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Tongdao Liepin Group

同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6100)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE THREE AND THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**” or “**our Company**”) announces the unaudited consolidated financial results of the Company and its subsidiaries (together, “**Liepin Group**”, the “**Group**”, “**we**” or “**us**”) for the three and the six months ended 30 June 2024, together with comparative figures for same period of 2023.

FINANCIAL HIGHLIGHTS OF THE GROUP

The key unaudited financial data during the three months ended 30 June 2024 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB543.8 million for the three months ended 30 June 2024, a 7.8% decrease from RMB589.8 million for the three months ended 30 June 2023.
- Gross profit was RMB426.7 million for the three months ended 30 June 2024, a 2.9% decrease from RMB439.3 million for the three months ended 30 June 2023.
- Net profit was RMB79.2 million for the three months ended 30 June 2024, a 29.6% increase from RMB61.1 million for the three months ended 30 June 2023. Net profit attributable to equity shareholders of the Company was RMB55.4 million for the three months ended 30 June 2024, a 9.4% increase from RMB50.7 million for the three months ended 30 June 2023.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB95.4 million for the three months ended 30 June 2024, a 51.7% increase from RMB62.9 million for the three months ended 30 June 2023.

The key unaudited financial data during the six months ended 30 June 2024 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB1,014.6 million for the six months ended 30 June 2024, a 7.2% decrease from RMB1,093.0 million for the six months ended 30 June 2023.
- Gross profit was RMB791.9 million for the six months ended 30 June 2024, a 3.7% decrease from RMB822.0 million for the six months ended 30 June 2023.
- Net profit was RMB66.0 million for the six months ended 30 June 2024, a 412.9% increase from RMB12.9 million for the six months ended 30 June 2023. Net profit attributable to equity shareholders of the Company was RMB45.3 million for the six months ended 30 June 2024, a 446.2% increase from RMB8.3 million for the six months ended 30 June 2023.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB94.0 million for the six months ended 30 June 2024, a 100.2% increase from RMB46.9 million for the six months ended 30 June 2023.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 to the shareholders of the Company.

	For the three months ended 30 June		For the six months ended 30 June	
	2024 (unaudited) <i>RMB'000</i>	2023 (unaudited) <i>RMB'000</i>	2024 (unaudited) <i>RMB'000</i>	2023 (unaudited) <i>RMB'000</i>
Revenue	543,758	589,801	1,014,571	1,092,965
Gross profit	426,725	439,317	791,879	822,019
Net profit	79,225	61,141	66,025	12,872
Net profit attributable to equity shareholders of the Company	55,428	50,683	45,333	8,300
Non-GAAP operating profit of the Company	95,431	62,925	93,953	46,925

MARKET REVIEW

In the first half of 2024, China's economy demonstrated a steady upward trend amidst overall stability, but we still faced uncertainties in the external environment and the ongoing deepening of domestic industrial restructuring. According to data released by the National Bureau of Statistics, in the first half of this year, China's urban surveyed unemployment rate averaged 5.1%, representing a year-on-year decrease of 0.2 percentage points. The overall employment situation remains stable, but the recruitment demand was still under pressure in terms of total volume, with an increasingly pronounced divergence in recruitment demand across various industries. In the second quarter of this year, as the country's growth momentum accelerated towards high-tech, high-quality and green industries, the number of new job postings in the electronics & communications and automobile & machinery manufacturing sectors on the Liepin platform continued to increase. Meanwhile, compared with the same period last year, industries closely related to people's well-being, such as culture, sports and lifestyle services also released more job positions on our platform in the second quarter of this year, in line with the trend of employment recovery in China's service industries. In contrast, some large industries that absorb a significant amount of mid-to-high-end employment continued to face pressure from the contraction of recruitment demand. In the real estate sector, for example, although the overall condition of this sector trended towards stability in the second quarter, the change in recruitment demand was still relatively slow. Similarly, in the financial sector, recruitment demand continued the downturn that began at the end of last year. Although the number of new job postings in the internet industry is still on a downward trend, the decline has narrowed significantly compared with the same period last year, with recruitment demand expected to stabilize gradually.

With the ongoing adjustments of the economic structure, the interests of job seekers have exhibited a trend of segmentation. On the one hand, employment choices are becoming more various. According to the data from our platform, the acceptance of flexible employment among the fresh graduates of 2024 has increased compared with previous years, among which self-media is the most popular, which allows graduates to start their own business in a low-cost and high-efficiency way to realize their individuality and self-worth. In terms of geographical choices, the downward trend of the employment market has deepened, and the attractiveness of the new first-tier cities to graduates has further strengthened, with more job opportunities and reasonable living costs making the new first-tier cities the ideal choices for graduates. On the other hand, there is a growing tendency among job seekers to prioritize stability. To cope with the economic uncertainty, graduates are more likely to choose positions in state-owned enterprises and those with fixed establishments. Furthermore, job seekers with previous full-time working experience are exhibiting a heightened degree of rationality, placing emphasis on a holistic assessment that encompasses personal career progression, remuneration, the comfort of the working environment, and the potential for corporate growth, etc. As a whole, given the overall sluggish demand for jobs, mid-to-high-end job seekers have gradually adjusted and responded by seeking diverse employment opportunities.

BUSINESS OVERVIEW

	As of 30 June		%
	2024	2023	Year-on-year change
Individual Users			
Number of accumulative registered individual users (in millions) ¹	100.8	90.9	10.9%
Number of individual paying users for the period ¹	56,052	49,873	12.4%
Business Users and Customers			
Number of accumulative verified business users	1,367,938	1,217,417	12.4%
Number of business customers	63,472	60,407	5.1%
Number of valid job postings for the period (in millions)	6.0	6.3	-4.3%
Headhunters			
Number of verified headhunters ²	219,006	218,551	0.2%
Number of contacts with registered individual users by our verified headhunters (in millions)	529.4	587.1	-9.8%

- In previous reports, the data of “individual user” and “number of individual paying users for the period” was sourced from Liepin’s recruitment platforms. In order to achieve a more accurate presentation of the total number of individual users of Liepin Group, from the Company’s 2023 annual report onwards, the data regarding individual users have been, and will be, consolidated to include figures from both the recruitment platforms and the online professional certification training service (Saiyou) of Liepin.*
- In the third quarter of 2023, our Group conducted its first clean-up of abnormal headhunter accounts. Excluding this measure, the year-on-year increase in the number of verified headhunters as of the second quarter of 2024 was even more significant.*

Talent Acquisition Services and Other HR Services

In the second quarter of this year, China’s recruitment market continued to diversify, with an increasing recruitment demand for gray-collar and blue-collar positions, while demand for white-collar and above talent remained under pressure. For our business customers, the trend of slower demand and longer recruitment cycles was more pronounced, with a large number of companies reducing their recruitment budgets or seeking more cost-effective recruitment methods in order to reduce costs and increase efficiency. In view of the above market environment, we have adopted a diversified strategy to cater to the needs of different types of enterprises. For small and medium-sized enterprises with limited recruitment budgets, in the first half of the year we continued to establish partnerships with them through

lightweight package products, attracting them to explore Liepin’s recruitment product through its convenient and easy-to-use product form and lower-priced product package. Then, we increased sales to recurring customers through the funnel model to penetrate the small and medium-sized enterprises market, which had a relatively low penetration rate in the past.

On the other hand, we have further strengthened our professional service capabilities and thoroughly explored the needs of key account customers in the field of human resource services to consolidate our differentiated advantage in providing one-stop talent service solutions. This year, based on the deepening of services for existing key account customers, we also further explored key account customers in the new first-tier and core second-tier cities in the Greater Bay Area and the Yangtze River Delta region, and sought additional space for the mid-to-high-end recruitment business in the relatively lower-tier cities. This targeted sales strategy has also driven the growth of Liepin’s business customer base. In the first half of 2024, the total number of Liepin’s paying business customers amounted to 63,472, representing a year-on-year growth of 5.1%. The challenging market environment also prompted us to pursue organizational efficiency improvement through hard work. During the Reporting Period, we have restructured the sequence of business teams to form more targeted business management and refined operation, further realizing internal cost reduction and efficiency improvement.

Continuous product innovation and iteration have helped our business teams to capture the ever-changing recruitment needs in the challenging market. In the first half of the year, we launched “Super Chat”, an AI product that helps customers reach their ideal candidates and obtain accurate intentions. With the refinement of features and technological advancement, the delivery capabilities of “Super Chat” were significantly improved in the second quarter of this year, gaining more favor with our business customers. The number of requests for the product from business customers reached a record high in this quarter, showing a quarterly growth trend. The success of this product has given us the confidence to launch more products in the future. In the second half of the year, we will launch more recruitment products that combine AI algorithms and professional service capabilities to help enterprises improve their recruitment efficiency at various aspects of the recruitment process, and further expand our differentiated service advantages in the mid-to-high-end market. Internal product R&D upgrades also continued in the second quarter of this year. We have integrated the underlying product and technology frameworks of several ports to reduce development and maintenance costs, improve the efficiency of production and research, and support more flexible internal resource allocation to accelerate innovative product development.

In terms of innovative business, we have maintained our consistent emphasis. Duolie Recruiting Cooperation Network (“**Duolie RCN**”), as an online cooperation network for headhunters incubated by Liepin and officially launched in the third quarter of 2023, has been favored by more and more headhunters and maintained rapid growth. In the first half of this year, although the headhunting industry continued to face greater macro challenges,

Duolie RCN continued to provide extensive business and development opportunities for headhunting companies within the network through its constantly refined and optimized products and increasingly rich cooperation models. As at 30 June 2024, there were 2,100 headhunters and 77 headhunting companies in Duolie RCN network, with the proportion of headhunting companies participating in the cooperation increasing by 8 percentage points to 85%. From the second quarter of this year, our Group has initiated resource integration for the operation system related to headhunter participation and delivery with Duolie RCN as the core, achieving efficiency improvement through smoother process management, thereby further expanding the breadth and depth of headhunting-related services. On the other hand, in the second quarter of this year, we further deepened the application of large language model in Duolie RCN by promoting AI-powered digital assistant features, so as to create value-added services for headhunting companies. Faced with the opportunities presented by technological innovation in the recruitment industry, we have extensively explored the market demand through our technological advantages, conducted product R&D and early promotion focusing on key aspects, and then continuously iterated the product features through market feedback, ultimately forming a closed loop of rapid validation of the commercialization path and laying a solid foundation for the launch of more new products and features.

Doris, an AI intelligent interview product launched by the Group in the first quarter of this year, effectively addresses the interviewing needs of various types of enterprises in bulk recruitment. The product has opened up an incremental market for Liepin with its leading technical capabilities and highly customizable tools, and will expand into a broader and more diversified market in the second half of the year. In the second quarter of this year, we focused on polishing the product and optimizing the underlying strategy with features such as resume parsing, in-depth intelligent questioning and a comprehensive anti-cheating system. On the other hand, we specifically developed various capability models to meet the needs of job interviews in different industries, and successfully secured benchmark customers in retail, catering, logistics, medical and other industries, as well as large state-owned enterprises. In the second half of the year, with the arrival of the peak season for campus recruitment and the increasing emphasis on campus hiring by more companies, Doris will gradually establish its product advantages and brand recognition in campus recruitment. Meanwhile, based on the demonstration effect brought by our benchmark customers, in the second half of the year, we will also strive to expand the interview demand in lower-tier markets with larger recruitment scale, so as to expand the service coverage of Liepin Group.

In terms of sub-businesses, our online survey business continued to strengthen its leading position in its market segments. The overall user activity rate of the business stabilized in the second quarter of this year, with the number of questionnaires distributed increasing year-on-year. As of 30 June 2024, we have distributed 276 million questionnaires and collected 20.2 billion responses. Overall, the business continued to be impacted by the downturn in the advertising market. However, the SaaS business made steady progress,

and was generally in a relatively stable recovery. AI-related functions were in the process of refinement and optimization, and the AI functions that we have launched so far, such as report interpretation, content generation and exam paper generation, will also lay the foundation for further commercialization in the future. On the other hand, our flexible staffing business also achieved sustained business growth in the second quarter, and we will continue to strengthen the service capabilities of this business in the catering, retail and technology industries to further expand our customer coverage.

Talent Development

In terms of our individual users, as of 30 June 2024, the number of registered individual users exceeded 100 million, reaching 100.8 million, representing a year-on-year increase of 10.9%. Additionally, user activity has also grown significantly, with the average number of monthly active users in the second quarter of this year increasing by 10.3% year-on-year. In the first half of the year, we placed greater emphasis on refining our marketing channel management, optimizing budget allocations based on the conversion rates of each channel to better enhance the efficiency of user acquisition on our platform. At the same time, we continued to explore methods to recall and revitalize high-quality talent through innovative product offerings and recall strategies. This allows us to revitalize the high-quality existing talent pool, facilitating more efficient job-candidate matching, thereby optimizing the platform experience for both business and individual users.

In the second quarter and the first half of this year, the revenue generated from providing talent development services to individual users was RMB91.3 million and RMB160.5 million, respectively, representing a year-on-year increase of 44.5% and 40.6%, respectively. Our online professional certification training services achieved notable growth in the first half of 2024, which contributed to the overall revenue growth of our talent development services. In the first half of the year, we focused on optimizing the operational efficiency of our psychological counsellor training programs by leveraging precise traffic management and AI-assisted sales enhancements, which improved the productivity of our sales staff and increased the profit margin of our product lines. In addition, the Company has launched new offerings such as the master of international psychology and family counseling courses to increase cross-purchase and enhance the lifetime value of each customer. We will continue our efforts in this area during the year to improve existing business efficiencies while meeting the diversified demands of more clients, thereby enhancing our professionalism and market competitiveness.

FUTURE OUTLOOK AND STRATEGIES

The overall demand for mid-to-high-end recruitment market in China is highly linked to the recovery of economic fundamentals, especially the recovery of large enterprises in core industries. As our country is still in a critical period where multiple external disturbances are superimposed on the transformation of internal development dynamics, we expect that the mid-to-high-end recruitment market will still face certain pressures in the short term. However, the challenging market environment also provides us with a valuable opportunity to strengthen our core competitiveness, solidify our advantages, and expand our market share. In recent years, the demand for cost reduction and efficiency improvement among enterprises has driven HR service providers to continuously enhance the efficiency and certainty of their product offerings. The intensifying market competition has put pressure on service providers with limited scale, insufficient technical advantages and slow adaptability, leading to increased concentration in the mid-to-high-end recruitment market, while leading service providers that can navigate through the economic cycle smoothly will benefit from a more favorable competitive environment as the market recovers.

Throughout this year, in the face of structural changes in enterprises recruitment demand, we continue to follow a diversified sales strategy. We will achieve deeper penetration with large customers and broader coverage of small and medium-sized enterprises through organizational restructuring and service enhancements. Additionally, we will also focus on iterating recruitment products with higher cost-effectiveness and more intuitive recruitment effects. This approach will amplify our professional service advantages in the mid-to-high-end online recruitment market to explore broader business opportunities. In terms of innovative businesses, the rapid growth of the Duolie RCN business aligns with the development goal the Group set at the beginning of the year. As the business expands, we expect that Duolie RCN will gradually refine its collaboration models and explore more diversified commercialization paths. On the other hand, after nearly half a year of market expansion, Doris, our AI intelligent interviewer, will be used and validated by more enterprises in the second half of this year. We also look forward to extending our business by leveraging this product to extend our reach and tap into the growth potential of the lower-tier market.

In terms of the internal operations of the Group, cost reduction and efficiency improvement remain the main themes guiding our business decisions and activities throughout this year. Since the beginning of the year, the Group has significantly scaled back its marketing expenditures, restructured its business framework to implement more precise team management. Meanwhile, product development and other back-office teams have also continued to enhance their efficiency and adjusted personnel allocation based on actual needs, with a view to building a more streamlined organizational structure. In the medium to long term, we will focus on the sustainable development of the Group, implementing flexible strategies in response to market changes, and continuously creating value for our users and the industry.

INTERIM RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2024, as follows:

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	3	1,014,571	1,092,965
Cost of revenue		<u>(222,692)</u>	<u>(270,946)</u>
Gross profit		791,879	822,019
Other income	4	66,487	75,350
Sales and marketing expenses		(482,680)	(557,552)
General and administrative expenses		(142,497)	(157,676)
Research and development expenses		(160,516)	(169,411)
Profit from operations		72,673	12,730
Net finance (cost)/income	5	(1,614)	6,241
Share of results of associates		1,856	295
Profit before taxation	5	72,915	19,266
Income tax	6	(6,890)	(6,394)
Profit for the period		66,025	12,872
Attributable to:			
Equity shareholders of the Company		45,333	8,300
Non-controlling interests		20,692	4,572
Profit for the period		66,025	12,872
Earnings per share	7		
Basic (RMB Cent)		9.52	1.71
Diluted (RMB Cent)		9.48	1.70

Consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>66,025</u>	<u>12,872</u>
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>7,329</u>	<u>46,870</u>
Other comprehensive income for the period	<u>7,329</u>	<u>46,870</u>
Total comprehensive income for the period	<u><u>73,354</u></u>	<u><u>59,742</u></u>
Attributable to:		
Equity shareholders of the Company	52,662	55,170
Non-controlling interests	<u>20,692</u>	<u>4,572</u>
Total comprehensive income for the period	<u><u>73,354</u></u>	<u><u>59,742</u></u>

Consolidated statement of financial position

at 30 June 2024 — unaudited

(Expressed in RMB)

		At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	8	135,070	154,627
Investment properties		22,400	22,915
Intangible assets		94,328	104,280
Goodwill		840,177	840,177
Interests in associate		14,779	12,923
Other equity assets		201,787	201,493
Deferred tax assets		17,255	15,633
Other non-current assets		10,600	13,641
Time deposits with banks		70,000	201,672
		1,406,396	1,567,361
Current assets			
Trade receivables	9	164,314	146,290
Prepayments and other receivables	10	185,086	132,244
Receivables from related parties		2,341	2,309
Other current assets		701,487	726,182
Time deposits with banks		1,396,180	1,287,604
Cash and cash equivalents	11	514,789	666,734
		2,964,197	2,961,363
Current liabilities			
Trade and other payables	12	305,113	414,099
Contract liabilities		739,712	796,443
Interest-bearing borrowings		61,000	20,224
Lease liabilities		58,958	59,879
Current taxation		3,417	3,335
		1,168,200	1,293,980

Consolidated statement of financial position
at 30 June 2024 — unaudited (continued)
(Expressed in RMB)

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Net current assets	<u>1,795,997</u>	<u>1,667,383</u>
Total assets less current liabilities	3,202,393	3,234,744
Non-current liabilities		
Lease liabilities	36,880	53,880
Deferred tax liabilities	<u>10,665</u>	<u>11,343</u>
	<u>47,545</u>	<u>65,223</u>
NET ASSETS	<u>3,154,848</u>	<u>3,169,521</u>
CAPITAL AND RESERVES		
Share capital	334	339
Reserves	<u>2,958,129</u>	<u>2,892,448</u>
Total equity attributable to equity shareholders of the Company	2,958,463	2,892,787
Non-controlling interests	<u>196,385</u>	<u>276,734</u>
TOTAL EQUITY	<u>3,154,848</u>	<u>3,169,521</u>

Condensed consolidated statement of cash flows
for the six months ended 30 June 2024 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities		
Cash used in operations	(110,419)	(180,816)
Tax paid	(9,110)	(17,217)
	<hr/>	<hr/>
Net cash used in operating activities	(119,529)	(198,033)
	<hr/>	<hr/>
Investing activities		
Proceeds from maturity of wealth management products	346,589	756,563
Payment for the purchase of property, plant and equipment, and intangible assets	(10,541)	(8,347)
Payment for the purchase of equity securities	(118)	(6,500)
Payment for the purchase of wealth management products	(297,000)	(312,000)
Other cash flows arising from investing activities	19,504	26,947
	<hr/>	<hr/>
Net cash generated from investing activities	58,434	456,663
	<hr/> <hr/>	<hr/> <hr/>

Condensed consolidated statement of cash flows*for the six months ended 30 June 2024 — unaudited (continued)**(Expressed in RMB)*

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Financing activities			
Proceeds from interest-bearing borrowings		56,524	102,684
Repayments of interest-bearing borrowings		(15,748)	(31,317)
Shares held for RSU scheme		—	(168,870)
Payment for the purchase of own shares		—	(82,798)
Interest element of lease rentals paid		(2,439)	(4,139)
Capital element of lease rentals paid		(29,128)	(27,514)
Dividend paid to non-controlling owners		(100,200)	—
Other cash flows arising from financing activities		(660)	(685)
		<hr/>	<hr/>
Net cash used in financing activities		(91,651)	(212,639)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(152,746)	45,991
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		666,734	476,481
		<hr/>	<hr/>
Effect of foreign exchanges rates changes		801	1,998
		<hr/>	<hr/>
Cash and cash equivalents at 30 June	<i>11</i>	<u>514,789</u>	<u>524,470</u>

Notes to the unaudited interim financial statements

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 30 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. The interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

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

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the amendments to IFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 Revenue

Disaggregation of revenue

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
— Services to business customers	853,218	977,968
— Services to individual paying users	160,465	114,132
	<u>1,013,683</u>	<u>1,092,100</u>
 Revenue from other sources		
— Rental income from investment properties	888	865
	<u>1,014,571</u>	<u>1,092,965</u>

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2023 and 2024.

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

4 Other income

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income from bank deposits	36,529	36,478
Investment income from wealth management products	21,507	13,182
Government grant	8,044	11,848
Additional deduction for value added tax	—	2,564
Dividend income	293	11,224
Others	114	54
	<u>66,487</u>	<u>75,350</u>

6 Income tax

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax	9,192	9,399
Deferred taxation	(2,302)	(3,005)
	<u>6,890</u>	<u>6,394</u>

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

7 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB45,333 thousand (six months ended 30 June 2023: RMB8,300 thousand) and the weighted average of 476,014,287 ordinary shares (2023: 486,811,471) in issue during the interim period.

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB45,333 thousand (six months ended 30 June 2023: RMB8,300 thousand) and the weighted average number of ordinary shares of 478,052,820 (2023: 488,655,116).

8 Investment properties and property, plant and equipment

(a) *Right-of-use assets*

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB10,513 thousand.

(b) *Acquisitions and disposals of owned assets*

During the six months ended 30 June 2024, the Group acquired items of office equipment and others and leasehold improvements with a cost of RMB10,001 thousand (six months ended 30 June 2023: RMB6,819 thousand). Items of office equipment and others with a net book value of RMB155 thousand were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB79 thousand), resulting in a gain on disposal of RMB1 thousand (six months ended 30 June 2023: loss of RMB5 thousand).

9 Trade receivables

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables — measured at amortized cost	<u>164,314</u>	<u>146,290</u>

Ageing analysis

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 60 days	164,196	146,251
60 days to 1 year	<u>118</u>	<u>39</u>
	<u>164,314</u>	<u>146,290</u>

10 Prepayments and other receivables

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Prepayments to suppliers	73,536	49,249
Other receivables	71,327	52,518
Interest receivable	40,223	30,477
	<u>185,086</u>	<u>132,244</u>

11 Cash and cash equivalents

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Demand deposits with banks	514,789	666,734
Cash and cash equivalents	<u>514,789</u>	<u>666,734</u>

12 Trade and other payables

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade payables to third parties	70,347	82,748
Salary and welfare payable	164,501	243,284
Other tax payables	20,491	23,205
Other payables	49,774	64,862
	<u>305,113</u>	<u>414,099</u>

Ageing analysis

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 30 days	62,491	61,204
30 days to 1 year	7,856	21,544
	<u>70,347</u>	<u>82,748</u>

FINANCIAL REVIEW

Six Months Ended 30 June 2024 Compared to Six Months Ended 30 June 2023

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,014,571	1,092,965
Cost of revenue	<u>(222,692)</u>	<u>(270,946)</u>
Gross profit	791,879	822,019
Other income	66,487	75,350
Sales and marketing expenses	(482,680)	(557,552)
General and administrative expenses	(142,497)	(157,676)
Research and development expenses	<u>(160,516)</u>	<u>(169,411)</u>
Profit from operations	72,673	12,730
Net finance (cost)/income	(1,614)	6,241
Share of results of associates	<u>1,856</u>	<u>295</u>
Profit before taxation	72,915	19,266
Income tax	<u>(6,890)</u>	<u>(6,394)</u>
Profit for the period	<u>66,025</u>	<u>12,872</u>
Attributable to:		
Equity shareholders of the Company	45,333	8,300
Non-controlling interests	<u>20,692</u>	<u>4,572</u>
Profit for the period	<u>66,025</u>	<u>12,872</u>
Non-GAAP Profit from Operations	93,953	46,925

Revenue

Our revenue was RMB1,014.6 million for the six months ended 30 June 2024, a 7.2% decrease from RMB1,093.0 million for the six months ended 30 June 2023. Revenue from talent acquisition and other HR services to our business customers, accounting for 84.1% of our revenue, was RMB853.2 million for the six months ended 30 June 2024, an 12.8% decrease from RMB978.0 million for the six months ended 30 June 2023, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year. Revenue from talent acquisition and other HR services to our business customers mainly comprised (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.

Revenue from talent development services to individual users, accounting for 15.8% of our revenue, was RMB160.5 million for the six months ended 30 June 2024, a 40.6% increase from RMB114.1 million for the six months ended 30 June 2023, primarily driven by the deep commitment to our psychological counselor training course, and the successful expansion of psychology related courses. Revenue from talent development services to individual users primarily consisted of providing premium membership services, career coaching, CV advisory and certification training services.

Revenue from rental income from investment properties was RMB0.9 million for the six months ended 30 June 2024, and RMB0.9 million for the six months ended 30 June 2023.

The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	<i>RMB '000</i>	<i>%</i>	<i>RMB '000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	853,218	84.1	977,968	89.5
Talent development services to individual users	160,465	15.8	114,132	10.4
Rental income from investment properties	888	0.1	865	0.1
Total	<u>1,014,571</u>	<u>100.0</u>	<u>1,092,965</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB222.7 million for the six months ended 30 June 2024, a 17.8% decrease from RMB270.9 million for the six months ended 30 June 2023. The amortization of intangible assets resulting from acquisition was RMB8.6 million (2023: RMB8.6 million). The share-based compensation expenses were RMB(0.7) million (2023: RMB0.2 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB791.9 million for the six months ended 30 June 2024, a 3.7% decrease from RMB822.0 million for the six months ended 30 June 2023. Gross profit margin increased to 78.1% for the six months ended 30 June 2024 from 75.2% for the six months ended 30 June 2023, primarily due to our strict controls on the gross margins of project-based products and cost-saving and efficiency improvement measures on the personnel side.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB482.7 million for the six months ended 30 June 2024, a 13.4% decrease from RMB557.6 million for the six months ended 30 June 2023, which was primarily due to the decrease in marketing spending and sales personnel incentive expenses. The share-based compensation expenses were RMB2.1 million (2023: RMB5.6 million), and the amortization of intangible assets resulting from acquisition was RMB0.5 million (2023: RMB0.7 million). Our sales and marketing expenses as a percentage of revenue decrease from 51.0% for the six months ended 30 June 2023 to 47.6% for the six months ended 30 June 2024.

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB142.5 million for the six months ended 30 June 2024, a 9.6% decrease from RMB157.7 million for the six months ended 30 June 2023, which was primarily due to the decrease in general and administrative personnel costs, among which, the share-based compensation expenses was RMB8.0 million (2023: RMB11.9 million). Our general and administrative expenses as a percentage of revenue decrease from 14.4% for the six months ended 30 June 2023 to 14.0% for the six months ended 30 June 2024.

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB160.5 million for the six months ended 30 June 2024, an 5.3% decrease from RMB169.4 million for the six months ended 30 June 2023, which was primarily due to the decrease in the R&D personnel costs. Among which, the share-based compensation expenses decreased from RMB7.2 million for the six months ended 30 June 2023 to RMB2.8 million for the six months ended 30 June 2024. As a percentage of revenue, our R&D expenses increase from 15.5% for the six months ended 30 June 2023 to 15.8% for the six months ended 30 June 2024.

Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income decrease by 11.8% from RMB75.4 million for the six months ended 30 June 2023 to RMB66.5 million for the six months ended 30 June 2024, primarily due to the decrease in dividend income, partially offset by the increase in investment income from wealth management products, due to optimizing investment in financial products.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB72.7 million for the six months ended 30 June 2024, compared to RMB12.7 million for the six months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Net Finance (Cost)/Income

Net finance (cost)/income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance cost was RMB1.6 million for the six months ended 30 June 2024, compared to a net finance income of RMB6.2 million for the six months ended 30 June 2023, primarily as a result of the decrease in foreign currency exchange gain due to the narrow appreciation of USD against RMB in 2024.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB72.9 million for the six months ended 30 June 2024, compared to RMB19.3 million for the six months ended 30 June 2023.

Income Tax

Income tax was RMB6.9 million for the six months ended 30 June 2024, compared to RMB6.4 million for the six months ended 30 June 2023.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB66.0 million for the six months ended 30 June 2024, compared to RMB12.9 million for the six months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Three Months Ended 30 June 2024 Compared to Three Months Ended 30 June 2023

	Three months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	543,758	589,801
Cost of revenue	<u>(117,033)</u>	<u>(150,484)</u>
Gross profit	426,725	439,317
Other income	30,688	46,487
Sales and marketing expenses	(230,396)	(279,541)
General and administrative expenses	(62,253)	(76,012)
Research and development expenses	<u>(79,214)</u>	<u>(80,881)</u>
Profit from operations	85,550	49,370
Net finance (cost)/income	(410)	13,388
Share of results of associates	<u>1,201</u>	<u>46</u>
Profit before taxation	86,341	62,804
Income tax	<u>(7,116)</u>	<u>(1,663)</u>
Profit for the period	<u>79,225</u>	<u>61,141</u>
Attributable to:		
— Equity shareholders of the Company	55,428	50,683
— Non-controlling interests	<u>23,797</u>	<u>10,458</u>
Profit for the period	<u>79,225</u>	<u>61,141</u>
Non-GAAP Profit from Operations	95,431	62,925

Revenue

Our revenue was RMB543.8 million for the three months ended 30 June 2024, an 7.8% decrease from RMB589.8 million for the three months ended 30 June 2023. Revenue from talent acquisition and other HR services to our business customers, accounting for 83.1% of our revenue, was RMB452.0 million for the three months ended 30 June 2024, a 14.1% decrease from RMB526.2 million for the three months ended 30 June 2023, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year.

Revenue from talent development services to individual users, accounting for 16.8% of our revenue, was RMB91.3 million for the three months ended 30 June 2024, a 44.5% increase from RMB63.2 million for the three months ended 30 June 2023, primarily driven by the deep commitment to our psychological counselor training course, and the successful expansion of psychology related courses.

Revenue from rental income from investment properties was RMB0.4 million for the three months ended 30 June 2024, and RMB0.4 million for the three months ended 30 June 2023.

The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the three months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	452,008	83.1	526,198	89.2
Talent development services to individual users	91,304	16.8	63,171	10.7
Rental income from investment properties	446	0.1	432	0.1
Total	<u>543,758</u>	<u>100.0</u>	<u>589,801</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB117.0 million for the three months ended 30 June 2024, a 22.2% decrease from RMB150.5 million for the three months ended 30 June 2023. The amortization of intangible assets resulting from acquisition was RMB4.3 million in 2024 (2023: RMB4.3 million). The share-based compensation expenses were RMB(0.8) million (2023: RMB0.1 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB426.7 million for the three months ended 30 June 2024, a 2.9% decrease from RMB439.3 million for the three months ended 30 June 2023. Gross profit margin increase to 78.5% for the three months ended 30 June 2024 from 74.5% for the three months ended 30 June 2023 due to our strict controls on the gross margins of project-based products and cost-saving and efficiency improvement measures on the personnel side.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB230.4 million for the three months ended 30 June 2024, a 17.6% decrease from RMB279.5 million for the three months ended 30 June 2023, due to the decrease in marketing spending and sales personnel incentive expenses. The share-based compensation expenses were RMB0.5 million (2023: RMB3.0 million), and the amortization of intangible assets resulting from acquisition was RMB0.3 million (2023: RMB0.3 million). Our sales and marketing expenses as a percentage of revenue decrease from 47.4% for the three months ended 30 June 2023 to 42.4% for the three months ended 30 June 2024.

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB62.3 million for the three months ended 30 June 2024, a 18.1% decrease from RMB76.0 million for the three months ended 30 June 2023, which was primarily due to the decrease in general and administrative personnel costs. The share-based compensation expenses were RMB5.5 million in the three months ended 30 June 2024 as compared to RMB2.3 million in the three months ended 30 June 2023. Our general and administrative expenses as a percentage of revenue decreased from 12.9% for the three months ended 30 June 2023 to 11.4% for the three months ended 30 June 2024.

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB79.2 million for the three months ended 30 June 2024, a 2.1% decrease from RMB80.9 million for the three months ended 30 June 2023. The share-based compensation expenses decreased from RMB3.5 million for the three months ended 30 June 2023 to RMB0.1 million for the three months ended 30 June 2024. As a percentage of revenue, our R&D expenses increased from 13.7% for the three months ended 30 June 2023 to 14.6% for the three months ended 30 June 2024.

Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income decreased by 34.0% from RMB46.5 million for the three months ended 30 June 2023 to RMB30.7 million for the three months ended 30 June 2024, primarily due to the decrease in dividend income.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB85.6 million for the three months ended 30 June 2024, compared to RMB49.4 million for the three months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Net Finance (Cost)/Income

Net finance (cost)/income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance cost was RMB0.4 million for the three months ended 30 June 2024, compared to a net finance income of RMB13.4 million for the three months ended 30 June 2023, primarily as a result of the decrease in foreign currency exchange gain due to the narrow appreciation of USD against RMB in 2024.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB86.3 million for the three months ended 30 June 2024, compared to RMB62.8 million for the three months ended 30 June 2023.

Income Tax

Income tax expenses was RMB7.1 million for the three months ended 30 June 2024, compared to an income tax credit of RMB1.7 million for the three months ended 30 June 2023.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB79.2 million for the three months ended 30 June 2024, compared to RMB61.1 million for the three months ended 30 June 2023, primarily attributable to the improving operation leverage driven by the increase in efficiency of our management and sales team.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with the IFRS and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance, non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has been presented in this announcement.

These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with the IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies. The Company's management believes that these non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain non-cash items and one-off items.

	For the three months ended 30 June		For the six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Profit from Operations	85,550	49,370	72,673	12,730
Share-based compensation expenses	5,328	8,925	12,173	24,935
Amortization of intangible assets resulting from acquisition	4,553	4,630	9,107	9,260
Non-GAAP Profit from Operations	95,431	62,925	93,953	46,925

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 RMB514.8 million and RMB524.5 million as of 30 June 2024 and 30 June 2023, respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

	For the six months ended	
	30 June	
	2024	2023
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net cash used in operating activities	(119,529)	(198,033)
Net cash generated from investing activities	58,434	456,663
Net cash used in financing activities	(91,651)	(212,639)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(152,746)	45,991
Effect of foreign exchange rate changes	801	1,998
Cash and cash equivalents at 1 January	666,734	476,481
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	514,789	524,470

Net Cash Used in Operating Activities

For the six months ended 30 June 2024, net cash used in operating activities was RMB119.5 million, compared to RMB198.0 million for the six months ended 30 June 2023, primarily driven by implementing cost-saving and efficiency improvement strategies.

Net Cash Generated from Investing Activities

For the six months ended 30 June 2024, net cash generated from investing activities was RMB58.4 million, compared to RMB456.7 million for the six months ended 30 June 2023, primarily due to the decrease in the net proceeds from wealth management products.

Net Cash Used in Financing Activities

For the six months ended 30 June 2024, net cash used in financing activities was RMB91.7 million, compared to RMB212.6 million for the six months ended 30 June 2023, primarily due to the decrease in payment for shares held for the Company's restricted share unit scheme and the purchase of own shares.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2024 was 1.40% (30 June 2023: 1.73%).

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 30 June 2024, the Company had ten short-term bank loans with total principal amount of RMB61.0 million, all secured, with fixed interest rate from 3.1% to 3.85% p.a. which will be due within a year.

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

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of and charge on the Group's assets as at 30 June 2024.

CONTINGENT LIABILITIES

As of 30 June 2024, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

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

For the six months ended 30 June 2024 and 2023, we had foreign currency exchange gain (both realized and unrealized) of RMB2.1 million and RMB11.6 million, respectively, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain for the six months ended 30 June 2024 was mainly attributable to the appreciation of USD against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2024.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies during the six months ended 30 June 2024.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,552.7 million out of the net proceeds have been utilized as of 30 June 2024 in the manner consistent with that disclosed in the Prospectus dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 30 June 2024, the unutilized net proceeds was in the amount of approximately HKD251.9 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, as of 30 June 2024, the Group did not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices and has complies with the code provisions as set out in the CG Code during the six months ended 30 June 2024 except for the following deviation from the Code Provision C.2.1 of the CG Code.

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

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (or sale of treasury shares, if any).

As at 30 June 2024, the Company did not hold any treasury shares as defined under the Listing Rules.

Audit Committee

The Audit Committee currently has three members (all are independent non-executive Directors), being Mr. Zhang Ximeng, Mr. Ye Yaming and Ms. Fan Xinpeng, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2024. The Audit Committee has reviewed and considered that the interim financial results for the six months ended 30 June 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 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 during the six months ended 30 June 2024.

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

From 1 July 2024 up to the date of this announcement, there are no other significant events occurred after the Reporting Period that may affect the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 to the shareholders of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Company for the six months ended 30 June 2024 containing all the information required by Appendix D2 of the Listing Rules will be published on the above websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

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

“AI”	artificial intelligence
“Audit Committee”	the audit committee of our Company
“Board”	the board of directors of our Company
“Business customers”	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
“Company”, “our Company”, or “the Company”	Tongdao Liepin Group (stock code: 6100), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of our Company

“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HR”	Human Resources
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRS”	International Finance Reporting Standards, amendments and interpretations, as issued by the IASB
“Individual paying users”	the individual users that have previously subscribed for the Company’s premium membership services or CV advisory services at least once as of a given date
“Individual users”	the individual users that have completed all required registration and verification procedures for our talent development services to the Group’s satisfaction
“Job postings”	active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due for more than 90 days
“Liepin Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company, dated 19 June 2018, in relation to its global offering
“R&D”	research and development

“Registered individual users”	the individual users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both individual paying users and individual non-paying users as of a given date
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of PRC
“SaaS”	software-as-a-solution, which refers to the Company’s talent services delivery model where the Company hosts a range of proprietary software solutions and provides 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
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“Verified business users”	all business users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date
“Verified headhunters”	the headhunters that have completed all required registration and verification procedures to the Company’s satisfaction

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 30 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. DAI Kebin and Mr. TIAN Ge; and the independent non-executive directors of the Company are Mr. YE Yaming, Mr. ZHANG Ximeng and Ms. FAN Xinpeng.