kuailie Enterprise Management Partnership (Limited Partnership) (天津快獵企業管理合夥企業(有限合夥)) which holds approximately 2.68% of the equity interest in Wisest, and Tianjin Qilie Enterprise Management Partnership (Limited Partnership) (天津奇獵企業管理合夥企業(有限合夥)) which holds approximately 1.43% of the equity interest in Wisest. Pursuant to a control agreement dated 15 October 2015 entered into between Mr. Dai Kebin and the employees of each of the Holding Entities, Mr. Dai Kebin has control of the managerial and executive functions of the Holding Entities, and is therefore deemed to be interested in a total number of shares held by the Holding Entities in Wisest.

(6) The Relevant Shareholders of Liedao are Mr. Dai Kebin and Mr. Chen Xingmao, holding as to 99% and 1% of the shares in Liedao, respectively.

(7) The Relevant Shareholders of TD Elite are Liedao holding as to 50.1%, Tenzing Holdings Hong Kong Limited, a LLC incorporated in Hong Kong, holding as to 6.68%, Matrix Partners China I Hong Kong Limited, a LLC incorporated in Hong Kong, holding as to 21.88%, and Giant Lilly, a LLC incorporated in the Republic of Mauritius, holding as to 21.35% of the shares in TD Elite, respectively.

Apart from the above, there are no other new contractual arrangements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the financial year ended 31 December 2020. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2020.

For the year ended 31 December 2020, none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements has been removed.

Save as disclosed above, during the year ended 31 December 2020, we have not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

During the year ended 31 December 2020 no related party transactions disclosed in note 33 to the Consolidated Financial Statements constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules for the continuing connected transactions set out in this section, the Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

We have been advised by our PRC legal advisor that the Contractual Arrangements do not violate the relevant PRC laws and regulations.

The revenue of Wisest, TD Elite and Liedao for the year ended 31 December 2020 were RMB81.1 million, RMB1,254.8 million, and RMB2,200, respectively (2019: RMB101.4 million, RMB1,212.7 million, and RMB0.2 million, respectively).

The profits/(losses) of Wisest, TD Elite and Liedao for the year ended 31 December 2020 were RMB(5.0) million, RMB(14.4) million, and RMB(12.3) million, respectively (2019: RMB37.8 million, RMB1.6 million and RMB(3.4) million, respectively).

The total assets of Wisest, TD Elite and Liedao for the year ended 31 December 2020 were RMB756.9 million, RMB941.8 million, and RMB302.8 million, respectively (2019: RMB931.9 million, RMB924.6 million and RMB147.6 million, respectively).

For the year ended 31 December 2020, the revenue of Wisest, TD Elite and Liedao amounted to approximately 4.34%, 67.11% and 0.00%, respectively (2019: 6.70%, 80.13% and 0.01%, respectively) of the revenue for the year of the Group.

Mitigation Actions Taken by the Company

Our management works closely with the Relevant Shareholders and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

The Extent to which the Contractual Arrangements Relate to Requirements Other than the Foreign Ownership Restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 157 to 162 of the Prospectus.

Listing Rule Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Hong Kong Stock Exchange and Annual Review

The Hong Kong Stock Exchange has granted the Company a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the fees payable to Tongdao Liepin (Tianjin) under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares of the Company are listed on the Hong Kong Stock Exchange subject to the following conditions:

a) no change without independent non-executive Directors' approval;

b) no change without independent shareholders' approval;

c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

d) the Contractual Arrangements may be renewed and/or reproduced upon expiry or when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as the Contractual Arrangements; and

e) our Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

Qualification Requirements

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "**FITE Regulations**"), which were amended on 10 September 2008 and 6 February 2016, respectively. According to the FITE Regulations, foreign investor who invests in VATS business in the PRC must possess the Qualification Requirement of VATS (as defined below). Our PRC legal advisor has advised that, no applicable PRC laws, regulations or rules provided clear guidance or interpretation on the Qualification Requirement of VATS.

Based on the Interim Administrative Provisions for Sino-Foreign Equity Joint Venture Talent Intermediary Service Agencies (《中外合資人才中介機構管理暫行規定》) (the "**Old HR Interim Provisions**"), (i) the foreign investor who intends to engage in the talent intermediary services in the PRC, shall have engaged in talent intermediary services for three years or more and have a good reputation (the "**Qualification Requirement of HR License**"), (ii) such foreign investor shall set up a joint venture with the Chinese talent intermediary service agencies, and the Chinese talent intermediary service agencies shall hold a majority of the equity interests in the relevant joint venture.

On 31 December 2019, the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) promulgated the Interim Administrative Provisions for Foreign-invested Talent Intermediary Service Agencies (《外商投資人才中介機構管理暫行規定》) (the "**New HR Interim Provisions**"), which replaced the Old HR Interim Provisions. According to the New HR Interim Provisions, the Qualification Requirement of HR License has been cancelled, and the foreign shareholding percentage of companies that engage in the talent intermediary services in the PRC can be up to 100%.

With the assistance of our PRC legal advisor, the Company is in the process of consulting the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局), being the competent authority as advised by our PRC legal advisor to confirm matters relating to the New HR Interim Provisions that are relevant to us. The Company will keep its shareholders informed of such matters and their impact (if any) on the Contractual Arrangements upon completion of the consultations as and when appropriate.

Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas VATS operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests in Wisest, TD Elite and Liedao when the relevant PRC laws and authorities allow foreign investors to invest and hold (or to increase, as applicable) equity interests in enterprises which engage in VATS. We have taken the following measures to meet the Qualification Requirements:

- Liepin (HK) and TD Elite (HK) Management Consulting Co., Limited ("**TD Management HK**"), wholly-owned subsidiaries of our Company, have been incorporated in Hong Kong in June 2016 for the purposes of establishing and expanding our operations overseas;

- we have applied for, and are in the process of registering trademarks outside the PRC for the promotion of our Relevant Businesses overseas;

- we have obtained a domain name, careerplus.com, in April 2018 outside the PRC, and are in the process of constructing our overseas website, primarily for introducing our Relevant Businesses to overseas users;

- we have commenced feasibility studies on the further development of marketing to overseas markets and expanding our current businesses to overseas market;

- Liepin (HK) and TD Management HK have been incorporated in Hong Kong in June 2016, and we have set up a subsidiary in the United States of America in July 2016, for the purpose of establishing and expanding our talent intermediary service overseas; and

- we have established an executive team for overseas talent intermediary service and carried out certain marketing activities outside the PRC.

Subject to the discretion of the competent authority on whether the Group has fulfilled the Qualification Requirements, our PRC legal advisor is of the view that the above steps taken by us may be deemed by the relevant PRC government authorities to satisfy the Qualification Requirements as we have experience in providing VATS in overseas markets, which is in accordance with the applicable PRC laws and regulations.

Confirmation from the Independent Non-executive Directors

Our independent non-executive Directors have confirmed that the Contractual Arrangements for the year ended 31 December 2020 to which any member of the Group was a party were entered into by the Group:

a) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements and have been operated so that the revenue generated by the Consolidated Affiliated Entities has been substantially retained by Tongdao Liepin (Tianjin);

b) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;

c) no new contracts were entered into, renewed or reproduced between our Group and each of the Consolidated Affiliated Entities during the Reporting Period; and

d) the Contractual Arrangements are entered into in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Company and the shareholders of the Company as a whole.

Confirmations from the Auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the Auditor to conduct certain procedures in respect of the transactions carried out pursuant to the Contractual Arrangements of the Group for the year ended 31 December 2020, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has confirmed in a letter to the Board that, with respect to the transactions carried out pursuant to the Contractual Arrangements during the year ended 31 December 2020:

a) nothing has come to their attention that causes the Auditor to believe that the Contractual Arrangements have not been approved by the Board;

b) nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and

c) nothing has come to their attention that causes the Auditor to believe that dividends or other distributions have been made by each of the Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.

CHANGSHA RANXING CONTRACTUAL ARRANGEMENTS

The Group is a pioneer in China's talent services market, operating a leading online talent services platform focused on mid-to high-end talents for both individual and business users to access a variety of talent services and continues to explore investment opportunities so as to increase the return for its shareholders. As a leading online questionnaire service platform provider in China, Changsha Ranxing Group's business is highly compatible with the Group's talent services business, and will assist the Group to provide one-stop employee survey, assessment and balloting services to its users. The Directors believe that the strategic investment to control Changsha Ranxing (the "**Strategic Investment**") will help strengthen and expand the service coverage of the Group, and further improve the Group's ability to provide users with comprehensive talent services. In particular, the Directors expect that the Strategic Investment will bring growth synergies to the Group and Changsha Ranxing primarily from three aspects: (i) more comprehensive services for enterprise customers, (ii) increased user traffic from individual users and (iii) better utilization of user data.

Reasons for Adopting the Changsha Ranxing Contractual Arrangements

Our PRC legal advisor has advised that it is necessary to adopt the Changsha Ranxing Contractual Arrangements because Changsha Ranxing's primary business is the provision of online questionnaire software-as-a-service (the "**SaaS Services**") through the online platform "wjx.cn". Changsha Ranxing currently holds an ICP License, which is required for the operation of the SaaS Services, which is subject to foreign investment restrictions under the PRC regulatory framework.

In particular, the SaaS Services operated by Changsha Ranxing falls within the scope of provision of VATS. Pursuant to the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**") promulgated by the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC on 30 June 2019, the VATS industry in the PRC is categorized as a "restricted" category under the Foreign Investment Catalogue and has been subject to restrictions on percentage of foreign ownership (not holding more than 50%, with exceptions to E-commerce, domestic multiparty communications, storage and forwarding, call center services).

According to the Measures for the Administration of Telecommunication Business Operation License (《電信業務經營許可管理辦法》) promulgated by the MIIT of the PRC on 5 March 2009 and amended on 3 July 2017, and the Provisions on the Administration of Foreign-Invested Telecom Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council of the PRC on 11 December 2001 and amended on 10 September 2008 and 6 February 2016, with respect to a sino-foreign joint venture which apply for a ICP License, the company shall file an application with the relevant government authority, and the competent authority shall verify the qualification and background of the foreign investor in such sino-foreign joint venture.

In the consultations with an officer of the Policy and Standards Division of Department of Communication and Development (工信部信息通信發展司政策標準處) of the MIIT conducted by the representatives of the Company and our PRC legal advisor on 24 January and 26 February 2018 respectively (the "**MIIT Consultations**"), the officer confirmed that, due to the lack of relevant precedents, and that frequent change of the foreign investors of the overseas listed company in the open market will make it difficult for the competent authority to verify the qualification and background of such foreign investor, application for change of foreign shareholder of an entity holding an ICP License to an overseas listed company or its subsidiary, or application for ICP License by an entity which is a subsidiary of an overseas listed company, will not be accepted.

As Changsha Ranxing will become a subsidiary of an overseas listed company, i.e. the Company, after completion of the Strategic Investment, our PRC legal advisor has advised that it is not feasible for the Company (or its other subsidiaries) to directly hold any equity interest in Changsha Ranxing for operation of its current businesses in compliance with applicable PRC laws and regulations and based on the current policy of the relevant government authorities. Accordingly, the Company plans to enter into the Changsha Ranxing Contractual Arrangements in order to control the relevant equity interest in Changsha Ranxing.

The Foreign Investment Law and its Possible Impact on the Changsha Ranxing Contractual Arrangements

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law (外商投資法) (the "**FIL**") which took effect on January 1, 2020. The FIL replaced the then existing laws regulating foreign investment in PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The FIL embodies an expected regulatory trend in PRC to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. The FIL does not mention concepts including "de facto control" and "controlling through contractual arrangements" nor did it specify the regulation on controlling through contractual arrangements. Instead, the FIL stipulates that "foreign investors invest in PRC through any other methods under laws, administrative regulations, or provisions prescribed by the State Council". There is no applicable law or regulations, including the Implementation Regulation of the Foreign Investment Law (《外商投資法實施條例》) prescribed by the State Council on December 12, 2019, that explains "other methods" of the foreign investment under the FIL, therefore, as advised by the PRC legal Advisor, the Changsha Ranxing Contractual Arrangements will not be affected under the FIL.

Nevertheless, there are possibilities that the implementing rules of the FIL (if any), future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether the Changsha Ranxing Contractual Arrangements will be recognized as foreign investment, whether the Changsha Ranxing Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the Changsha Ranxing Contractual Arrangements will be handled are uncertain.

In addition, the FIL does not specify what actions shall be taken with respect to the existing companies with contractual arrangements, whether or not these companies are controlled by PRC entities and/or citizens.

Changsha Ranxing Contractual Arrangements in Place

The Changsha Ranxing Contractual Arrangements which were in place during the year ended 31 December 2019 and a brief description of the major terms of the structured contracts under the Changsha Ranxing Contractual Arrangements are as follows:

Changsha Ranxing Exclusive Option Agreement

The WFOE and Changsha Ranxing Registered Shareholders (as defined below) entered into an exclusive option agreement with Changsha Ranxing dated 27 November 2019 (the "**Changsha Ranxing Exclusive Option Agreement**"), pursuant to which the WFOE is granted an irrevocable and exclusive right to purchase all of the equity interest in and/or assets of Changsha Ranxing for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Changsha Ranxing Registered Shareholders and/or Changsha Ranxing shall return any amount of purchase price they have received to the WFOE. At the WFOE's request, the Changsha Ranxing Registered Shareholders and/or Changsha Ranxing will promptly and unconditionally transfer their respective equity interests in and/or the relevant assets of Changsha Ranxing to the WFOE (or its designee) after the WFOE exercises its purchase right. The Changsha Ranxing Exclusive Option Agreement is for an initial term of 10 years and is automatically renewable upon expiry unless the WFOE confirms a new renewal term in writing.

Changsha Ranxing Exclusive Business Cooperation Agreement

The WFOE entered into an exclusive business cooperation agreement with Changsha Ranxing on 27 November 2019 (the "**Changsha Ranxing Exclusive Business Cooperation Agreement**"), pursuant to which Changsha Ranxing agrees to engage the WFOE as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under such arrangements, the service fees, subject to the WFOE's adjustment, are equal to all of the net profit of Changsha Ranxing and its subsidiaries. The WFOE may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of Changsha Ranxing and its subsidiaries from previous financial periods, which will be wired to the designated account of the WFOE upon issuance of payment notification by the WFOE. The WFOE enjoys all the economic benefits derived from the businesses of Changsha Ranxing and its subsidiaries and bears the relevant portion of the business risks of Changsha Ranxing. If Changsha Ranxing runs into financial deficit or suffers severe operation difficulties, the WFOE will provide financial support to Changsha Ranxing proportionately.

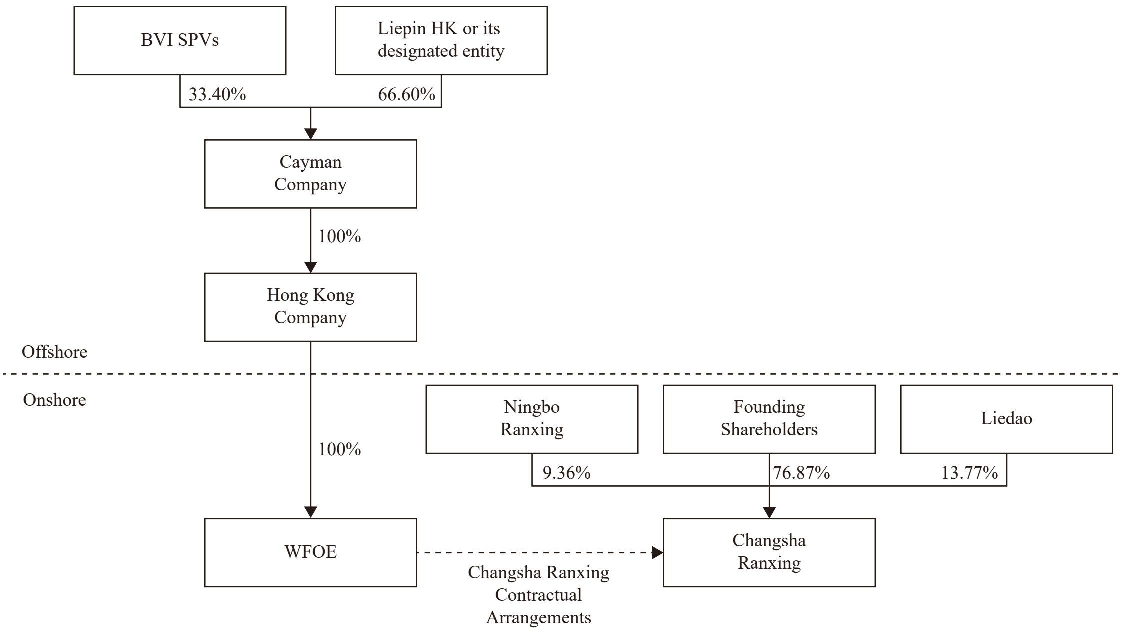
Changsha Ranxing Share Pledge Agreement

The WFOE, the Changsha Ranxing Registered Shareholders and Changsha Ranxing entered into a share pledge agreement on 27 November 2019 (the "**Changsha Ranxing Share Pledge Agreement**"). Under the Changsha Ranxing Share Pledge Agreement, the Changsha Ranxing Registered Shareholders will pledge as first charge all of their respective equity interests in Changsha Ranxing to the WFOE as collateral security for any or all of their payments due to the WFOE and to secure performance of their obligations under the Changsha Ranxing Exclusive Business Cooperation Agreement, the Changsha Ranxing Exclusive Option Agreement and the Changsha Ranxing Power of Attorney (as defined below). The Share Pledge Agreements will not terminate until (i) all obligations of Changsha Ranxing and the Changsha Ranxing Registered Shareholders are satisfied in full; (ii) the WFOE exercises its exclusive option to purchase the entire equity interests held by the Changsha Ranxing Registered Shareholders in Changsha Ranxing and/or the entire assets of Changsha Ranxing pursuant to the terms of the Changsha Ranxing Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws; (iii) the WFOE exercises its unilateral and unconditional right of termination; or (iv) the agreement is required to be terminated in accordance with applicable PRC laws. In addition, under the Changsha Ranxing Exclusive Option Agreement, none of the Changsha Ranxing Registered Shareholders may transfer or permit the encumbrance of any of their equity interests in and the relevant assets of Changsha Ranxing (including any equity interests in and the relevant assets of the subsidiaries of Changsha Ranxing) without the WFOE's prior written consent. Furthermore, under the Changsha Ranxing Exclusive Business Cooperation Agreement, the WFOE is entitled to retain and exercise physical control of company seals and certificates that are crucial to the daily operations of Changsha Ranxing, which further strengthens the protection of the WFOE's interests over Changsha Ranxing under the Changsha Ranxing Contractual Arrangements.

Changsha Ranxing Power of Attorney

An irrevocable power of attorney has been entered into between the Changsha Ranxing Registered Shareholders, the WFOE and Changsha Ranxing on 27 November 2019 (the "**Changsha Ranxing Power of Attorney**"), whereby the Changsha Ranxing Registered Shareholders will appoint the WFOE or a director of its offshore holding company or its/his/her successor (including a liquidator replacing the WFOE's director) as their exclusive agent and attorney to act on their behalf on all matters concerning Changsha Ranxing and to exercise all of its rights as a registered shareholder of Changsha Ranxing. These rights include (i) the right to propose, convene and attend shareholders' meetings; (ii) the right to sell, transfer, pledge or dispose of shares; (iii) the right to exercise shareholders' voting rights; and (iv) the right to act as the legal representative (chairperson) of Changsha Ranxing. The authorized person is entitled to sign minutes, file documents with the relevant companies registry and exercise voting rights on the winding up of Changsha Ranxing on behalf of the Changsha Ranxing Registered Shareholders. The Changsha Ranxing Registered Shareholders have each undertaken to transfer all assets obtained after the winding up of Changsha Ranxing to the WFOE at nil consideration or the lowest price permissible by the then applicable PRC laws. As a result of the Changsha Ranxing Power of Attorney, the Company, through the WFOE and the Cayman Company, is able to exercise management control over the activities that most significantly impact the economic performance of Changsha Ranxing.

The table below sets out a simplified structure of the Changsha Ranxing Contractual Arrangements:



Changsha Ranxing is a limited liability company established under the laws of the PRC, owned as to (i) 52.77% by Mr. Hu Xiao (胡嘯), 18.89% by Mr. Wu Yong (伍勇) and 5.21% by Mr. Yao Leiming (姚雷鳴) (collectively, the "**Founding Shareholders**"); (ii) 13.77% by Liedao; and (iii) 9.36% by Ningbo Free Trade Zone Ranxing Management Consulting Partnership (Limited Partnership) (寧波保稅區冉星管理諮詢合夥企業(有限合夥)) ("**Ningbo Ranxing**") (collectively, the "**Changsha Ranxing Registered Shareholders**"). Changsha Ranxing Group is primarily engaged in the provision of internet services in China. Its main product *Wenjuanxing* (問卷星) is a leading online questionnaire software-as-a-service (SaaS) platform in China, which assists enterprise customers with survey, assessment and balloting services.

The Founding Shareholders are individuals who are the founders and directors or supervisors of Changsha Ranxing.

Ningbo Ranxing is a limited partnership enterprise established in the PRC and holds certain shares in Changsha Ranxing for its employees.

Liedao is one of our Consolidated Affiliated Entities held through the Contractual Arrangements.

The Group's total revenue for the year ended 31 December 2020 contributed by Changsha Ranxing under the Changsha Ranxing Contractual Arrangements amounted to approximately RMB228.6 million, representing approximately 12.2% of the Group's total revenue for the year ended 31 December 2020, and the total assets of Changsha Ranxing as at 31 December 2020 were approximately RMB366.4 million, representing approximately 8.2% of the total assets of the Group as at 31 December 2020.

Apart from the above, there are no other contractual arrangements entered into, renewed or reproduced between the Group and Changsha Ranxing during the financial year ended 31 December 2020. There was no material change in the Changsha Ranxing Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2020.

For the year ended 31 December 2020, none of the Changsha Ranxing Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Changsha Ranxing Contractual Arrangements has been removed.

Risks and Limitations relating to the Changsha Ranxing Contractual Arrangements

We believe the following risks are associated with the Changsha Ranxing Contractual Arrangements:

- economic risks of the Company — given that the relevant business operations in the PRC will be conducted through Changsha Ranxing, and that its financial position and result of operations will be consolidated into the Group's financial statements under the applicable accounting principles, the Company's business, financial position and results of operations would be adversely affected if Changsha Ranxing suffer losses;

- limitations and substantial costs in exercising the option to acquire ownership in Changsha Ranxing;

- potential changes in the PRC foreign investment legal regime;

- the Changsha Ranxing Contractual Arrangements may not provide control as effective as direct ownership;

- the Registered Shareholders of Changsha Ranxing may have potential conflicts of interest with the Company;

- the Changsha Ranxing Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed; and

- other risks associated with the Changsha Ranxing Contractual Arrangements (e.g. the financial and operation results of the Group will be adversely affected upon the occurrence of any event which affects the enforceability and operation of Changsha Ranxing Contractual Arrangements).

For details of the risks associated with the Changsha Ranxing Contractual Arrangements, please refer to the section headed "Changsha Ranxing Contractual Arrangements — Risks and Limitations relating to the Changsha Ranxing Contractual Arrangements" of the announcement of the Company dated 26 August 2019.

Mitigation Actions and Internal Control Measures Taken by the Company

Our management works closely with the Changsha Ranxing Registered Shareholders and our external legal counsel and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Changsha Ranxing Contractual Arrangements.

The WFOE and Changsha Ranxing will have control measures in place, which primarily include measures with respect to accounts payables and receivables, which require the review and approval by the relevant department(s) of the WFOE and Changsha Ranxing to confirm the services provided by the WFOE and received by Changsha Ranxing periodically. Further, to ensure that the WFOE will not engage in the businesses or any other relevant businesses of Changsha Ranxing in the PRC, the WFOE will set up an internal control procedure, which requires the senior staff members of relevant departments to review the business to be entered into by the WFOE. In addition, the WFOE will review business contracts to be entered into by the WFOE to ensure compliance with the applicable PRC laws, regulations and rules.

The Extent to Which the Changsha Ranxing Contractual Arrangements Relate to Requirements Other than the Foreign Ownership Restriction

Our PRC legal advisor has further advised that the Changsha Ranxing Contractual Arrangements are narrowly tailored to minimize the potential conflict with the relevant PRC laws and regulations. For further details, please refer to the section headed "Changsha Ranxing Contractual Arrangements — Reasons for Adopting the Changsha Ranxing Contractual Arrangements" of the announcement of the Company dated 26 August 2019.

Listing Rules Implications

Pursuant to Chapter 14A of the Listing Rules, Changsha Ranxing and Changsha Ranxing Group do not fall within the definition of "Connected Person" of the Company. Accordingly, the Changsha Ranxing Contractual Arrangements and the transactions between Changsha Ranxing and the WFOE do not constitute continuing connected transactions of the Company under the Listing Rules.

Termination of the Changsha Ranxing Contractual Arrangements

On 10 March 2021, the WFOE entered into the Changsha Ranxing Contractual Arrangements Termination Agreement with (i) Changsha Ranxing and (ii) each of the Changsha Ranxing Registered Shareholders whereby the parties agreed that the Changsha Ranxing Contractual Arrangements, namely the Exclusive Option Agreement, the Exclusive Business Cooperation Agreement, the Share Pledge Agreement and the Power of Attorney in relation to Changsha Ranxing, would be terminated with effect from the date of completion of all relevant registration procedures by Changsha Ranxing in relation to the increase in the registered capital of Changsha Ranxing and the relevant registration procedures as required by the market regulatory authority of the PRC. For further details, please refer to the announcement of the Company dated 10 March 2021.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of our Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended 31 December 2020 and up to the date of this annual report.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no contract of significance was entered into between the Company or any of its subsidiary companies, and a controlling shareholder or any of its subsidiaries during the year ended 31 December 2020.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year and up to the date of this annual report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify out of the assets of the Company any Director against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceeding, whether civil or criminal, in which judgment is given in his/her favour, or in which he is acquitted. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2020.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at 31 December 2020, we had 4,839 employees (as at 31 December 2019: 4,042 employees). We adopt a merit-based compensation system for our sales team, which incentivizes our sales team to deliver superior performances. The compensation for our sales personnel includes salaries and merit-based incentives that are based on a set of performance indicators, such as total revenue generated and number of unique customer accounts acquired and retained, to provide incentives for our sales team to deliver excellent performance. We provide regular in-house and external education and training to our sales team to improve their sales skills, industry knowledge and understanding of our products and services. Our Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly.

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organized by municipal and provincial governments for its employees. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. Further details of the Company's defined contribution retirement plan are set out in note 6 to the Consolidated Financial Statements.

Our Directors receive compensation in the form of Directors' fees, salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses. The basis of determining the emolument payable to our Directors include time commitment, responsibilities and employment conditions in comparable companies. The emolument of executive Directors and senior management of the Group is determined by the Remuneration Committee and the emolument of non-executive Directors is recommended by the Remuneration Committee. Details of the Directors' remuneration during the year are set out in note 9 to the Consolidated Financial Statements. No amount was paid to any Director or any of the five highest paid individual disclosed in note 9 to the Consolidated Financial Statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") was approved and adopted by the Board on 30 March 2018 to replace the former share option plan as a result of the reorganization arrangements undertaken by the Group in preparation of the listing of the shares of the Company on the Hong Kong Stock Exchange. The options granted under the former share option plan were substituted by options under the Pre-IPO Share Option Scheme with effect from their original dates of grant. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Scheme will not involve the grant of options by the Company to subscribe for shares after listing.

The purpose of the Pre-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group. Eligible persons include (a) any full-time executive, officers, managers or employees of our Group (including entities that the Group controls through a series of Contractual Arrangements which comprise of Wisest, TD Elite, and Liedao), or any entity designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the Board from time to time; (b) any Director, directors of members of our Group, or any entity designated by them; and (c) any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The participant may be required to achieve any performance target as the Board may then specify in the grant before any option granted under the Pre-IPO Share Option Scheme can be exercised.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 42,865,895 shares, which represents approximately 8.22% of the total issued share capital of the Company as at 31 December 2020. The exercise price in respect of any option shall be such amount as may be determined by the Board from time to time and set out in the notice of offer. The options which have been granted shall be vested in accordance with the periods as may be determined by the Board and as set out in the notice of offer.

As at the date of this annual report, options to subscribe for 6,017,406 shares of the Company, representing approximately 1.15% of the total issued share capital of the Company, were outstanding and 25,898,468 options granted under the Pre-IPO Share Option Scheme have been exercised. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as determined by the Board by delivering to our Company an executed stock option exercise notice in such form as may be approved by the Board, setting out, among others, the number of shares being purchased and the selling price of the shares. Before the options may be exercised, the Company shall have a right of first refusal to buyback the options by giving written notice to the grantee to buyback the options at a price to be determined by the Board with reference to the market value of the shares of the Company at the time when such options are exercised. The Company may exercise the right of first refusal at any time within two business days after the receipt of the executed stock option exercise notice.

Details of movements in the options granted under the Pre-IPO Share Option Scheme during the year ended 31 December 2020 are as follows:

		Number of Share Options							
Category and Name of grantee	Date of grant of share options	Outstanding as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ lapsed during the Reporting Period	Outstanding as at 31 December 2020	Exercise period of share options	Exercise price of share options	Weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised
Executive Director									
Ms. Xu Lili (resigned on 30 September 2020)	10 June 2018	1,000,000	—	—	—	1,000,000	10 June 2018 to 9 June 2028	USD2.50	—
Employees of the Group									
In Aggregate	January 2012 to June 2018	7,312,808	—	788,761	511,920	6,012,127	June 2018 to June 2028	USD0.0268 to USD2.50	HKD19.40
Total		8,312,808	—	788,761	511,920	7,012,127			

Post-IPO Share Option Scheme

The post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") was adopted by the resolutions of our shareholders passed at an extraordinary general meeting held on 9 June 2018. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in our Company and to encourage selected participants to work towards enhancing the value of our Company and its shares for the benefit of the Company and the shareholders as a whole.

Any individual, being an employee, Director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate who the Board or its delegate(s) consider(s), in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share option(s) granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme. As at 31 December 2020, the remaining life of the Post-IPO Share Option Scheme is around 8 years.

The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 49,555,946, being no more than 10% of the shares in issue on the Listing Date (the "**Option Scheme Mandate Limit**") (excluding any share which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme). Options which have been lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option scheme of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

As at the date of this annual report, options to subscribe for 5,650,000 shares of the Company, representing 1.08% of the total issued share capital of the Company, were outstanding and no option granted under the Post-IPO Share Option Scheme has been exercised.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the shares in issue from time to time (the "**Option Scheme Limit**").

Unless approved by our shareholders, the total number of shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our shareholders (with such selected participant and his/her associates abstaining from voting).

The subscription price in the event of the share options being exercised shall be determined by the Board and shall be not less than the greater of: (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Hong Kong Stock Exchange on the date of grant of the share options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant of the share options; and (iii) the nominal value of a share on the date of grant of the share options.

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine, and in any event, must not be more than 10 years from the date of a grant of the share options. The grant offer letter pursuant to which the option is to be granted may include terms such as any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the grant offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof delivered to the Company. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

Details of movements in the options granted under Post-IPO Share Option Scheme during the year ended 31 December 2020 are as follows:

		Number of Share Options									
Category of grantee	Dates of grant of share options[(1)]	Outstanding as at 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2020	Exercise period of share options	Exercise price of share options	Weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised	Closing price of the Company's shares immediately before the dates on which the share options were granted
Employees of the Group											
In Aggregate	31 March 2020; 3 July 2020; 17 July 2020	3,700,000	2,650,000	—	—	700,000	5,650,000	September 2019 to July 2030	HKD15.50 to HKD18.30	—	HKD15.34 HKD16.88 HKD16.10
Total		3,700,000	2,650,000	—	—	700,000	5,650,000				

Note:

(1) 50% of the share options granted shall vest on the second anniversary of the respective dates of grant, 25% of share options granted shall vest on the third anniversary of the respective dates of grant and the remaining 25% of share options granted shall vest on the fourth anniversary of the respective dates of grant.

Restricted Share Unit Scheme

The post-IPO restricted share unit scheme (the "**RSU Scheme**") was approved and adopted by the Board on 25 January 2019. The RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. The purpose of the RSU Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

Eligible participants include any employee or officer of the Company or any subsidiary including (without limitation to) any executive or non-executive Director in the employment of or holding office in the Company or any subsidiary of the Company who the Board considers, in its sole discretion, has contributed or will contribute to the Group. The Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making the offer of award to the eligible participant, including, without limitation, conditions as to performance criteria to be satisfied by the eligible participant and/or the Company and/or the Group which must be satisfied before an award can be vested.

The RSU Scheme shall be valid and effective for the period of ten years commencing on the date of adoption (after which no further options shall be offered or granted under the RSU Scheme), but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any restricted share units ("**RSUs**") granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the RSU Scheme.

The maximum number of shares in respect of which RSUs may be granted under the RSU Scheme when aggregated with the maximum number of shares in respect of which options or awards may be granted under any other share-based incentive scheme shall not exceed 10% of the total issued share capital of the same class of the Company as of the date of adoption of the RSU Scheme (or of the refreshment of the 10% limit). Awards which have been lapsed in accordance with the terms of the RSU Scheme (or any other share option scheme of the Company) shall not be counted for the purpose of calculating the 10% limit.

An offer of the grant of an award shall be made to any eligible participant by the notice of grant in such form as the Board may from time to time determines, specifying the number of shares underlying the RSUs granted to them, the vesting schedule as determined by the Board in its discretion, the date by which the grant must be accepted being a date not more than 28 days after the offer date and further requiring the eligible participant to hold the award on the terms on which it is to be granted and to be bound by the provisions of the RSU Scheme.

Unless otherwise determined by the Board at its discretion, no RSU shall be vested in the event that the relevant grantee fails to satisfy the specific terms and conditions applicable to each RSU which may be determined at the sole and absolute discretion of the Board or breaches any term of the RSU Scheme. The trustee will hold the RSUs on trust for the grantees until they are vested. Upon the issuance of the vesting notice by the Board to a grantee, the trustee will transfer the relevant RSUs to that grantee (or its designee). The vesting notice will confirm the extent to which the vesting criteria and conditions have been fulfilled, satisfied or waived, and the number of shares or the amount of cash the grantee will receive, to each of the relevant grantee.

The remaining life of the RSU Scheme is around 8 years.

Details of movements in the RSUs granted under the RSU Scheme during the year ended 31 December 2020 are as follows:

		Number of RSUs					
Category of grantee	Dates of grant RSUs	Outstanding as at 1 January 2020	Granted during the Reporting Period	Forfeited during the Reporting Period	Vested during the Reporting Period	Outstanding as at 31 December 2020	Vesting period of RSUs
Employees of the Group							
In Aggregate	1 January 2020; 13 January 2020; 1 July 2020; 9 October 2020; 12 October 2020	3,433,118	2,217,500	1,138,284	—	4,512,334	4 years
Total		3,433,118	2,217,500	1,138,284	—	4,512,334	

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2020.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers are predominantly business users, from whom we derive substantially all our revenue. Our suppliers primarily include (i) advertising service providers, (ii) headhunters and other talent service providers, and (iii) server hosting and bandwidth providers. We have a broad base of suppliers and business customers, and we do not have any supplier or customer concentration risks.

During the year ended 31 December 2020, the respective percentage of purchases attributable to the Group's five largest suppliers in aggregate and the respective percentage of the total sales attributable to the Group's five largest customers in aggregate were less than 10% and less than 5%, respectively.

None of our Directors or any of their close associates or any shareholder (which to the best knowledge of our Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

COMPLIANCE WITH THE CG CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices and has complied with the code provisions as set out in the CG Code during the year ended 31 December 2020, save for the deviation from code provision A.2.1 as disclosed below.

We do not have a separate chairman and chief executive officer and Mr. Dai Kebin currently performs these two roles. While this constitutes 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 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.

AUDITOR

The Consolidated Financial Statements of the Group for the year ended 31 December 2020 have been audited by KPMG.

KPMG shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

By Order of the Board of Directors
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 19 March 2021

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, potential investors and business partners, and to enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

In the opinion of the Directors, throughout the year ended 31 December 2020, the Company has complied with all the code provisions as set out in the CG Code, except for code provision A.2.1 of the CG Code which provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual, details of which are set out on page 79 under the section headed "Board of Directors" of this Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

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.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from each Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities.

Board Composition

The Board currently comprises eight Directors, consisting of two executive Directors, three non-executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Dai Kebin *(Chairman and Chief Executive Officer)*
Mr. Chen Xingmao *(Chief Technology Officer)*

Non-executive Directors

Mr. Shao Yibo
Mr. Zuo Lingye
Mr. Ding Gordon Yi

Independent Non-executive Directors

Mr. Ye Yaming
Mr. Zhang Ximeng
Mr. Choi Onward

The biographical information of the Directors are set out in the section headed "Biographies of Directors and Senior Management — Directors" on pages 35 to 37 of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, there has been no financial, business, family, or other material/relevant relationships among members of the Board.

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of the Company are held by Mr. Dai Kebin who is the principal founder of the Company.

The 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 the Board requires approval by at least a majority of Directors and that the Board comprises three independent non-executive Directors out of eight Directors, and the Board believes there is sufficient check and balance in the Board; (ii) Mr. Dai Kebin and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Mr. Dai Kebin is the principal founder of the Group, the 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 the Group and enables more effective and efficient overall strategic planning for and communication within the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and Chief Executive Officer is necessary.

Independent Non-executive Directors

During the year ended 31 December 2020, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Director in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. According to such confirmations, the Company considers that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company for a term of one year with effect from the Listing Date (which was subsequently renewed every year). The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Under the Articles of Association, at every AGM of the Company, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for promoting its success by directing and supervising the Company's affairs. All Directors should make decisions objectively in the best interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors should disclose to the Company details of other offices held by them in public companies or organisations and other significant commitments. The Board should regularly review the contribution required from each Director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing such responsibilities.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules, legal and regulatory requirements and the Company's business and governance policies. Such induction shall be supplemented by visits to the Company's key offices and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2020, the Company organized training sessions conducted by the qualified professionals for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, continuing connected transactions, disclosure of interests and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2020 are summarized as follows:

Directors	Type of Training (Note)
Executive Directors	
Mr. Dai Kebin	A & B
Mr. Chen Xingmao	A & B
Ms. Xu Lili (resigned on 30 September 2020)	B
Non-executive Directors	
Mr. Shao Yibo	B
Mr. Zuo Lingye	B
Mr. Ding Gordon Yi	A & B
Independent Non-executive Directors	
Mr. Ye Yaming	A
Mr. Zhang Ximeng	A & B
Mr. Choi Onward	A & B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
B: Reading relevant news alerts, newspapers, journals, magazines and publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 6 of this annual report.

Audit Committee

The Audit Committee consists of three members, including one non-executive Director, namely Mr. Zuo Lingye, and two independent non-executive Directors, namely Mr. Ye Yaming and Mr. Choi Onward. Mr. Choi Onward is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee has considered and reviewed the consolidated results for the year ended 31 December 2020 of the Group and the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2020 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

During the year ended 31 December 2020, the Audit Committee held four meetings to review the quarterly financial data, and the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors, engagement of non-audit services and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors once without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee consists of three members, including one non-executive Director, namely Mr. Ding Gordon Yi, and two independent non-executive Directors, namely Mr. Zhang Ximeng and Mr. Choi Onward. Mr. Zhang Ximeng is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; reviewing and approving management's remuneration proposals with reference to the goals and objectives of the Board; making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration; establishing a formal and transparent procedure for developing remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2020, the Remuneration Committee held one meeting to review the remuneration policy and the remuneration packages of the executive Directors and senior management. The Company believes that such remuneration policy and the remuneration packages of the executive Director and senior management are appropriate for 2020.

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended 31 December 2020 are set out in note 9 to the Consolidated Financial Statements in this annual report.

Nomination Committee

The Nomination Committee consists of three members, including one executive Director namely Mr. Dai Kebin, and two independent non-executive Directors, namely Mr. Ye Yaming and Mr. Zhang Ximeng. Mr. Dai Kebin is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board annually and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the Chief Executive, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2020, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider and recommend to the Board on the appointment of Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, from time to time and as appropriate, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Reputation for integrity
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 December 2020, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

Code provision A.1.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of Directors entitled to be present.

Code provision A.2.7 of the CG Code has been revised to require that the chairman should at least annually hold meetings with independent non-executive Directors without the presence of other directors.

A summary of the attendance record of each Director at the Board meetings, Board Committee meetings and general meeting of the Company held during the year ended 31 December 2020 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting (Note 1)	Meeting between Chairman and independent non-executive Directors
Executive Directors						
Mr. Dai Kebin	4/4	—	—	1/1	1/1	1/1
Mr. Chen Xingmao	4/4	—	—	—	1/1	—
Ms. Xu Lili (Note 2)	3/3	—	—	—	1/1	—
Non-executive Directors						
Mr. Shao Yibo	4/4	—	—	—	1/1	—
Mr. Zuo Lingye	4/4	4/4	—	—	1/1	—
Mr. Ding Gordon Yi	4/4	—	1/1	—	1/1	—
Independent Non-executive Directors						
Mr. Ye Yaming	3/4	3/4	—	1/1	1/1	1/1
Mr. Zhang Ximeng	4/4	—	1/1	1/1	1/1	1/1
Mr. Choi Onward	4/4	4/4	1/1	—	1/1	1/1

The Directors have attended the meetings via video or telephone conference, or in person.

Note:

(1) The annual general meeting of the Company was held on 15 June 2020.
(2) Ms. Xu Lili resigned as an executive Director of the Company on 30 September 2020.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

The Company has adopted and implemented comprehensive risk management policies in various aspects of its business operations such as information system, data security, privacy, investment and counterpart, with the following principles, features and processes:

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to the Company's success. The Company has implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided.

The Company's IT operation and maintenance department is responsible for ensuring that the usage, maintenance and protection of user data are in compliance with the internal rules and the applicable laws and regulations. The Company also provides regular trainings to the information technology team.

Data Security Risk Management

The Company believes data security is critical to the business operation because data are the foundation of the Company's competitive edge. The Company protects user and internal data in accordance with technical measures and internal data protection policies. Moreover, all of the Company's data are backed up on a daily basis by different servers located in our Beijing and Tianjin data centers, and the Company has a sophisticated set of security and remediation protocols to follow in the case of a data security emergency.

From an internal policy perspective, the Company strictly limits the number of personnel who can access the servers that store user and internal data, and only grant such access on a "need-to-know" basis. The Company has also adopted internal policies on data theft prevention, mitigation measures against data loss and data security crisis management, and have regularly organized training sessions to get employees familiar with these policies and related best practices. In addition, the Company conducts reviews on compliance by members of the staff with data security and risk management policies on a regular basis as well. Lastly, to cope with any possible data leakage incident, the Company deploys a data security crisis management team that is well trained to spot, isolate and dissolve the situation or to mitigate any damage resulting from such incident.

Privacy Risk Management

The Company values users' privacy and adopts strict policy and strong product features to ensure with privacy protection in accordance with applicable laws. When every individual user, business user and headhunter registers with the Company's platform, they are required to review and agree to the terms and conditions. Following regulatory requirements of legal, proper and necessary use, the Company clearly lists out in the user agreement the situations that the Company will use personal information from individual users, business users and headhunters. The Company undertakes to obtain users' consents prior to any use that is not specifically provided for in the terms and conditions.

The Company develops products with user-friendly options for individual users to manage the scope of publicity of certain information. The guiding principle in privacy protection is to ensure that the users give explicit consent to any access to, or use or disclosure of, their personal data by any third party. The Company's data security team will also handle any data privacy breach incident in the same way that it handles any other type of data security incidents.

Investment Risk Management

The Company's investment strategy is to invest in or acquire businesses that are complementary to its business, such as businesses that can expand the content creation, sourcing, distribution and adaptation capabilities and strengthen our technological capabilities. The Company sets up an annual investment plan in line with the business strategies with inputs from various business departments. An investment budget is set up based on the overall financial conditions every year.

The Company generally intends to hold investments for the long term. The investments are generally made in the form of preferred shares (in the case of companies incorporated outside China) or ordinary shares with preference rights (in the case of companies established in China). In order to manage the potential risks associated with investments, the Company generally requests its investee companies to grant customary investor rights, including governance rights and transfer rights.

The Company's senior management including the founder and chief executive officer, Mr. Dai Kebin, is responsible for investment project sourcing and execution. Once target companies are identified, the Company will conduct legal, business, financial and operational due diligence on the target companies, and draft investment agreements based on the agreed term sheets. Any proposed investment will be submitted to the Board for approval if the investment amount involved exceeds the threshold determined by the Board.

Counterparty Risk Management

To reduce counterparty risk from the Company's business customers, the Company intentionally avoids concentration of big customers and has a robust onboarding procedures involving business license verifications, phone call and selective on-site visit with register business users and headhunters. In addition, the Company only extends credit to selected business customers with strong financial capabilities to minimize the risk of contractual default.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in co-ordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls with no material issues identified.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2020, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 94 to 98 in this annual report.

AUDITOR'S REMUNERATION

The Company appointed Messrs. KPMG as the external auditor for the year ended 31 December 2020. During the year ended 31 December 2020, the remuneration paid to Messrs. KPMG in respect of audit services and non-audit services is set out below:

Service Category	**Fees Paid/ Payable** *RMB'000*
Audit Services	5,575
Non-audit Services	200
	5,775

COMPANY SECRETARY

Ms. Fung Wai Sum of Tricor Services Limited, an external service provider, has been appointed as the company secretary of the Company. Ms. Fung is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Mr. Tian Ge, the Chief Financial Officer of the Company, is the primary corporate contact person of the company secretary of the Company, Ms. Fung.

For the year ended 31 December 2020, Ms. Fung has undertaken not less than 15 hours of relevant professional training to update her knowledge and skills in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Law of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director.

Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless proposed by the Board pursuant to the recommendation of the Nomination Committee, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the company secretary of the Company notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, and such person has been approved by the Nomination Committee and the Board.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders and investors may send their enquiries or requests as mentioned above to the following:

Address:	Unit 417, 4th Floor, Lippo Centre, Tower 2, No. 89 Queensway, Admiralty, Hong Kong (For the attention of the Board of Directors)
Email:	ir@liepin.com

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business, performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through AGMs and other general meetings. At the AGMs, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year ended 31 December 2020, there are no significant changes to the Company's Memorandum and Articles of Association. The Memorandum and Articles of Association is available on the Company's website and the Hong Kong Stock Exchange's website.

Policies relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors, among others, financial results, cash flow situation, business conditions and strategies and future operations and earnings, as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

To the shareholders of
Tongdao Liepin Group (formerly known as "Wise Talent Information Technology Co., Ltd.")
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tongdao Liepin Group ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 99 to 174, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of subscription-based model service revenue

Refer to note 4 to the consolidated financial statements and the accounting policies in note 2(v).

The Key Audit Matter

The Group generates over half of its revenue from providing a variety of talent acquisition services to its business customers under the subscription-based model.

Under subscription-based model, the Group provides to the business customers a customised package of service, mainly including online job posting, CV search, 360-degree CV downloading, intent communications with job candidates, invitations to apply for jobs, top display of job postings, etc. The Group normally receives all of the subscription fee upfront. The subscription fee is non-refundable.

Each service is a performance obligation. At contract inception, the transaction price is allocated to each performance obligation on the basis of relative stand-alone selling price. The stand-alone selling prices are determined by observable price of a service when the Group sells that service separately in similar circumstances and to similar customers.

Transaction price allocation involves management judgement. The Group maintains information technology ("**IT**") systems to track the allocation and recognition of service revenue.

We identified the recognition of subscription-based model service revenue as a key audit matter because each contract may have different service components and terms and conditions which increases the risk of error and because revenue is one of the key performance indicators of the Group and could be subject to manipulation to meet targets or expectation.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of subscription-based model service revenue included the following:

- inspecting the key terms and conditions of contracts with customers, on a sample basis, to assess if there were any terms and conditions that may affect the revenue recognition;

- obtaining an understanding of and assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of the Group's general IT controls and key application controls over the Group's IT system which govern revenue recognition, including the interfaces between different systems, and key manual internal controls over revenue recognition;

- comparing, on a sample basis, the transaction prices of the contracts with customers, stand-alone selling prices for each performance obligation and services provided captured in the IT system with the underlying signed contracts, the observable prices of the service when the Group sells that service in similar circumstances and to similar customers and service consumption records; and

- Inspecting underlying documentation for journal entries which met specified risk-based criteria.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Wai Sum.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020
(Expressed in RMB)

	Note	2020 RMB'000	2019 RMB'000
Revenue	4	**1,869,668**	1,513,474
Cost of revenue		**(412,575)**	(345,789)
Gross profit		**1,457,093**	1,167,685
Other income	5	**97,739**	120,067
Sales and marketing expenses		**(848,608)**	(723,341)
General and administrative expenses		**(320,554)**	(247,409)
Research and development expenses		**(239,870)**	(185,202)
Profit from operations		**145,800**	131,800
Net finance (cost)/income	7	**(38,252)**	1,895
Share of results of associates	17	**452**	(2,911)
Deemed disposal of associate		**—**	10,522
Profit before taxation	6	**108,000**	141,306
Income tax	8	**(15,177)**	(14,678)
Profit for the year		**92,823**	126,628
Attributable to:			
— Equity shareholders of the Company		**53,627**	120,353
— Non-controlling interests		**39,196**	6,275
Profit for the year		**92,823**	126,628
Earnings per share	11		
Basic (RMB Cent)		**10.42**	23.37
Diluted (RMB Cent)		**10.33**	23.10

The notes on pages 106 to 174 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020
(Expressed in RMB)

	Note	2020 RMB'000	2019 RMB'000
Profit for the year		**92,823**	126,628
Other comprehensive income for the year (after tax and reclassification adjustments)	10		
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas group entities		**(112,655)**	46,114
Other comprehensive income for the year		**(112,655)**	46,114
Total comprehensive income for the year		**(19,832)**	172,742
Attributable to:			
Equity shareholders of the Company		**(59,028)**	166,467
Non-controlling interests		**39,196**	6,275
Total comprehensive income for the year		**(19,832)**	172,742

The notes on pages 106 to 174 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	31 December 2020 RMB'000	31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment	12	**149,219**	139,059
Investment properties	12	**34,959**	36,445
Intangible assets	13	**229,808**	192,872
Goodwill	14	**855,651**	711,184
Prepayments for investments	15	**23,968**	27,119
Interests in associate	17	**1,961**	1,509
Other financial assets	18	**141,414**	143,561
Deferred tax assets	30	**21,335**	9,630
Other non-current assets	19	**7,109**	7,248
		1,465,424	1,268,627
Current assets			
Trade receivables	21	**92,552**	68,239
Prepayments and other receivables	22	**115,233**	115,671
Receivables from related parties	33(b)	**10,866**	10,991
Other current assets	23	**344,394**	136,865
Time deposits with banks	24	**1,904,648**	2,227,592
Cash and cash equivalents	25	**516,944**	359,156
		2,984,637	2,918,514
Current liabilities			
Trade and other payables	26	**367,911**	205,540
Contract liabilities	20	**850,195**	678,460
Interest-bearing borrowings	27	**—**	59,000
Lease liabilities	28	**51,316**	44,241
Current taxation	30	**32,020**	32,897
		1,301,442	1,020,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	31 December 2020 RMB'000	31 December 2019 RMB'000
Net current assets		**1,683,195**	1,898,376
Total assets less current liabilities		**3,148,619**	3,167,003
Non-current liabilities			
Lease liabilities	28	**62,875**	59,747
Deferred tax liabilities	30	**43,160**	28,992
		106,035	88,739
NET ASSETS		**3,042,584**	3,078,264
CAPITAL AND RESERVES			
Share capital	31(d)	**340**	339
Reserves	31(e)	**2,874,220**	2,969,046
Total equity attributable to equity shareholders of the Company		**2,874,560**	2,969,385
Non-controlling interests		**168,024**	108,879
TOTAL EQUITY		**3,042,584**	3,078,264

Approved and authorised for issue by the board of directors on 19 March 2021 and signed on it behalf by:

Dai Kebin
Director

Tian Ge
Chief Financial Officer

The notes on pages 106 to 174 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020
(Expressed in RMB)

		Attributable to equity shareholders/owners of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2019		332	2,717,370	–	6,704	94,675	9,614	2,828,695	(1,177)	2,827,518
Changes in equity for 2019:										
Profit for the year		–	–	–	–	–	120,353	120,353	6,275	126,628
Other comprehensive income		–	–	–	–	46,114	–	46,114	–	46,114
Total comprehensive income		–	–	–	–	46,114	120,353	166,467	6,275	172,742
Disposal of FVOCI		–	–	–	–	–	3,720	3,720	–	3,720
Shares held for the restricted share unit scheme of the Company (the "**RSU scheme**")	31(c)	–	–	(87,436)	–	–	–	(87,436)	–	(87,436)
Shares issued under share option scheme	29/31(d)(i)	7	38,514	–	(34,349)	–	–	4,172	–	4,172
Non-controlling interests arising from business combinations	34	–	–	–	–	–	–	–	102,801	102,801
Capital injection from non-controlling owners		–	–	–	–	–	–	–	980	980
Share-based compensation expenses	6(a)/29	–	–	–	53,767	–	–	53,767	–	53,767
Balance at 31 December 2019 and 1 January 2020		339	2,755,884	(87,436)	26,122	140,789	133,687	2,969,385	108,879	3,078,264
Changes in equity for 2020:										
Profit for the year		–	–	–	–	–	53,627	53,627	39,196	92,823
Other comprehensive income	10(a)	–	–	–	–	(112,655)	–	(112,655)	–	(112,655)
Total comprehensive income		–	–	–	–	(112,655)	53,627	(59,028)	39,196	(19,832)
Shares held for the RSU scheme of the Company	31(c)	–	–	(96,635)	–	–	–	(96,635)	–	(96,635)
Shares issued under share option scheme	29/31(d)(i)	1	11,151	–	(10,341)	–	–	811	–	811
Non-controlling interests arising from business combinations	34	–	–	–	–	–	–	–	19,757	19,757
Capital injection from non-controlling owners		–	–	–	–	–	–	–	391	391
Share-based compensation expenses	6(a)/29	–	–	–	59,978	–	–	59,978	–	59,978
Purchase of non-controlling shareholders' equity		–	–	–	50	–	–	50	(200)	(150)
Balance at 31 December 2020		340	2,767,035	(184,071)	75,809	28,134	187,314	2,874,561	168,023	3,042,584

The notes on pages 106 to 174 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020
(Expressed in RMB)

	Note	2020 RMB'000	2019 RMB'000
Operating activities			
Profit before taxation		**108,000**	141,306
Adjustments for:			
Expected credit losses on trade receivables and other receivables	6(b)	**61,469**	19,252
Depreciation of property, plant and equipment and investment property	12	**16,932**	13,950
Depreciation of right-of-use assets	12	**44,789**	39,831
Amortization of intangible assets	13	**47,574**	8,798
Profit on disposal of property, plant and equipment		**(65)**	(18)
Net finance cost excluding bank charges and other finance costs	7	**36,497**	(3,233)
Investment income from wealth management products	5	**(4,504)**	(715)
Dividend income		**(3,560)**	—
Share of results of associates	17	**(452)**	2,911
Fair value change of financial assets at fair value through profit or loss	5	**10,279**	(2,972)
Deemed disposal of associate		**—**	(10,522)
Share-based compensation expenses	6(a)/29	**59,978**	53,767
Changes in working capital:			
Increase in trade receivables		**(52,008)**	(30,643)
Decrease/(increase) in prepayments and other receivables and other current assets		**52,969**	(24,338)
Increase in contract liabilities		**54,135**	25,090
Increase in trade and other payables		**70,825**	17,327
Cash generated from operations		**502,858**	249,791
Income tax paid		**(36,573)**	(600)
Net cash generated from operating activities		**466,285**	249,191

For the year ended 31 December 2020
(Expressed in RMB)

	Note	2020 RMB'000	2019 RMB'000
Investing activities			
Proceeds from sale of property, plant and equipment		569	132
Investment income from wealth management products received		3,377	650
Proceeds from maturity of wealth management products		109,504	147,000
Proceeds from maturity of time deposits with banks		2,195,473	4,672,637
Dividend income		3,560	—
Loan to related parties	33(b)	—	(10,991)
Payment for the purchase of property, plant and equipment and intangible assets		(19,146)	(16,513)
Payment for the purchase of wealth management products		(279,044)	(111,000)
Payment for the purchase of equity securities		(8,000)	(57,769)
Payment for business acquisitions net of cash acquired	34	(86,667)	(835,221)
Placement of time deposits with banks		(2,010,341)	(4,284,010)
Net cash used in investing activities		(90,715)	(495,085)
Financing activities			
Capital injection from non-controlling owners		—	980
Proceeds from share issued under share option scheme	31(d)	459	4,172
Proceeds from interest-bearing borrowings	25(b)	137,000	59,000
Shares held for RSU scheme	31(c)	(105,045)	(89,177)
Repayment from interest-bearing borrowings	25(b)	(196,000)	—
Interest paid	25(b)	(3,873)	(806)
Interest element of lease rentals paid	25(b)	(5,616)	(4,818)
Capital element of lease rentals paid	25(b)	(42,787)	(38,472)
Net cash used in financing activities		(215,862)	(69,121)
Net increase/(decrease) in cash and cash equivalents		159,708	(315,015)
Cash and cash equivalents at the beginning of the year	25(a)	359,156	648,331
Effect of foreign exchange rate changes		(1,920)	25,840
Cash and cash equivalents at the end of the year	25(a)	516,944	359,156

The notes on pages 106 to 174 form part of these financial statements.

(Expressed in RMB unless otherwise indicated)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Tongdao Liepin Group (the "**Company**"), (formerly known as Wise Talent Information Technology Co., Ltd before 24 June 2020) was established in the Cayman Islands on 30 January 2018 as an exempted company with limited liability under the Companies Law (2020 Revision) (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the provision of talent acquisition services.

On June 29, 2018, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IAS**") and interpretations issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except financial assets measured at fair value which are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) 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:

- Amendments to IFRS 3, Definition of a Business

- Amendment to IFRS 16, COVID-19-Related Rent Concessions

Other than the amendment to IFRS 16, the group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

Amendment to IFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19-related rent concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see Note 12(b)). There is no impact on the opening balance of equity at 1 January 2020.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Functional and presentation currency

Items included in the financial statements of each of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is United States Dollars ("**USD**"). The Company's subsidiaries were incorporated in the PRC and these subsidiaries considered Renminbi ("**RMB**") as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

(i) ***Business combinations*** (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Group. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Group's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Associates and joint ventures

An associate is an entity in which the Group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2 (m)(ii)). At each reporting date, the group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Associates and joint ventures (Continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments are recognised on the date the Group commits to purchase the investments or they expire. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 32(d). These investments are subsequently accounted for as follows, depending on their classification:

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

(i) Investment properties

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. The Group determines whether a property qualifies as an investment property on the condition that if a property held to earn rentals or for capital appreciation or both.

(i) Recognition and measurement

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses (see note 2(m)(ii)).

(ii) Depreciation

Depreciation is based on the cost of an investment property less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment property of 27 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives are as follows:

—	Right-of-use assets	1–5 years
—	Buildings and structure	30 years
—	Motor vehicles	4 years
—	Office equipment and others	2–5 years
—	Leasehold improvements	the shorter of the unexpired term of lease and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(m)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets mainly include software, databases, customer relationship, brand, and online questionnaire platform. They are initially recognised and measured at cost or estimated fair value of intangible assets acquired through business combinations. The intangible assets are amortised over their estimated useful lives (generally three to ten years) using the straight-line method which reflects the pattern in which the intangible asset’s future economic benefits are expected to be consumed.

Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 2(m)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Intangible assets (Continued)

Both the period and method of amortisation are reviewed annually.

The Group has no intangible assets with indefinite useful life.

(l) Leased assets

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

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

At the lease commencement date, the group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the group are primarily laptops. When the group enters into a lease in respect of a low-value asset, the group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(j) and 2(m)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Leased assets (Continued)

(i) As a lessee (Continued)

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and receivables from related parties which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

— contract assets as defined in IFRS 15 (see note 2(o)); and

— lease receivables;

Other financial assets measured at fair value are not subject to the ECL assessment.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Measurement of ECLs

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

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable;

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is 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.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment and investment properties;

— intangible assets;

— goodwill; and

— investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(m)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which interim period relates.

(n) Other contract cost

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are expensed when incurred as almost all the incremental costs of the Group are expected to be amortised within one year. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Costs of fulfilling a contract are expensed using a method which is consistent with the pattern of recognition of the respective revenue.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(p)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(v)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(v)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(o)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payment

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital and share premium for the shares issued) or the option expires (when it is released directly to retained profits).

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to Investments in subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the/amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue and other income

The Group generates revenue from providing a variety of talent services to business customers and individual paying users, online questionnaire services and advertising services.

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(i) Revenue from services

Talent acquisition services provided to business customers

— Subscription-based model:

The Group generates over half of its revenue from providing a variety of talent acquisition services to its business customers under the subscription-based model. Under subscription-based model, the Group provides to the customers a customised package of services, such services including online job posting, CV search, access to candidates' CVs, intent communications with job candidates, invitations to apply for jobs, top display of job postings, etc.

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 recognised as contract liabilities as a current liability.

Under the subscription-based model, the service can be divided into two categories: 1) consumption based such as access to candidates' CVs, 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 allocated to each performance obligation on the basis of relative stand-alone selling price. The stand-alone selling prices are determined by observable price of a service when the Group sells that service separately in similar circumstances and to similar customers. The revenue from the consumption-based service is recognised upon the consumption of the individual service. The revenue from the time-based service is recognised on a straight-line basis over the contract period.

Breakage on consumption-based revenue refer to the service under consumption-base contract that will expire unused. The Group estimated the expected breakage based on historical experience and recognised the expected breakage as revenue in proportion to the pattern of services utilised by the customers. Any residual contract liabilities at the end of the service period, after the effect of previously recognised expected breakage amount, is fully recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(i) ***Revenue from services*** (Continued)

Talent acquisition services provided to business customers (Continued)

— 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 recognised when the service performance is accepted by the customer.

Professional career services provided to individual paying users

Professional career services are provided to individual paying users for premium membership services or career advisory services. The revenue is recognised 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 career advisory services.

Online questionnaire subscription services

The Group provides online questionnaire subscription services to customers on the Group's platform named "*Wenjuanxing*" within the subscription period. The revenue is recognised on a straight-line basis over the subscription period.

Online advertising services provided to business customers

The Group's questionnaire service platform enables customers to bid for priority placement of marketing links and reach users who complete questionnaires. Customers pay for the specific actions taken by users after clicking the link. Revenue is recognised when all of the revenue recognition criteria are met, which is generally when the users take an action.

(ii) ***Government grants***

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(m)(i)).

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services and geographical areas.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial information. The significant accounting policies are set out in note 2. Other key sources of estimation uncertainty are as follows:

Fair value of share-based compensation payments

As mentioned in note 29, the Group has granted shares options to its employees. The Group has used binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Group in applying the binomial option-pricing model.

4 REVENUE

The principal activities of the Group are providing a variety of talent acquisition, human resource outsourcing, online questionnaire subscription and online advertising services to business customers and career coaching, professional skill training, CV advisory services and certificate training services to individual paying users.

(a) Disaggregation of revenue

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

	2020 *RMB'000*	2019 *RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Services to business customers	**1,723,169**	1,431,285
Services to individual paying users	**144,118**	79,967
Revenue from other sources		
Rental income from investment property	**2,381**	2,222
	1,869,668	1,513,474

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue in 2020.

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB850,195 thousand (2019: RMB678,460 thousand). This amount represents revenue expected to be recognised in the future from subscription service. The Group will recognise the expected revenue in future when the Group has no future obligation, which is expected to occur over the next 12 months.

(c) Total future minimum lease payments receivable by the Group

Total future minimum lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2020 *RMB'000*	2019 *RMB'000*
Within 1 year	**620**	1,240

5 OTHER INCOME

	2020 RMB'000	2019 RMB'000
Interest income from bank deposits	58,612	89,437
Investment income from wealth management products	4,504	715
Government grant	37,928	26,733
Fair value changes of other financial assets	(10,279)	2,972
Dividend income	3,560	—
Others	3,414	210
	97,739	120,067

6 PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CHARGING

	2020 RMB'000	2019 RMB'000
(a) Staff costs		
Salaries, wages and other benefits	940,491	833,898
Contributions to defined contribution retirement plan *(note)*	6,264	63,802
Share-based compensation expenses *(note 29)*	59,978	53,767
	1,006,733	951,467

Note: **Defined contribution retirement plan**

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 13% to 20% of the salaries, bonuses and certain allowances of the employees during the years of 2020 and 2019. According to the Notices on Periodic Reduction and Exemption of Corporate Social Insurance issued by Department of Resource and Social Security, the Group's PRC subsidiaries enjoyed a reduction of above mentioned contributions for the period from 1 February 2020 to 31 December 2020.

A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

6 PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CHARGING (Continued)

	2020 RMB'000	2019 RMB'000
(b) Other items		
Depreciation charge *(note 12)*		
— owned property, plant and equipment	16,932	13,950
— right-of-use assets	44,789	39,831
	61,721	53,781
Amortisation of intangible assets *(note 13)*	47,574	8,798
Credit losses of trade and other receivables	61,469	19,252
Operating lease and property management charge	13,810	20,178
Auditors' remuneration — Audit service	5,575	4,584

7 NET FINANCE (COST)/INCOME

	2020 RMB'000	2019 RMB'000
Interest on bank loans and other borrowings	(3,775)	(904)
Interest on lease liabilities	(5,616)	(4,818)
Foreign currency exchange loss/(gain)	(27,106)	8,955
Bank charges and other finance costs	(1,755)	(1,338)
	(38,252)	1,895

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss:

	Note	2020 RMB'000	2019 RMB'000
Current tax			
Provision for the year		44,589	30,517
Over-provision in respect of prior years		(8,893)	(7,160)
		35,696	23,357
Deferred tax			
Origination and reversal of temporary differences	30(b)	(20,519)	(8,679)
		15,177	14,678

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Note	2020 RMB'000	2019 RMB'000
Profit before taxation		108,000	141,306
Tax calculated at a tax rate of 25% (2019: 25%)	(i)	27,000	35,326
Effect of different tax rates		(18,591)	(6,546)
Tax effect of non-deductible expenses		4,145	12,991
Tax effect of non-taxable income		(11,249)	(11,498)
Tax effect of unused tax losses and other temporary differences not recognised		25,686	7,624
Utilisation of tax losses previously not recognised		(2,921)	(16,059)
Over-provision in respect of prior years		(8,893)	(7,160)
Actual tax expense		15,177	14,678

Note (i): 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.

9 DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' emoluments

Details of directors' emoluments are as follows:

Year ended 31 December 2020

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Share-based compensation expenses *RMB'000*	Total *RMB'000*
Executive directors:						
Mr. Dai Kebin	–	1,358	–	4	–	1,362
Mr. Chen Xingmao	–	1,358	–	4	–	1,362
Ms. Xu Lili *(note)*	–	1,586	–	4	2,479	4,069
Non-executive directors						
Mr. Shao Yibo	–	–	–	–	–	–
Mr. Zuo Lingye	–	–	–	–	–	–
Mr. Ding Gordon Yi	–	–	–	–	–	–
Independent non-executive directors						
Mr. Ye Yaming	400	–	–	–	–	400
Mr. Zhang Ximeng	400	–	–	–	–	400
Mr. Choi Onward	400	–	–	–	–	400
Total	1,200	4,302	–	12	2,479	7,993

9 DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Year ended 31 December 2019

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Share-based compensation expenses *RMB'000*	Total *RMB'000*
Executive directors:						
Mr. Dai Kebin	—	1,220	—	50	—	1,270
Mr. Chen Xingmao	—	1,192	—	50	—	1,242
Ms. Xu Lili	—	1,373	—	50	7,946	9,369
Non-executive directors						
Mr. Shao Yibo	—	—	—	—	—	—
Mr. Zuo Lingye	—	—	—	—	—	—
Mr. Ding Gordon Yi	—	—	—	—	—	—
Independent non-executive directors						
Mr. Ye Yaming	403	—	—	—	—	403
Mr. Zhang Ximeng	403	—	—	—	—	403
Mr. Choi Onward	403	—	—	—	—	403
Total	1,209	3,785	—	150	7,946	13,090

Note: Ms. Xu Lili tendered his resignation as the executive director of the Company with effect from 30 September 2020. All the executive directors are key management personnel of the Group and their remuneration disclosed above represents those for services rendered by them as key management personnel.

9 DIRECTORS' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, 1 (2019: 3) are directors whose emolument is disclosed in Note 9 (a). The aggregate of the emoluments in respect of other 4 (2019: 2) individuals are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, bonuses and other emoluments	5,299	2,610
Share-based compensation expenses	5,957	5,260
Retirement scheme contributions	12	99
	11,268	7,969

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2020 Number of Individuals	2019 Number of Individuals
HKD2,000,001-HKD2,500,000	1	—
HKD2,500,001-HKD3,000,000	1	—
HKD3,500,001-HKD4,000,000	1	—
HKD4,000,001-HKD4,500,000	1	1
HKD4,500,001-HKD5,000,000	—	1
HKD10,500,001-HKD11,000,000	—	—

10 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2020			2019		
	Before-tax amount *RMB'000*	Tax (expense)/ benefit *RMB'000*	Net-of-tax amount *RMB'000*	Before-tax amount *RMB'000*	Tax (expense)/ benefit *RMB'000*	Net-of-tax amount *RMB'000*
Exchange differences on translation of the financial statements of overseas group entities	(112,655)	–	(112,655)	46,114	–	46,114
Other comprehensive income	(112,655)	–	(112,655)	46,114	–	46,114

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB53,627 thousand (2019: the profit of RMB120,353 thousand) and the weighted average number of 514,495 thousand ordinary shares in issue during the year (2019: 514,932 thousand ordinary shares in issue during the year), calculated as follows:

Weighted average number of ordinary shares

	2020 *'000*	2019 *'000*
Issued ordinary shares at 1 January	520,669	510,519
Effect of shares held for the RSU Scheme	(6,572)	(2,690)
Effect of share options exercised	398	7,103
Weighted average number of ordinary shares at 31 December	514,495	514,932

11 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB53,627 thousand (2019: the profit of RMB120,353 thousand) and the weighted average number of ordinary shares of 519,362 thousand shares (2019: 521,104 thousand ordinary shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2020 RMB'000	2019 RMB'000
Profit attributable to ordinary equity shareholders (basic and diluted)	53,627	120,353

(ii) Weighted average number of ordinary shares (diluted)

	2020 '000	2019 '000
Weighted average number of ordinary shares at 31 December	514,495	514,932
Effect of deemed issue of shares under the Company's Share Option and RSU Scheme for consideration	4,867	6,172
Weighted average number of ordinary shares (diluted) at 31 December	519,362	521,104

12 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Properties leased for own use RMB'000	Buildings and structure RMB'000	Motor vehicles RMB'000	Office equipment, and others RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment properties RMB'000	Total RMB'000
Cost:								
At 1 January 2019	98,019	—	2,387	37,000	31,576	168,982	32,529	201,511
Additions	40,127	—	147	8,091	1,888	50,253	—	50,253
Business combination	4,720	8,880	1,225	343	684	15,852	9,459	25,311
Disposals	—	—	—	(1,198)	—	(1,198)	—	(1,198)
At 31 December 2019 and 1 January 2020	142,866	8,880	3,759	44,236	34,148	233,889	41,988	275,877
Additions	48,844	—	1,427	9,169	3,748	63,188	—	63,188
Business combination *(Note 34(c))*	5,038	—	414	1,319	940	7,711	—	7,711
Disposals	—	—	(968)	(16,917)	—	(17,885)	—	(17,885)
At 31 December 2020	**196,748**	**8,880**	**4,632**	**37,807**	**38,836**	**286,903**	**41,988**	**328,891**
Accumulated depreciation:								
At 1 January 2019	—	—	(1,227)	(24,053)	(17,932)	(43,212)	(4,464)	(47,676)
Charge for the year	(39,831)	(49)	(635)	(7,136)	(5,051)	(52,702)	(1,079)	(53,781)
Written back on disposal	—	—	—	1,084	—	1,084	—	1,084
At 31 December 2019 and 1 January 2020	(39,831)	(49)	(1,862)	(30,105)	(22,983)	(94,830)	(5,543)	(100,373)
Charge for the year	(44,789)	(444)	(729)	(8,738)	(5,535)	(60,235)	(1,486)	(61,721)
Written back on disposal	—	—	563	16,818	—	17,381	—	17,381
At 31 December 2020	**(84,620)**	**(493)**	**(2,028)**	**(22,025)**	**(28,518)**	**(137,684)**	**(7,029)**	**(144,713)**
Net book value:								
At 31 December 2020	**112,128**	**8,387**	**2,604**	**15,782**	**10,318**	**149,219**	**34,959**	**184,178**
At 31 December 2019	103,035	8,831	1,897	14,131	11,165	139,059	36,445	175,504

12 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amount (Continued)

The Group leases the building under a leasehold interest to earn rental income. The fair value as at 31 December 2020 of the Group's investment properties was RMB47.7 million (2019: RMB44.5 million).

The fair value investment properties are categorised into Level 3 in the fair value hierarchy. The fair value amount is valued under market approach.

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

(b) Right-of-use assets

Right-of-use assets represent properties leased for own use and were carried at cost less accumulated depreciation and impairment.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020	2019
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets	**44,789**	39,831
Interest on lease liabilities *(note 7)*	**5,616**	4,818
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**11,586**	10,358
COVID-19-related rent concessions received	**1,811**	—

During the year, additions to right-of-use assets were RMB53,882 thousand. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 25(c) and note 28 respectively.

As disclosed in note 2(c), the group has early adopted the Amendment to IFRS 16, Leases, COVID-19-Related Rent Concessions, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the group during the period. Further details are disclosed below.

The group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

12 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(b) Right-of-use assets (Continued)

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the group seeks to include such extension options exercisable by the group to provide operational flexibility. The group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not include in lease liabilities (undiscounted)	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
Office buildings — in PRC	**6,269**	24,456	**6,574**	28,030

During 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 lease payments for the year is summarised below:

	2020			2019
	Fixed payments *RMB'000*	**COVID-19 rent concessions** *RMB'000*	**Total payments** *RMB'000*	Fixed payments *RMB'000*
Office buildings — in PRC	**59,238**	**1,811**	**57,427**	55,545

(c) Investment properties

The group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Please see note 4(c) for the undiscounted lease payments under non-cancellable operating leases in place at the reporting date that will be receivable by the group in future periods.

13 INTANGIBLE ASSETS

	Customer relationships *RMB'000*	Trademarks *RMB'000*	Software and others *RMB'000*	Sub-total *RMB'000*	Capitalised development costs *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2019	—	—	20,245	20,245	—	20,245
Additions	—	—	3,658	3,658	2,854	6,512
Business Combinations	94,400	79,700	7,831	181,931	—	181,931
Transfer to software	—	—	2,854	2,854	(2,854)	—
At 31 December 2019 and 1 January 2020	94,400	79,700	34,588	208,688	—	208,688
Additions	—	—	3,910	3,910	—	3,910
Business Combinations *(Note 34)*	—	74,100	6,500	80,600	—	80,600
At 31 December 2020	**94,400**	**153,800**	**44,998**	**293,198**	**—**	**293,198**
Accumulated amortisation:						
At 1 January 2019	—	—	(7,018)	(7,018)	—	(7,018)
Charge for the year	(2,741)	(1,369)	(4,688)	(8,798)	—	(8,798)
At 31 December 2019 and 1 January 2020	(2,741)	(1,369)	(11,706)	(15,816)	—	(15,816)
Charge for the year	(30,218)	(3,773)	(13,583)	(47,574)	—	(47,574)
At 31 December 2020	**(32,959)**	**(5,142)**	**(25,289)**	**(63,390)**	**—**	**(63,390)**
Net book value:						
At 31 December 2020	**61,441**	**148,658**	**19,709**	**229,808**	**—**	**229,808**
At 31 December 2019	91,659	78,331	22,882	192,872	—	192,872

The amortisation charge for the year is included in "cost of revenue", "sales and marketing expenses", "general and administrative expenses" and "research and development expenses" in the consolidated statement of profit or loss.

14 GOODWILL

	2020 RMB'000
Cost:	
At 1 January 2019	—
Addition due to business combination	711,184
At 31 December 2019 and 1 January 2020	711,184
Addition due to business combination *(note 34)*	144,467
At 31 December 2020	855,651
Accumulated impairment losses:	
At 1 January 2019, 31 December 2019 and 1 January 2020 impairment loss	—
At 31 December 2020	—
Carrying amount:	
At 31 December 2020	855,651
At 31 December 2019	711,184

For the purpose of impairment assessment, the goodwill of RMB49,160 thousand arising from the acquisition of Shanghai Xunhou Human Resources Co. Ltd. ("**Xunhou**"), has been allocated to the cash-generating unit (CGU) of human resource outsourcing business relating to the operation of Xunhou. The goodwill of RMB14,426 thousand arising from the acquisition of Liepin Kaipusi (Tianjin) Information Technology Co., Ltd. ("**Liepin Kaipusi**"), has been allocated to the CGU of campus recruitment business relating to the operation of Liepin Kaipusi. The goodwill of RMB647,598 thousand arising from the acquisition of Changsha Ranxing Information Technology Co., Ltd. ("**Changsha Ranxing**") has been allocated to the CGU of advertising business relating to the operation of Changsha Ranxing. In addition, the goodwill of RMB144,467 thousand arising from the acquisition of Beijing Saiyou Education Technology Co., Ltd. ("**Beijing Saiyou**") has been allocated to the CGU of online education service business relating to the operation of Beijing Saiyou. As at 31 December 2020, the directors of the Company conducted reviews of the carrying values of above CGU containing the goodwill and determined that there is no impairment of the CGUs.

(Expressed in RMB unless otherwise indicated)

14 GOODWILL (Continued)

For goodwill attributable to each CGU, value in use was determined using discounted cash flows calculations which derived from the five-year financial projections plus a terminal value related to cash flows beyond the projection period extrapolated using an estimated terminal growth rate of not more than 3%. Management leveraged their experiences in the industries and provided forecast based on past performance and their anticipation of future business and market developments. Pre-tax discount rates ranging from 18.5% to 25% were applied in the discounted cash flows calculations, which reflected assessments of time value and the specific risks relating to the respective industries.

15 PREPAYMENTS FOR INVESTMENTS

It mainly includes the prepayments for investments of RMB23,968 thousand in Shanghai Gulu Software Co., Ltd.. As of 31 December 2020, the transactions have not closed yet, and the amount of deposits was recorded as prepayments for investments.

16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

				Proportion of ownership interest				
Company name	*Note*	**Place of incorporation/ establishment and business**	**Paid up capital registered capital**	**Group's effective interest**	**Held by the Company**	**Held by the subsidiary**	**Type of business**	**Principal activities**
TD Elite (HK) Information Technology Co., Ltd. 同道精英(香港)信息技術有限公司		Hong Kong	1 ordinary share	100%	100%	—	—	Investing holding company
Wisest (Beijing) Management Consulting Co., Ltd. 萬仕道(北京)管理諮詢股份有限公司*	*(i)*	Beijing, PRC	RMB39,746,000	100%	—	100%	Equity joint ventures	Talent services
Liedao Information Technology Co., Ltd. 獵道信息技術有限公司*	*(i)*	Tianjin, PRC	RMB2,000,000/ RMB50,000,000	100%	—	100%	Limited liability company ("**LLC**")	Talent services
Tongdao Liepin (Tianjin) Information Technology Co., Limited 同道獵聘(天津)科技集團有限公司	*(i)*	Tianjin, PRC	USD10,000	100%	—	100%	Wholly foreign-Owned enterprises	Talent services

(Expressed in RMB unless otherwise indicated)

16 INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Note	Place of incorporation/ establishment	Paid up capital registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by the subsidiary	Type of business	Principal activities
INS Network (Beijing) Information Technology Co., Ltd. 英仕互聯(北京)信息技術有限公司*		Beijing, PRC	RMB323,154,922	100%	–	100%	LLC	Talent services
TD Information Technology Co., Ltd. 同道匯才 (天津) 信息技術有限公司*		Tianjin, PRC	RMB50,000,000	100%	–	100%	LLC	Talent services
TD Elite (Tianjin) Information Technology Co., Ltd. 同道精英 (天津) 信息技術有限公司*	*(i)*	Tianjin, PRC	RMB1,002,000/ RMB12,000,000	100%	–	100%	LLC	Talent services
CGL Consulting Co., Ltd 上海德築企業管理有限公司*		Shanghai, PRC	RMB4,081,630	51%	–	51%	LLC	Talent services
Tongdaoyouxin (Tianjin) Information Technology Co., Ltd. 同道有薪(天津)信息技術有限公司*		Tianjin, PRC	RMB2,000,000/ RMB10,000,000	100%	–	100%	LLC	Talent services
Lieweilai (Tianjin) Investment Co., Ltd. 獵未來(天津)投資有限公司*		Tianjin, PRC	USD11,400,000/ USD30,000,000	100%	–	100%	LLC	Talent services
Shanghai Xunhou Human Resources Co., Ltd. ("**Xunhou**") 上海勛厚人力資源有限公司*		Shanghai, PRC	RMB4,491,987	65%	–	65%	LLC	Talent services
Liepin Kaipusi (Tianjin) Information Technology Co., Ltd. ("**Liepin Kaipusi**") 獵聘凱普斯(天津)信息技術有限公司*		Tianjin, PRC	RMB1,000,000	71%	–	71%	LLC	Talent services
Changsha Ranxing Information Technology Co., Ltd. ("**Changsha Ranxing**") 長沙冉星信息科技有限公司*	*(i)*	Changsha, PRC	RMB11,787,027	67%	–	67%	LLC	Online Survey Services
Beijing Saiyou Education Technology Co., Ltd. 北京賽優職教育科技有限公司*		Beijing, PRC	RMB1,396,000	52%	–	52%	LLC	Online Education Services

* The official name of this entity is in Chinese. The English name is for identification purpose only.

16 INVESTMENTS IN SUBSIDIARIES (Continued)

Note:

(i) The Group does not legally have 100% ownership in equity of these structured entities. Nevertheless, under certain contractual agreements (the "Contractual Agreements") entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company.

All companies comprising the Group have adopted 31 December as their financial year end date.

17 INTERESTS IN ASSOCIATE

The following table sets out the particular of the associate of the Group as at 31 December 2020, which is an unlisted corporate entity whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Registered capital	Held by the subsidiary	Principal activity
Beijing Qingsi Information Technology Co., Ltd. ("**Beijing Qingsi**")	Incorporated	The PRC	RMB1,000,000	30.00%	Human Resources

Aggregate information of associate that is not individually material:

	31 December 2020 ***RMB'000***	31 December 2019 *RMB'000*
Aggregate carrying amount of associate in the consolidated financial statements — Beijing Qingsi	**1,961**	1,509

	31 December 2020 ***RMB'000***	31 December 2019 *RMB'000*
Aggregate amounts of the Group's share of associates' result for the year	**452**	(2,911)
Total comprehensive income	**452**	(2,911)

18 OTHER FINANCIAL ASSETS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Unlisted equity securities designated at FVOCI (non-recycling)	8,700	8,700
Unlisted equity securities at FVPL	132,714	134,861
	141,414	143,561

19 OTHER NON-CURRENT ASSETS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Prepayments for non-current assets	2,673	2,413
Advertisement deposits	4,436	4,835
	7,109	7,248

20 CONTRACT LIABILITIES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Contract liabilities		
— Billings in advance of service	850,195	678,460

Under subscription-based model services, the Group normally receives all of the subscription service fee upfront, this will give rise to the contract liabilities at the start of each contract. Contract liabilities will be recognised as revenue upon the providing of services or on a straight-line basis over the contract period.

The contract liabilities balance as at 1 January 2020 and 2019 was all recognised as revenue in those years respectively. All the billings in advance of service at the end of the reporting period are expected to be recognised as revenue within one year.

21 TRADE RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade receivables — measured at amortised cost	92,552	68,239

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

Ageing analysis

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

	2020 RMB'000	2019 RMB'000
Within 60 days	75,687	47,280
60 days to 1 year	16,865	16,824
Over 1 year	—	4,135
	92,552	68,239

Details on the Group's credit policy and credit risk arising from trade receivable are set out in note 32(a).

22 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Prepayments to suppliers	52,180	19,573
Other receivables	52,375	67,294
Interest receivable	10,678	28,804
	115,233	115,671

All of prepayments and other receivables are expected to be recovered or recognised as expense within one year.

23 OTHER CURRENT ASSETS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Rental deposits	19,153	14,535
VAT recoverable	14,570	12,826
Investment in wealth management products	310,671	109,504
	344,394	136,865

The wealth management products are issued by banks in the PRC with variable interest rate due within one year.

24 TIME DEPOSITS WITH BANKS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Time deposits with banks	1,904,648	2,227,592

Time deposits, which mature within one year as of the end of reporting period, represent interest-bearing certificates of deposit with a maturity of more than three months when purchased.

25 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Demand deposits with banks	516,944	359,156
Cash and cash equivalents	516,944	359,156

25 CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans *RMB'000*	Lease liabilities *RMB'000*
At 1 January 2019	—	98,064
Changes from financing cash flows:		
Proceeds from new bank loans	59,000	—
Borrowing costs paid	(806)	—
Capital element of lease rentals paid	—	(38,472)
Interest element of lease rentals paid	—	(4,818)
Total changes from financing cash flow	58,194	(43,290)
Other change:		
Interest expenses *(note 7)*	904	4,818
Increase in lease liabilities from entering into new leases during the period	—	44,396
At 31 December 2019 and 1 January 2020	59,098	103,988
Changes from financing cash flows:		
Proceeds from interest-bearing borrowings	137,000	—
Repayment from interest-bearing borrowings	(196,000)	—
Interest paid	(3,873)	—
Capital element of lease rentals paid	—	(42,787)
Interest element of lease rentals paid	—	(5,616)
Total changes from financing cash flow	(62,873)	(48,403)
Other change:		
Interest expenses *(note 7)*	3,775	5,616
Increase in lease liabilities from entering into new leases during the period	—	52,990
At 31 December 2020	**—**	**114,191**

25 CASH AND CASH EQUIVALENTS (Continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2020 *RMB'000*	2019 *RMB'000*
Within operating cash flows	**(9,024)**	(12,255)
Within financing cash flows	**(48,403)**	(43,290)
	(57,427)	(55,545)

These amounts relate to the following:

	2020 *RMB'000*	2019 *RMB'000*
Lease rentals paid	**(57,427)**	(55,545)

26 TRADE AND OTHER PAYABLES

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Trade payables to third parties	**51,613**	33,314
Salary and welfare payable	**178,117**	113,687
Other tax payables	**16,366**	17,586
Other payables	**121,815**	40,953
	367,911	205,540

26 TRADE AND OTHER PAYABLES (Continued)

Ageing analysis

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

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 30 days	**49,050**	31,660
30 days to 1 year	**2,563**	1,654
	51,613	33,314

27 INTEREST-BEARING BORROWINGS

The group has no interest-bearing borrowings as at 31 December 2020. The group got two bank loans with amount of RMB24 million due on 18 September 2020 and RMB35 million due on 7 October 2020, respectively. They are all unsecured and with fixed interest rate of 6% per annum.

28 LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable are follows:

	At 31 December 2020 Present value of the minimum lease payments *RMB'000*	At 31 December 2019 Present value of the minimum lease payments *RMB'000*
Within 1 year	**51,316**	44,241
After 1 year but within 2 years	**27,517**	34,956
After 2 years but within 5 years	**32,209**	24,791
After 5 years	**3,149**	—
	62,875	59,747
	114,191	103,988

(Expressed in RMB unless otherwise indicated)

29 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme

The Group has a share option scheme which was adopted on 1 January 2012 whereby the directors of the Group are authorised, at their discretion, to invite employees of the Group, to take up options to subscribe for shares of the Group. The options vest after one to four years from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The number and weighted average exercise prices of share options are as follows:

	2020		2019	
	Weighted average exercise price *RMB*	Number of options	Weighted average exercise price *RMB*	Number of options
Outstanding at the beginning of the period	10.774	12,012,808	3.954	21,025,675
Exercised during the period	1.028	788,761	0.411	10,149,871
Forfeited during the period	12.765	1,211,920	4.510	2,562,996
Granted during the period	15.136	2,650,000	16.369	3,700,000
Outstanding at the end of the period	11.241	12,662,127	10.774	12,012,808
Exercisable at the end of the period	8.238	3,429,313	8.925	2,284,595

The weighted average share price at the date of exercise for shares options exercised during the year was RMB17.82 (2019: RMB20.73).

(Expressed in RMB unless otherwise indicated)

29 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) Share option scheme (Continued)

(i) (Continued)

Terms of unexpired and unexercised share options at the end of the reporting period are as follows:

Exercise price	2020 Number of options	2020 Weighted average remaining contractual life	2019 Number of options	2019 Weighted average remaining contractual life
USD0.0268	**2,021,567**	**5.5 years**	2,822,808	6.3 years
USD1	**2,346,560**	**7.4 years**	2,620,000	8.4 years
USD2.5	**2,644,000**	**7.5 years**	2,870,000	8.5 years
HKD18.22	**850,000**	**8.9 years**	1,250,000	9.9 years
HKD18.30	**2,250,000**	**8.7 years**	2,450,000	9.7 years
HKD15.50	**350,000**	**9.3 years**	N/A	N/A
HKD16.55	**1,700,000**	**9.5 years**	N/A	N/A
HKD18.10	**500,000**	**9.5 years**	N/A	N/A

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted in 2020 is measured based on a binomial option-pricing model.

	2020 ***RMB***
Fair value at measurement date	**6.08–7.64**
Share price	**14.16–15.68**
Exercise price	**14.16–16.64**
Expected volatility	**54.04%–54.43%**
Expected dividend yield	**0%**
Risk-free interest rate	**0.40%–0.80%**

(iii) Shares award granted by CGL Consulting Co., Ltd

On 22 December 2017, CGL Consulting Co., Ltd, a subsidiary of the Company, granted 49% of its equity to its founder with a fair value of RMB12 million. The share awards are vesting in tranches of 25% each per annum from the date of grate in arrears.

29 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Restricted Share Unit Scheme

The post-IPO Restricted Share Unit Scheme (the "**RSU Scheme**") was approved and adopted by the Board on 25 January 2019. The purpose of the RSU Scheme is to reward employees for their service to the Group and to provide incentives to them to further contribute to the Group.

During the year ended 31 December 2020, 2,217,500 RSUs were granted and will vest after two to four years from the date of grant. The fair value of the granted RSUs was determined based on the market price of the Company's shares at the respective grant date. The Group will transfer the relevant RSU to the eligible employees when they are vested. The weighted average fair value of awarded shares granted during the year ended 31 December 2020 was RMB13.80 per share.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020 *RMB'000*	2019 *RMB'000*
At 1 January	**32,897**	7,442
Business combination	**—**	2,379
Provision for PRC Income Tax the year *(note 8(a))*	**44,589**	30,517
Over-provision in respect of prior years *(note 8(a))*	**(8,893)**	(6,841)
PRC Income Tax paid	**(36,573)**	(600)
At 31 December	**32,020**	32,897

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities.

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Provision for impairment of assets *RMB'000*	Government subsidies that have not yet been received *RMB'000*	Depreciation charge of right-of-use assets *RMB'000*	Effect of lease liability *RMB'000*	Deemed disposal of associate *RMB'000*	Accumulated losses *RMB'000*	Fair value changes of FVPL *RMB'000*	Fair value changes of FVOCI *RMB'000*	Intangible assets separately identified in business combination *RMB'000*	Fair value changes of property *RMB'000*	Total *RMB'000*
Deferred tax arising from:											
At 1 January 2019	–	–	–	–	–	–	–	–	–	–	–
Business combination	–	–	–	–	–	–	–	–	(26,375)	(427)	(26,802)
Charged/(credited) to profit or loss	4,304	(4,396)	26,648	(25,657)	(1,660)	8,967	–	–	740	3	8,679
Charged/(credited) to retained earnings	–	–	–	–	–	–	–	(1,239)	–	–	(1,239)
At 31 December 2019 and 1 January 2020	4,034	(4,396)	26,648	(25,657)	(1,660)	8,967	–	(1,239)	(25,635)	(424)	(19,362)
Business combination	–	–	1,260	(1,260)	–	(2,832)	–	–	(20,150)	–	(22,982)
Charged/(credited) to profit or loss	10,971	4,168	632	(1,108)	–	(348)	100	–	6,096	8	20,519
At 31 December 2020	**15,001**	**(228)**	**28,540**	**(28,025)**	**(1,660)**	**5,787**	**100**	**(1,239)**	**(39,689)**	**(416)**	**(21,825)**

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2020 ***RMB'000***	31 December 2019 *RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**21,335**	9,630
Net deferred tax liability recognised in the consolidated statement of financial position	**(43,160)**	(28,992)
	(21,825)	(19,362)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB345 million (2019: RMB350 million). The tax losses will expire from 2021 to 2030.

(d) Deferred tax liabilities not recognised

As at 31 December 2020, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB513,443 thousand (2019: RMB339,274 thousand). Deferred tax liabilities of RMB51,443 thousand (2019: RMB33,927 thousand) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

31 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2019		332	2,717,370	—	84,781	152,741	(32,463)	2,922,761
Changes in equity for the period ended at 31 December 2019:								
Loss for the period		—	—	—	—	—	(3,083)	(3,083)
Other comprehensive income		—	—	—	—	57,291	—	57,291
Total comprehensive income		—	—	—	—	57,291	(3,083)	54,208
Shares held for the restricted share unit scheme of the Company (the "**RSU scheme**")	31(c)	—	—	(87,436)	—	—	—	(87,436)
Shares issued under share option scheme		7	38,514	—	(34,349)	—	—	4,172
Share-based compensation expenses	6(a)/29/31(d)	—	—	—	53,767	—	—	53,767
Balance at 31 December 2019 and 1 January 2020		339	2,755,884	(87,436)	104,199	210,032	(35,546)	2,947,472
Changes in equity for the period ended at 31 December 2020:								
Loss for the period		—	—	—	—	—	(3,265)	(3,265)
Other comprehensive income		—	—	—	—	(225,683)	—	(225,683)
Total comprehensive income		—	—	—	—	(225,683)	(3,265)	(228,948)
Shares held for the RSU scheme of the Company	31(c)	—	—	(96,635)	—	—	—	(96,635)
Shares issued under share option scheme		1	11,151	—	(10,341)	—	—	811
Share-based compensation expenses	6(a)/29/31(d)	—	—	—	56,854	—	—	56,854
Purchase of non-controlling shareholders' equity		—	—	—	—	—	—	—
Balance at 31 December 2020		**340**	**2,767,035**	**(184,071)**	**150,712**	**(15,651)**	**(38,811)**	**2,679,554**

31 CAPITAL AND RESERVES (Continued)

(b) Dividends

The board of directors of the Company has resolved not to declare dividend for the year ended 31 December 2020 (2019: nil).

(c) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board on 25 January 2019, the Company entered into a trust deed with Vistra Trust (Hong Kong) Limited (the "**RSU Trustee**") to assist with the administration of the RSU Scheme. In 2020, the Company directed Futureshare Limited, the special purpose vehicle established by the RSU Trustee, which was intended to hold the shares under the RSU Scheme, to purchase the shares of the Company for the benefit of the eligible participants pursuant to the terms and conditions of the RSU Scheme. The details of which are set out below:

Month/year	**Number of shares purchased**	**Highest Price paid Per share** *RMB*	**Lowest Price paid Per share** *RMB*	**Aggregate price paid** *RMB'000*
Jan-20	180,000	16.90	16.51	3,029
Jun-20	180,000	15.78	15.31	2,823
Jul-20	399,000	15.82	15.08	6,175
Sep-20	2,845,000	17.34	15.86	48,275
Oct-20	904,400	17.06	16.71	15,307
Nov-20	567,400	16.71	16.25	9,427
Dec-20	707,800	16.55	15.08	11,600

(d) Share capital

Issued share capital

		2020		2019	
	Note	***No. of shares '000***	***RMB'000***	*No. of shares '000*	*RMB'000*
Ordinary shares, issued and fully paid:					
At 1 January		**520,669**	**339**	510,519	332
Shares issued under share option scheme	(i)	**789**	**1**	10,150	7
At 31 December		**521,458**	**340**	520,669	339

31 CAPITAL AND RESERVES (Continued)

(d) Share capital (Continued)

Issued share capital (Continued)

(i) Equity settled share-based transactions

The Group has a share option scheme which was adopted on 1 January 2012 whereby the directors of the Group are authorised, at their discretion, to invite employees of the Group, to take up options to subscribe for shares of the Group. The options vest after one to four years from the date of grant and are then exercisable within a period of ten years. The options granted to certain employees are only exercisable upon the completion of Company's IPO, which was completed on 29 June 2018. In 2020, certain options were exercised to subscribe for 788,761 ordinary shares with nominal value of USD0.0001 each. The total consideration was RMB811 thousand, among which RMB1 thousand of which was credited to share capital and RMB810 thousand was credited to share premium.

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the following:

— The portion of the grant date fair value of share options and RSU granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii);

(ii) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than the RMB which are dealt with in accordance with the accounting policies as set out in note 2(w).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2020 was 31.63% (2019: 26.48%).

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bank deposits are limited because the counterparties are reputable banks, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group's 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 therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group does not have significant concentration of debtors as of 31 December 2020 and 2019.

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 take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30–60 days from the date of invoice. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 December 2020:

	2020		
	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Current (not past due)	2.29%	77,462	(1,775)
1–305 days past due	46.19%	31,343	(14,478)
More than 305 days past due	100.00%	50,360	(50,360)
		159,165	(66,613)

	2019		
	Expected loss rate %	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Current (not past due)	0.50%	47,518	(238)
1–305 days past due	8.00%	18,287	(1,463)
More than 305 days past due	90.00%	41,352	(37,217)
		107,157	(38,918)

Expected loss rates are based on actual loss experience over past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables and other receivables during the year is as follows:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	**38,918**	19,666
Credit losses recognised during the year	**61,469**	19,252
Balance at 31 December	**100,387**	38,918

Increase in aging of trade receivables resulted in an increase in loss allowance during 2020.

(b) 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. The Group's policy is to regularly monitor its liquidity requirements and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual) and the earliest date the Group can be required to pay:

	2020 Contractual undiscounted cash outflows					
	With 1 year or on demand *RMB'000*	More than one year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying amount at 31 Dec *RMB'000*
Trade and other payables	367,911	—	—	—	367,911	367,911
Lease liabilities	52,528	29,712	37,804	4,100	124,144	114,191
	420,439	29,712	37,804	4,100	492,055	482,102

	2019 Contractual undiscounted cash outflows				
	With 1 year or on demand *RMB'000*	More than one year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	Total *RMB'000*	Carrying amount at 31 Dec *RMB'000*
Trade and other payables	205,540	—	—	205,540	205,540
Interest-bearing borrowings	61,736	—	—	61,736	59,000
Lease liabilities	45,513	37,792	28,368	111,673	103,988
	312,789	37,792	28,368	378,949	368,528

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Currency risk

The Group is exposed to currency risk primarily through deposit on bank which gives rise to cash balances that are denominated in a 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 USD. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of deposits denominated in foreign currencies, the Group ensures that the exposure is kept to an acceptable level, by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2020 ***United States Dollars***	2019 *United States Dollars*
Cash and cash equivalents	**11,413**	17,536
Time deposits with banks	**342,557**	518,680
Other receivables	**1,954**	7,351
Gross exposure arising from recognised assets and liabilities	**355,924**	543,567

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Currency risk (Continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's results after tax and retained profits/(accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits *RMB'000*	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained profits *RMB'000*
USD	10%	26,694	10%	41,012
	(10%)	(26,694)	(10%)	(41,012)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' results after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement

Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— level 3 valuations: Fair value measured using significant unobservable inputs

The fair value measurements of the Group's investments in wealth management products are categorised into Level 2, unlisted equity securities are categorised into Level 3 in the fair value hierarchy. Valuation reports with analysis of changes in fair value measurement is prepared for material equity security investments and is reviewed and approved by the chief financial officer.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement (Continued)

Financial assets measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value measurements as at 31 December 2020 categorised into				Fair value measurements as at 31 December 2019 categorised into			
	Fair value at 31 December 2020 *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Fair value at 31 December 2019 *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Recurring fair value measurements								
Assets:								
— Investment in wealth management products *(note 23)*	310,671	–	310,671	–	109,504	–	109,504	–
— Unlisted equity securities *(note 18)*	141,414	–	–	141,414	143,561	–	–	143,561

During the years of 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Investments in wealth management products are measured at fair values in the consolidated statement of financial position. The Group categorised all fair value measures of bank financial products as Level 2 of the fair value hierarchy because they are valued using directly or indirectly observable inputs in the market place.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement (Continued)

Financial assets measured at fair value (Continued)

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements:

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Unlisted equity securities	Market approach/ Income approach	Discount for lack of marketability	15% to 25%	18%

The fair value of unlisted equity securities is determined using the total equity value of unlisted equity securities adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2020, it is estimated that with all other variables held constant, a discount for lack of marketability by 1% would have decreased the total equity value by RMB6,000 thousand.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2020 *RMB'000*	2019 *RMB'000*
Unlisted equity securities:		
At 1 January	**143,561**	105,918
Purchase consideration	**11,000**	29,000
Exchange differences	**(2,869)**	712
Gain on fair value changes	**(10,278)**	7,931
At 31 December	**141,414**	143,561

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 9(a) and certain of the highest five paid employees as disclosed in note 9(b) is as follows:

	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	10,801	7,604
Contributions to defined contribution retirement	24	249
Share-based compensation expenses	8,436	13,206
	19,261	21,059

Total remuneration is included in "staff costs" (see note 6(a)).

(b) Financing arrangements

		Amounts owed to the Group by related parties As at 31 December		Amounts owed by the Group to related parties As at 31 December	
	Note	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Loan to members of key management personnel	(i)	2,866	2,991	—	—
Loans to investment company	(ii)	8,000	8,000	—	—
Other receivable proceeds from shares issued under share option	(iii)	3,148	2,797	—	—

(i) The Group made the loans to Mr. Chen Xingmao in accordance with the Executive Loan Benefits Program, with an annual interest rate of 2%, mortgaged by his real estate. The term of loan was from 31 May 2020 to 30 May 2021.

(ii) The Group and Hebei Lepin Human Resources Service Co., Ltd. ("**Hebei Lepin**") entered into loan agreements dated 3 June 2019 and 24 July 2019, respectively, pursuant to which the Group agreed to provide loans of RMB5 million and RMB3 million to Hebei Lepin, respectively. The term of each loan is one year. In 2020, the Group extended the loan arrangement to 2 June 2021 and 23 July 2021, respectively. During the extension period, the loans were unsecured with interest rate 0% per annum.

(iii) The outstanding balances with these related parties are included in "Prepayments and other receivables" (see note 22).

(Expressed in RMB unless otherwise indicated)

34 BUSINESS COMBINATION

The Group completed one business acquisition in 2020.

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Intangible assets	Relief-from-royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. Cost method: The cost method considers value is established based on the cost of reproducing or replacing the asset. The cost components involved are the actual cost and opportunity cost incurred.

The gross amount due under the contracts is RMB67,056 thousand. Please see the details below for each business acquisition.

(a) Beijing Saiyou

On 26 August 2020, the Group entered into an equity transfer agreement with Mr. Zhang Dongdong and Mr. Xue Hang, the founders of Beijing Saiyou, and other shareholders of Beijing Saiyou, pursuant to which the Group obtain 49.5% of the total equity interest with a cash consideration of RMB150.5 million. The Group also agreed to additionally invested RMB15.0 million to Beijing Saiyou on 26 August 2020. As a result, the Group held 51.58% of the equity interest of Beijing Saiyou, and obtained the control of Beijing Saiyou. Additionally, pursuant to the agreement, the value of Beijing Saiyou would be reassessed and the compensation would be paid to the Group, if certain conditions are not met. As at 31 December 2020, the probability of the Beijing Saiyou could not meet the conditions was remote and therefore no compensation was recognised.

Goodwill of approximately RMB144,467 thousand was recognised as a result of this acquisition. It was mainly attributable to the operating synergies and economies of scale expected to be derived from combining the operations. None of the goodwill is expected to be deductible for income tax purpose. The Group chose to record the non-controlling equity interests in Beijing Saiyou at their proportionate share of net assets acquired as at the acquisition date.

34 BUSINESS COMBINATION (Continued)

(a) Beijing Saiyou (Continued)

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

Consideration	**At 26 August 2020** *RMB'000*
Cash consideration	165,510

Recognised amounts of identifiable assets acquired and liabilities assumed	*RMB'000*
Property, plant and equipment	7,711
Intangible assets	80,600
Cash and cash equivalents	1,541
Current assets excluding cash and cash equivalents	109,289
Contract liabilities	(117,600)
Other current liabilities	(14,312)
Non-current liabilities excluding deferred tax liability	(3,447)
Deferred tax liability	(22,982)
Total identifiable net assets	40,800
Non-controlling interests in Saiyou	(19,757)
Goodwill	144,467
	165,510

34 BUSINESS COMBINATION (Continued)

(a) Beijing Saiyou (Continued)

Net cash outflows arising on the acquisition of Beijing Saiyou for the year:

	RMB'000
Consideration paid in cash to founder and other investors	88,208
Less: cash and cash equivalent balances acquired	1,541
	86,667

For the period from the acquisition date through 31 December 2020, Beijing Saiyou contributed RMB60,097 thousand and RMB12,409 thousand to the Group's revenue and loss, respectively.

Had the acquisition been completed on 1 January 2020, the Group's pro forma combined revenue and pro forma combined profit for the year ended 31 December 2020 would have been RMB1,948,922 thousand and RMB52,986 thousand, respectively. These pro forma combined figures are for inclusion in these financial statements and for illustrative purpose only. Because of their nature, these pro forma combined figures may not give a true picture of the financial position or results of the combined group that would have occurred had the acquisition actually been completed at the commencement of the reporting period, nor is intended to be a projection of the future prospects of the combined group.

The Group incurred acquisition-related cost of RMB368 thousand on legal fees and due diligence costs. These costs have been included in "general and administrative expenses".

(Expressed in RMB unless otherwise indicated)

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2020 RMB'000	31 December 2019 RMB'000
Non-current assets		
Investments in subsidiaries	2,640,434	2,896,406
Other financial assets	44,520	46,922
	2,684,954	2,943,328
Current assets		
Prepayments and other receivables	10,152	1,741
Cash and cash equivalents	4,951	11,471
	15,103	13,212
Current liability		
Trade and other payables	20,503	9,068
	20,503	9,068
Net current (liability)/assets	(5,400)	4,144
Total assets less current liability	2,679,554	2,947,472
NET ASSETS	2,679,554	2,947,472
Share capital	340	339
Reserves	2,679,214	2,947,133
TOTAL EQUITY	2,679,554	2,947,472

Approved and authorised for issue by the board of directors on 19 March 2021 and signed on it behalf by:

Dai Kebin
Director

Tian Ge
Chief Financial Officer

(Expressed in RMB unless otherwise indicated)

36 COMMITMENTS

The Group has no capital commitment outstanding at 31 December 2020 and 2019 not provided for in the financial statements.

37 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

From the end of the reporting period to the date of publication of this report, the Group has no material subsequent events.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022

The group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

PARTICULARS OF PROPERTY HELD FOR INVESTMENT

Location	Exiting Use	Lease term	Attributable interest of the Group
8/F, Block 2, Zhubang 2000 Business Building, No. 99 Balizhuangxili Road Sub-District Office (Township), Chaoyang District (County), Beijing	Commercial	Medium lease	100%
Room 503, Building 7, Phase I, Zhongdian Software Park, No. 39 Jianshan Road, Yuemi District, Changsha, Hunan Province	Commercial	Short-term lease	66.60%

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements is set out below.

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	**1,869,668**	1,513,474	1,225,308	824,662	587,099
Profit/(loss) from operations	**145,800**	131,800	(5,658)	35,256	(143,908)
Net finance (cost)/income	**(38,252)**	1,895	16,807	(27,705)	4,180
Profit/(loss) before tax	**108,000**	141,306	10,189	7,551	(139,728)
Income tax expense	**(15,177)**	(14,678)	(7,446)	—	—
Profit/(loss) for the year and total comprehensive income	**92,823**	126,628	2,743	7,551	(139,728)
Total comprehensive income for the year attributable to:					
Owners of the Company	**53,627**	120,353	7,737	8,998	(139,179)
Non-controlling interests	**39,196**	6,275	(4,994)	(1,447)	(549)
	92,823	126,628	2,743	7,551	(139,728)
ASSETS, LIABILITIES AND EQUITY					
Total assets	**4,450,061**	4,187,141	3,623,577	942,411	773,677
Total liabilities	**1,407,477**	1,108,877	(796,059)	(554,009)	(709,591)
Net assets	**3,042,584**	3,078,264	2,827,518	388,402	64,086
Equity attributable to the equity holders of the Company	**2,874,560**	2,969,385	2,828,695	384,585	64,135
Non-controlling interests	**168,024**	108,879	(1,177)	3,817	(49)
Total equity	**3,042,584**	3,078,264	2,827,518	388,402	64,086