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Tongdao Liepin Group
同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6100)

**KEY FINANCIAL AND PERFORMANCE INDICATORS FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

To enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**” together with its subsidiaries, the “**Group**”, “**we**” or “**us**”) announces certain selected unaudited key financial and performance indicators of the Group for the nine months ended 30 September 2020.

The key unaudited financial data during the nine months ended 30 September 2020 was set out as follows:

- Revenue including primarily revenue from providing talent services to our business customers and providing professional career services was RMB1,262.0 million in the nine months ended 30 September 2020, a 14.5% increase from RMB1,101.9 million in the nine months ended 30 September 2019.
- Gross profit was RMB1,002.3 million in the nine months ended 30 September 2020, a 14.6% increase from RMB874.6 million in the nine months ended 30 September 2019.
- Net profit was RMB111.7 million in the nine months ended 30 September 2020, a 24.0% increase from RMB90.1 million in the nine months ended 30 September 2019.
- Net profit attributable to the owners of the Company was RMB67.1 million in the nine months ended 30 September 2020, a 20.4% decrease from RMB84.3 million in the nine months ended 30 September 2019.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB207.6 million in the nine months ended 30 September 2020, a 42.4% increase from RMB145.8 million in the nine months ended 30 September 2019.

FINANCIAL DATA (EXTRACTED FROM FINANCIAL RECORDS PREPARED IN ACCORDANCE WITH “INTERNATIONAL FINANCIAL REPORTING STANDARDS” AND “HONG KONG FINANCIAL REPORTING STANDARDS”)

Consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2020 — unaudited

(Expressed in RMB)

	Nine months ended	
	30 September	
	2020	2019
	RMB'000	RMB'000
Revenue	1,262,026	1,101,856
Cost of revenue	<u>(259,763)</u>	<u>(227,288)</u>
Gross profit	1,002,263	874,568
Other income	67,732	71,461
Sales and marketing expenses	(565,584)	(520,478)
General and administrative expenses	(202,347)	(180,028)
Research and development expenses	<u>(173,552)</u>	<u>(139,533)</u>
Profit from operations	128,512	105,990
Net finance cost	(14,379)	(2,563)
Share of profit/(loss) of associates	<u>451</u>	<u>(2,920)</u>
Profit before taxation	114,584	100,507
Income tax	<u>(2,884)</u>	<u>(10,422)</u>
Profit for the period	<u>111,700</u>	<u>90,085</u>
Attributable to:		
— Equity shareholders of the Company	67,110	84,282
— Non-controlling interests	<u>44,590</u>	<u>5,803</u>
Profit for the period	<u>111,700</u>	<u>90,085</u>

Consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2020 — unaudited (Continued)

(Expressed in RMB)

	Nine months ended	
	30 September	
	2020	2019
	RMB'000	RMB'000
Profit for the period	111,700	90,085
Other comprehensive income for the period (after tax and reclassification adjustments)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas group entities	<u>(42,394)</u>	<u>69,894</u>
Other comprehensive income for the period	<u>(42,394)</u>	<u>69,894</u>
Total comprehensive income for the period	<u>69,306</u>	<u>159,979</u>
Equity shareholders of the Company	24,716	154,176
Non-controlling interests	<u>44,590</u>	<u>5,803</u>
Total comprehensive income for the period	<u>69,306</u>	<u>159,979</u>

**Consolidated statement of financial position as at 30 September 2020 —
unaudited**
(Expressed in RMB)

	30 September 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Property, plant and equipment	130,083	139,059
Investment properties	35,332	36,445
Intangible assets	242,174	192,872
Goodwill	855,610	711,184
Prepayments for investments	29,969	27,119
Interests in associate	1,939	1,509
Other financial assets	151,515	143,561
Deferred tax assets	9,656	9,630
Other non-current assets	6,363	7,248
	<u>1,462,641</u>	<u>1,268,627</u>
Current assets		
Trade receivables	71,354	68,239
Prepayments and other receivables	208,635	115,671
Receivables from related parties	18,684	10,991
Other current assets	278,171	136,865
Time deposits with banks	1,964,744	2,227,592
Cash and cash equivalents	362,423	359,156
	<u>2,904,011</u>	<u>2,918,514</u>
Current liabilities		
Trade and other payables	263,037	205,540
Contract liabilities	714,991	678,460
Interest-bearing borrowings	72,493	59,000
Lease liabilities	48,480	44,241
Current taxation	16,483	32,897
	<u>1,115,484</u>	<u>1,020,138</u>

**Consolidated statement of financial position as at 30 September 2020 —
unaudited (Continued)**
(Expressed in RMB)

	30 September 2020 RMB'000	31 December 2019 RMB'000
Net current assets	<u>1,788,527</u>	<u>1,898,376</u>
Total assets less current liabilities	<u>3,251,168</u>	<u>3,167,003</u>
Non-current liabilities		
Lease liabilities	46,091	59,747
Deferred tax liabilities	50,041	28,992
	<u>96,132</u>	<u>88,739</u>
NET ASSETS	<u><u>3,155,036</u></u>	<u><u>3,078,264</u></u>
CAPITAL AND RESERVES		
Share capital	340	339
Reserves	2,978,513	2,969,046
	<u>2,978,853</u>	<u>2,969,385</u>
Total equity attributable to equity shareholders of the Company	<u>2,978,853</u>	<u>2,969,385</u>
Non-controlling interests	<u>176,183</u>	<u>108,879</u>
TOTAL EQUITY	<u><u>3,155,036</u></u>	<u><u>3,078,264</u></u>

NON-GAAP FINANCIAL MEASURES

To supplement the consolidated results of the Group for the nine months ended 30 September 2020 prepared in accordance with “International Finance Reporting Standards”, non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has been presented in this announcement. To enable the shareholders of the Company and potential investors to make an informed assessment of the Group’s performance, the non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has also been presented in this announcement. Amortization of intangible assets resulting from acquisition has been included in the reconciliation in 2020. The management believes that this item does not relate to the Group’s daily business operations.

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 “International Finance Reporting Standards”. 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.

	Nine months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	RMB’000	RMB’000
NON-GAAP PROFIT FROM OPERATION		
Profit from Operation	128,512	105,990
Share-based compensation expense	48,495	39,858
Amortization of intangible assets resulting from acquisition	30,597	—
Non-GAAP Profit from Operation	207,604	145,848

BUSINESS DATA

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

	As of 30 September 2020	As of 30 September 2019
Individual Users		
Number of registered individual users (<i>in millions</i>)	<u>61.4</u>	<u>52.8</u>
Business Users and Customers		
Number of verified business users	<u>682,001</u>	<u>517,644</u>
Headhunters		
Number of verified headhunters	<u>167,242</u>	<u>156,811</u>

BUSINESS REVIEW AND OUTLOOK

Overall Performance

As a pioneer of online talent service platform in China, we achieved a robust growth during the nine months ended 30 September 2020. For the nine months ended 30 September 2020, our revenue and gross profit amounted to approximately RMB1,262.0 million and RMB1,002.3 million, respectively, representing a year-on-year increase of 14.5% and 14.6%, respectively. In the nine months ended 30 September 2020, we continued to execute the long-term growth strategy of “building one-stop talent service platform” and actively penetrate the talent service market, which yielded positive results despite of the market uncertainties. The number of our verified business users increased from 517,644 as of 30 September 2019 to 682,001 as of 30 September 2020.

On top of the core platform, we leveraged our know-how in online service offering to initiate other new business segments, including campus recruitment, training and assessment, flexible staffing, and survey services. These business initiatives diversified our service offerings and contributed to the business growth during the nine months ended 30 September 2020.

In the nine months ended 30 September 2020, the individual user traffic of our online platform also grew steadily and the number of registered individual users increased from 52.8 million as of 30 September 2019 to 61.4 million as of 30 September 2020.



Throughout the first three quarters of 2020, we continued to leverage on our multi-faceted database and data analytics to empower business growth. Internally, projects have been rolled out to improve talent recommendations and matching efficiency. By optimizing strategies for selecting, filtering and ranking candidates, we successfully increased the accuracy of recommendation and boosted the interactions between job seekers, business customers and headhunters.

Externally, 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. Analysis of our talent pool, for instance, in relation to the geographical and salary distribution of talents and talent portraits across industries, has been presented to our business partners and target business customers to help them visualize the quality and comprehensiveness of our database.

Talent Business

Leveraging our deep understanding of talents, we foster technology-and data-driven platform which provides individual users, business users and headhunters with access to a variety of human resources services. *Liepin* (獵聘, which literally means headhunting and recruiting), our mid- to high-end talent platform, is still the foundation of our business and future growth strategy. Business customers can subscribe to our annual data package services, and also purchase our closed-loop talent services as needed. For the nine months ended 30 September 2020, the revenue generated from talent services to business users was approximately RMB1,185.9 million (compared with approximately RMB1,037.9 million generated during the same period in 2019). The number of our verified business users increased significantly from 517,644 as of 30 September 2019 to 682,001 as of 30 September 2020.

Meanwhile, as a leading human resource services provider, we are mindful of our social responsibility and we have a strong commitment to serve as a bridge to connect the supply and demand sides in the talent service market by leveraging our technology. During the first half of 2020, we collaborated with the Ministry of Human Resources and Social Security of the People’s Republic of China to host online career fairs to help our business customers identify suitable talents and to help alleviate the concern of unemployment among talents. Career fairs dedicated to small and medium enterprises (“SME”) have been organized to help our SME clients improve recruitment efficiency while reducing hiring costs.

Other New Business Initiatives

Our video-based talent platform *Duomian* (多面) served as a handy tool for posting vacancies and conducting interviews for entry-level recruitment. Video job descriptions from business users, as well as short videos of self-introduction or answers to default questions, are encouraged so that candidates can better present themselves, especially on their personality, soft skills and their character, in a more natural way. The online interview feature allows multiple interviewers to jointly assess the candidate and collect feedback respectively. Reports are generated automatically based on interviewers’ feedback and artificial intelligence analysis which has taken into account aptitude, confidence level of candidates and behavioral science. During the nine months ended 30 September 2020, the online interview feature has successfully facilitated the hiring process and improved the hiring efficiency to a great extent for both individual and business users.

We provided flexible staffing service for our business customers with our technology-driven SaaS platform, *Xunhou* (勳厚). Building up the SaaS platform has been considered as the essential basis for flexible staffing business and as the engine for the sustainable development of the business as a long-term strategy. *Xunhou* has effectively tackled the fluctuation of staffing demands for different job positions and has optimized the organization structure of many business customers.

Wenjuanxing (問卷星), which we strategically invested in it during the second half of 2019, has generated robust growth in the nine months ended 30 September 2020. As the leading survey SaaS platform in China, *Wenjuanxing* became an important channel for companies, schools, healthcare institutions, government and communities to collect information regarding health conditions and travel history in China since the outbreak of COVID-19. The surge of traffic continued to drive up the business growth during the nine months ended 30 September 2020 and is expected to empower the long-term development with the increase of data accumulation.

Our proprietary assessment and training application and SaaS platform, *Lebanban* (樂班班), was adopted by many of our business customers to conduct online training and performance evaluation. This innovative product can provide video-based training, such as leadership training and courses for professional skillset to employees. Direct managers and human resources departments can assign training schedule, conduct assessment questionnaires, and track the completion status of employee training.

Talent Pool

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

The number of registered individual users increased from approximately 52.8 million as of 30 September 2019 to approximately 61.4 million as of 30 September 2020. We observed a strong level of activeness among our individual users and the level of engagement of our registered individual users continued to grow steadily.

We offered paid value-added services to our individual users who require career services from us in addition to the free basic services. We offered premium membership packages under different pricing plans. Moreover, CV advisory services, *Career Advisory Services* (生涯諮詢) and professional certification and skill training were provided at affordable prices and on a large scale to help our individual users pursue their ideal jobs. We generated approximately RMB73.8 million of revenue from individual users for the nine months of 2020 (compared with approximately RMB62.3 million for the nine months of 2019).

Strategic Update

We have observed an acceleration of the domestic economic recovery since the beginning of the nine months ended 30 September 2020. With the government policy support, the overall hiring sentiment in the labor market has been stabilized and almost returned to the normal level. Moreover, the trend of increasing online adoption of human resource services has been sustained during the nine months ended 30 September 2020. In general, we are optimistic about the long-term prospect of the macro economy and human resource services market while we remain cautious about any potential pandemic-related risk, which might impose adverse impacts on the hiring sentiment and on our business.

For the last quarter of 2020, we will continue to follow the strategy of utilizing our online platform to provide one-stop talent services for our users. Operational efficiency remains our top priority to drive the growth of our talent business. We will continue to invest in new initiatives of human resource value chains, such as flexible staffing, training and assessment and survey services. We will also continue to explore cross-sale opportunities for different products and strengthen team integration.

With the belief that talent upgrade is the prerequisite for economic structural transformation and industrial advancement, we are confident that there will be huge potential for us to explore in the entire human resource services market in the long run. Therefore, we will invest more aggressively on branding and user acquisition in the last quarter of 2020. We believe that talent base is the driver for our future growth and a key factor of success for our ecosystem.

We plan to continuously invest in our research and development capabilities to upgrade our core platform and new business initiatives to better cater for current business needs. With the expansion of our online services and more participants in our ecosystem, we plan to further explore our potentials in big data and artificial intelligence analytics to deliver recommendations and match results more accurately and efficiently. We believe this is the key to improving user experience and generating sustainable development.

Investment Update

During the third quarter of 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 51.6% equity interest in Beijing Saiyou Education Technology Co., Ltd. (北京賽優職教育科技有限公司) (“**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**”).

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.

CAUTION STATEMENT

The Board wishes to remind shareholders of the Company and investors that the above financial and business data are based on the Group's internal records and management accounts and have not been reviewed or audited by the auditors.

Any forward-looking statements contained herein are not guaranteed of future performance. Rather they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group and are difficult to predict, that will or may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Therefore, such information is provided to shareholders and potential investors as interim information for reference only. The data shown above do not constitute nor should they be construed as invitations or offers to buy or sell any securities or financial instruments of the Group. Nor are they intended as the offer of any investment services or advices. Shareholders of the Company and investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 12 November 2020

As at the date of this announcement, the executive directors of the Company are Mr. DAI Kebin and Mr. CHEN Xingmao; the non-executive directors of the Company are Mr. SHAO Yibo, Mr. ZUO Lingye and Mr. DING Gordon Yi; and the independent non-executive directors of the Company are Mr. YE Yaming, Mr. ZHANG Ximeng and Mr. CHOI Onward.