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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**” or “**our Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”, “**Liepin Group**”, “**our Group**”, “**we**”, “**us**”, or “**our**” for the year ended 31 December 2021, together with comparative figures for the year ended 31 December 2020.

FINANCIAL HIGHLIGHTS

- Revenue primarily generated from providing talent acquisition and other Human Resource (“**HR**”) services to our business customers and providing talent development services to individual users was RMB2,651.5 million in 2021, a 41.8% increase from RMB1,869.7 million in 2020.
- Gross profit was RMB2,067.1 million in 2021, a 41.9% increase from RMB1,457.1 million in 2020.
- Net profit was RMB191.4 million in 2021, a 106.2% increase from RMB92.8 million in 2020. Net profit attributable to the owners of the Company was RMB134.4 million in 2021, a 150.7% increase from RMB53.6 million in 2020.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB372.8 million in 2021, a 50.0% increase from RMB248.6 million in 2020. Non-GAAP profit attributable to equity owners of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB276.5 million in 2021, a 76.8% increase from RMB156.4 million in 2020.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

	For the three months ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020
	(unaudited)	(unaudited)		
	(in RMB'000)		(in RMB'000)	
Revenue	771,253	607,642	2,651,468	1,869,668
Gross Profit	585,632	454,830	2,067,132	1,457,093
Net Profit	23,290	(18,877)	191,429	92,823
Net profit attributable to the owners of the Company	6,259	(13,483)	134,425	53,627
Non-GAAP operating profit of the Company	65,302	40,978	372,771	248,582
Non-GAAP profit attributable to equity owners of the Company	37,490	10,207	276,490	156,409

MANAGEMENT DISCUSSION & ANALYSIS

MARKET REVIEW

The PRC Talent Acquisition and Other HR Services Market

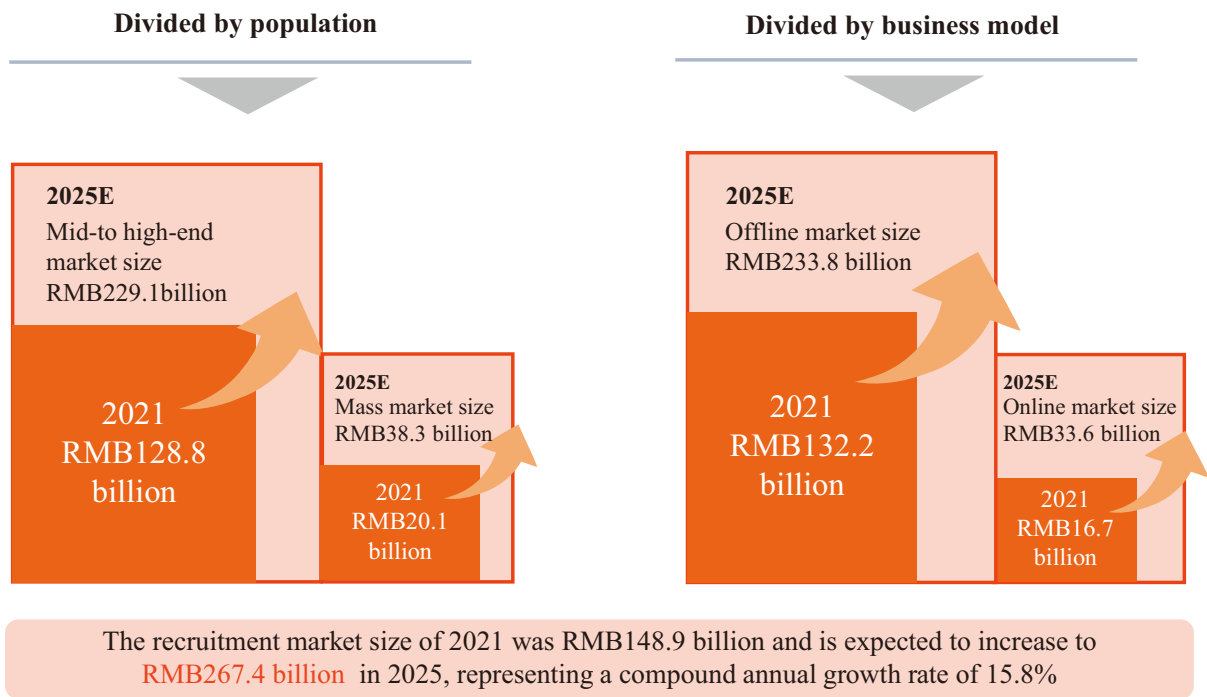
In 2021, while the pandemic was still wide-spreading worldwide, the domestic and international situation remained complex. Facing a challenge unfronted before, China scientifically combated the pandemic and achieved steady economic recovery. In the government's "six priorities" and "stability in six areas", promoting employment remained as one of the primary tasks of the macro-policies. Enterprises also put more attention than before to efficiency improvement and talent upgrade. The job-posting-to-talent ratio remained at a relatively high level at 1.56 times by the end of 2021, meaning that talent was still in short supply.

Meanwhile, in 2021, China's industrial structure was also undergoing profound changes. Tertiary industry, represented by high-tech and modern service industries, continued to grow, bringing up its gross domestic product (GDP) contribution and creating high-quality job opportunities. However, the structural imbalance between employment and recruitment remained a major problem in the national employment market, calling for the optimization of the labor structure among various industries. Therefore, professional talent service providers were needed more than ever. Such professional services have improved the efficiency of talent matching and promoted the mobility of high-quality talents across companies or industries.

The recruitment industry was gaining prosperity in 2021. According to our data, the total number of job postings on our platform in 2021 was 9.2 million, realizing an increase of 33.2% compared to the year before. In 2021, the automobile transportation industry realized the highest year-on-year growth of new job postings at 58.88%. Artificial intelligence (AI), manufacturing, big data, and energy & environmental protection ranked second to fifth. Among sub-industries, the number of new job postings of new energy vehicles and automatic driving increased by more than 130% on a year-on-year basis, leading all others. Looking forward to 2022, according to the survey conducted by Liepin Big Data Research Institute (獵聘大數據研究院), 72.21% of enterprises showed confidence in the recruitment market, among which the machinery manufacturing, pharmaceutical and medical industries have the most abundant recruitment budgets.

China’s recruitment market size reached RMB148.9 billion in 2021, bouncing back by 23% from 2020 according to the iResearch report¹. The mid-to high-end recruitment market size took 86.5% of the total market size, reaching RMB128.8 billion in 2021. It is expected that the recruitment market size will reach RMB267.4 billion in 2025, with a compound annual growth rate of 15.8%. Stimulated by the pandemic, enterprises were accelerating their digital transformation, driving the rapid growth of the online recruitment market in 2021. The market size of the online recruitment industry rose to RMB16.7 billion with penetration rate increasing to 11.2%. The growth of the online recruitment market is also expected to take the lead, and the market size will reach RMB33.6 billion in 2025, representing a compound annual growth rate of 19.2%.

Recruitment Market Size of China



1 Online recruitment refers to the matching and recruitment of enterprises and candidates through online channels including websites, APP and applet; offline recruitment refers to the matching and recruitment through offline channels including recruitment fairs, head hunter connections and outsourced recruitment process while excluding the recruitment services provided by regional labor service providers. The sizes of the overall recruitment market and relevant segment markets in China are calculated based on the operating income from different business lines of the service provider, without taking account into the operating income of businesses with flexible staffing.

As online recruitment concreted its vital role in reaching out to talents and solving the employment issue, the government has promulgated a slew of related laws and policies to support the development of the industry, under the premise of maintaining national cyber security and safeguarding public interests. Particularly, two crucial laws, the “Data Security Law of the People’s Republic of China (the “**PRC**”)” and the “the PRC Personal Information Protection Law”, were enacted in 2021 and took effect on 1 September 2021 and 1 November 2021, respectively. Consequently, the compliance of business operation has become a major issue for internet companies, especially in sectors highly related to national development and people’s livelihood, such as the recruitment industry. Leading players in the industry which have always adopted the highest standard and abided by the strictest rules and regulations are expected to continuously benefit from their healthy and sustainable business practices.

The PRC Talent Development Services Market

In 2021, the first year of the 14th Five-Year Plan, a slew of policies to stabilize and promote employment were issued and implemented, establishing a solid groundwork to comprehensively solve the employment problem and realize common prosperity. The principles of the talent-related central conference in September 2021 was laid out as follows: “In the new era, talent consists an important indicator to measure a country’s overall national strength, and construction of high-quality talents has become an essential part of the national strategy.” As China’s economic development is transforming from pursuing “high-speed growth” to securing “high-quality growth”, the demand for high-quality talents will further increase and the optimization of talent structure will become more significant.

Talent development is inseparable from the construction and improvement of the national education system. According to the PRC Ministry of Education, the number of college graduates in 2022 is expected to reach a record high of 10.8 million. As higher education becomes increasingly prevalent, government departments and society also pay particular attention to reforming and upgrading the professional education system. The State Council and the PRC Ministry of Education have already issued multiple policies on promoting professional education to accelerate the development of China’s skilled talents, which could lead to the growth of related industries.

BUSINESS REVIEW

Overall Performance and Highlights

The year 2021 marked the 10th year of Liepin. As a pioneer of the online talent service platform in China that focuses on mid-to high-end talent acquisition services, we have demonstrated the effectiveness and sustainability of our business model, solidified our leading position in China's mid-to high-end online talent acquisition market, and proved our long-term growth capability across cycles. During the last ten years, our Group has accumulated rich industrial know-how, formed unique technical barriers, built up a professional team, and continued to enhance our user recognition. With the aforesaid advantages and abilities, we were able to sharply grasp the market opportunities and achieve robust growth in 2021. The total revenue and gross profit for the year 2021 amounted to RMB2,651.5 million and RMB2,067.1 million, respectively, representing an increase of 41.8% and 41.9% compared to 2020. The growth was mainly driven by the increasing talent demand from the recovery of the online talent acquisition market, high user retention of our software-as-a-solution (the “SaaS”) model, our enriching product matrix, and our successful execution of agile sales and market strategies under the dynamic macro-environment.

During the year 2021, the recovery of the talent acquisition business was notable along with other services. Postponed enterprises' demands for talent services due to the pandemic got released in 2021, contributing to the surge of business performance on the business customer side. Meanwhile, relying on our timely and precise anticipation of market dynamics credit to the leading indicators that we observed in talent acquisition businesses and rich experiences from serving various verticals, we were able to ride the tailwind of market trends by providing suitable talent services to fast-growing enterprises. For the year ended 31 December 2021, we generated revenue of RMB2,309.0 million (compared with RMB1,723.2 million generated during the same period in 2020) from talent acquisition services and other HR services. The number of our verified business users and business customers increased significantly from 725,059 and 55,036 as of 31 December 2020 to 1,003,196 and 72,554 as of 31 December 2021 respectively, representing a year-on-year increase of 38.4% and 31.8% respectively.

By providing comprehensive talent development services, including career advisory, certification training, etc., our online platform's individual user traffic grew steadily and reached a record high in December 2021. For the year ended 31 December 2021, our revenue generated from talent development services to individual users was RMB341.1 million (compared with RMB144.1 million generated during the same period in 2020), representing a year-on-year increase of 136.7%. The number of registered individual users increased from 63.2 million as of 31 December 2020 to 73.9 million as of 31 December 2021, representing a year-on-year increase of 16.9%.

In 2021, we continued to cement our well-established headhunter ecosystem in the Chinese market. We kept attracting more headhunters to our platforms with our diversified products and unique resources while keeping the registration requirements as strict as always. The number of our verified headhunters increased from 168,108 as of 31 December 2020 to 197,357 as of 31 December 2021. The total number of contacts with registered individual users by our verified headhunters increased from 816.6 million to 1.08 billion over the same period. The involvement of quality headhunters significantly boosted the level of activity and engagement of the registered individual users.

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

	As of 31 December		
	2021	2020	%
Individual Users			
Number of registered individual users (<i>in millions</i>)	73.9	63.2	16.9
Number of individual paying users (<i>accumulative</i>)	451,718	367,984	22.8
Average annual salary of registered individual users (<i>in RMB</i>)	188,156	182,573	3.1
Number of CVs (<i>in millions</i>)	73.9	63.2	16.9
Business Users and Customers			
Number of verified business users	1,003,196	725,059	38.4
Number of business customers	72,554	55,036	31.8
Number of job postings (<i>in millions</i>)	9.2	6.9	33.3
Headhunters			
Number of verified headhunters	197,357	168,108	17.4
Number of contacts with registered individual users by our verified headhunters (<i>in millions</i>)	1,084.7	816.6	32.8

During the year 2021, we continued to implement our long-term growth strategy of “building a technology and big data-driven one-stop talent service platform” and actively penetrate the talent service market. Set forth below is a summary of major developments of our business in 2021.

Talent Acquisition Services to Business Users

Talent acquisition services to business users continued to be our major source of revenue. In 2021, Liepintong (獵聘通) remained our primary SaaS product through which we offered a wide range of talent solutions via personal computers, mobile apps, and applets. We continued to provide free basic talent solutions to all registered business users. Meanwhile, building on our user-friendly and standardized SaaS products, we also offered subscription packages with various talent acquisition modules to business customers to access advanced talent acquisition services to further improve their recruitment efficiency. By subscribing our products, our business customers can enjoy various kinds of value-added services, including (1) resources and management tools such as candidate sourcing and account management; and (2) efficiency tools such as prioritizing job postings, inviting talents to apply for jobs in batches, asking candidates' job intentions and checking their backgrounds, etc.

Furthermore, since we pioneered the headhunter-assisted, closed-loop talent acquisition service model, we maintained our dominating position in this business sector benefiting from our unique positioning in the mid-to high-end market and well-established headhunter ecosystem on our platform. These products enable our business customers to enjoy a series of online talent acquisition services and obtain customized hiring services at different hiring milestones such as interview or onboarding from AI-selected headhunters with result-driven fee structures. Benefiting from our in-depth online talent acquisition services and SaaS business model, we have enjoyed a surge in user traffic with great stickiness and a unique competitive advantage.

On the sales and service side, the organizational structure optimization has brought continuous improvement in human capital efficiency of our sales team. In 2021, we firmly executed our strategy of splitting the sales team into new customer acquisition team and existing customer renewal team nationwide. The new customer acquisition team focuses on exploring and connecting with high potential users and efficiently converting them into paying customers. The existing customer renewal team puts more attention on driving up the average revenue per user and user retention rate by promoting diversified recruitment products and providing exclusive service. We believe such a clear boundary of responsibilities and incentive plans is conducive to the improvement of sales skills and business development efficiency. Meanwhile, with years of practice, regional sales teams gradually developed into experienced fleets, which could create room for further structural optimization. In the second half of 2021, we effectively improved management efficiency by streamlining organizational structure. The simplification of management lines motivated local teams to take greater responsibilities, and agilely dig deeper into their regional business development. In addition, the continuous optimization of the bonus payment schemes also contributed to the improvement of sales efficiency.

Accurate talent matching is always of paramount importance to the talent acquisition industry. The technical capability to match appropriate candidates to job positions in a timely manner creates social value by improving the human capital efficiency and solving the unemployment issue nationwide. In 2021, our upgraded IT infrastructure supported more technical trials and iterations, allowing us to launch more product upgrades and innovations throughout the year. More importantly, by leveraging our expertise in recruitment business and wide coverage of industries, we refreshed our user data labeling system through machine learning and manual adjustments. The new labeling system enabled our users to conveniently pick their favorable job types by screening job-seeking related information tags, such as relevant skill sets and certifications. The enhanced user experience also boosted our users' willingness to provide more detailed information, which deepened our understanding of talents and job postings in turn. Furthermore, we explored other channels to provide more dynamic data to our AI algorithm, further improving job-talent matching efficiency and accuracy. Such resources and abilities have helped us build a unique barrier in the mid-to high-end talent recruitment market.

In 2021, we actively expanded our user coverage within the mid-to high-end segment by focusing on the potential market opportunities from younger generations. We introduced several innovative recruitment channels, including live streaming. High quality contents and customerized settings distinguished our live-stream recruitment activities from the market. We rolled out diversified programs such as “Executive Live Streaming”, and “Brand Live Streaming”, catering to various recruitment needs of different enterprises and institutions. Product and technology-wise, we fully opened up the registration portal for students and correspondingly developed products and a set of matching algorithms. At the beginning of 2021, we initiated a series of marketing upgrading campaigns, such as introducing a new company logo and signing a new ambassador. Our sponsorship in “League of Legends” and TV shows also created a stir among the young population. Benefiting from our innovative recruiting method, upgraded UI design of our main platform, and the favorable market condition during campus recruitment season, we gladly witnessed that young generations rushed into our platforms. Among newly registered users in 2021, 47% of them are under the age of 25, increasing by 8 percentage points compared to 2020. The influx of a large number of the young population effectively expanded our user pool, lengthened our user life cycle, and elevated our platform's activity level.

Moreover, as a leading talent service provider, we are mindful of our social responsibility on top of value creation in the business context. Our legal, technical, product and other departments collaborated on a daily basis to ensure our compliance while innovating industrial leading solutions to further protect users' information. Besides strictly regulating our user registration process, we led transformation in 2021 by delivering a virtual contact number function that provided a more secure communication channel to connect our individual users, business users and registered headhunters. Moreover, we took more options to further improve the personal information protection of talents while optimizing user experience. As always, we will make continuous efforts to foster a fair and healthy online talent service environment. In 2021, we were invited by the central and local governments several times to help organize public employment-related welfare activities. For example, we assisted the PRC Ministry of Human Resources and Social Security in hosting the annual online recruitment activity for the second time, and we played a vital role in the "24365 Recruitment Activity " organized by the PRC Ministry of Education. Through multiple innovative recruitment channels, we assisted in solving intractable employment-related social problems and contributed to the high-quality development of China's talent construction.

Other HR Services to Business Users

Starting from 2018, we started to develop diversely along the talent service value chain. Gradually, we have established a well-rounded product layout by integrating fast-growing and synergetic sub-businesses. Besides our core services of recruitment, our Group also offers other services like flexible staffing, online surveys, training and assessment to our business customers. Our diversified product mix constitutes a major competitive advantage by building a deep bond with our business customers and making us more resilient in facing fluctuating demand. Most importantly, we are closer to our goal of becoming a one-stop talent service provider catering to the complex demands from the diversified users.

Flexible Staffing

Stimulated by the pandemic, many enterprises started to adopt flexible staffing models as a new employment form for more leeway with employee selection. Meanwhile, talents are also more open to flexible employment as they could also enjoy lower thresholds in job opportunities and more freedom to choose work hours. According to the 14th Five-Year Plan (2021–2025) for Digital Economy Development released by the State Council in January 2022, individuals are encouraged to take flexible employment opportunities. With effective policy supports and a surge on the demand side, China's flexible employment population reached 200 million at the end of 2021, according to the PRC Bureau of National Statistics.

Our flexible staffing business showed a very healthy growth riding the market boom in 2021. We differentiate our flexible staffing business by providing our SaaS-based system to business customers. Enterprises are able to rapidly access real-time information about job vacancies, monitor and analyze the job performance of their flexible employees, and manage or dismiss flexible employees using the system. The differentiated model allows us to improve employee management efficiency, respond promptly to market changes, and adjust our business direction accordingly. Together with the Group's empowerment on technology and market analysis, our flexible staffing business can always grasp market opportunities in the ascending market.

Survey Services

Our survey SaaS service provider, Wenjuanxing (問卷星), remained as an absolute market leader. By the end of 2021, the number of total survey samples collected by our platform was over 11.5 billion, and the number of total surveys distributed was over 146 million. The expanding user base provides a solid foundation for the development of the business. Moreover, our survey service maintained its product-driven characteristic and guaranteed superior user experience with a rich set of functions. Our brand recognition reinforced over the past 16 years is the main reason why users choose our survey service and stick with us over other alternatives.

Within the twelve months ended 31 December 2021 (the “**Reporting Period**”), the advertising industry was facing softening demand due to the adjustment of certain verticals. We adapted to the changing market condition agilely by refining our data tag and therefore improving our ability in user profiling. With a better understanding of our users, we are able to promote more relevant and precise advertisements to users, hence improving advertising effectiveness and conversion rate.

As enterprises are speeding up the process of digitalization, online tools, such as professional and user-friendly SaaS products, are in high demand. To further nurture product superiority and user base with high stickiness, we firmly developed our SaaS service and achieved meaningful progress in 2021. We have established a team dedicated to the business development of the SaaS service. Together with the technical support and experience sharing from our Group, we are capable of identifying some deep-seated demands of our existing users and also of capturing more opportunities in the wider market.

Training and Assessment

We developed our training and assessment SaaS platform into an innovative product that provides employees with video-based training, such as leadership training and professional skillsets courses to employees. Besides, we offer powerful assistance to enterprises for their organizational structural upgrade and talent development by providing standard training courses of choice. Meanwhile, internal trainers or employees can also upload enterprise-exclusive training materials on our platform for skills-and-knowledge sharing, saving training costs and improving training efficiency.

Talent Development Services to Individual Users

The Chinese government has been increasingly emphasizing the importance of high-quality talents construction, especially the improvement of talents' professional skills and overall qualities. Liepin Group, with long-term experience in the talent service industry, actively contributes to talent development in China with our mission of "helping every talent achieve better career success." We provide diversified products and professional services through multiple channels to assist talents in achieving self-improvement and strengthening vocational competitiveness, which, in turn, contributes to national talent construction.

We continue to offer products and services for free to our registered individual users, including CV Analysis, Interview Preparation, Job Application Analysis and Career Examination. On top of the aforesaid free basic services, we also provide value-added services to our individual users. We offer premium membership packages under different pricing plans in which individual users can subscribe to access a variety of enhanced functions and tools (e.g., top placement of their professional profiles and group messaging to a large number of headhunters and business HRs). By leveraging on third-party professional consultants, we provide tailored CV advisory services to our individual paying users based on the length of their work experience. Besides, we also offer Career Advisory Services, Professional Skills Training, Automatic Job Application, and Premium Membership. By leveraging on our ecosystem partners, we are able to provide such personalized career services at a large scale and, thus, at affordable prices to help our individual users pursue their ideal careers.

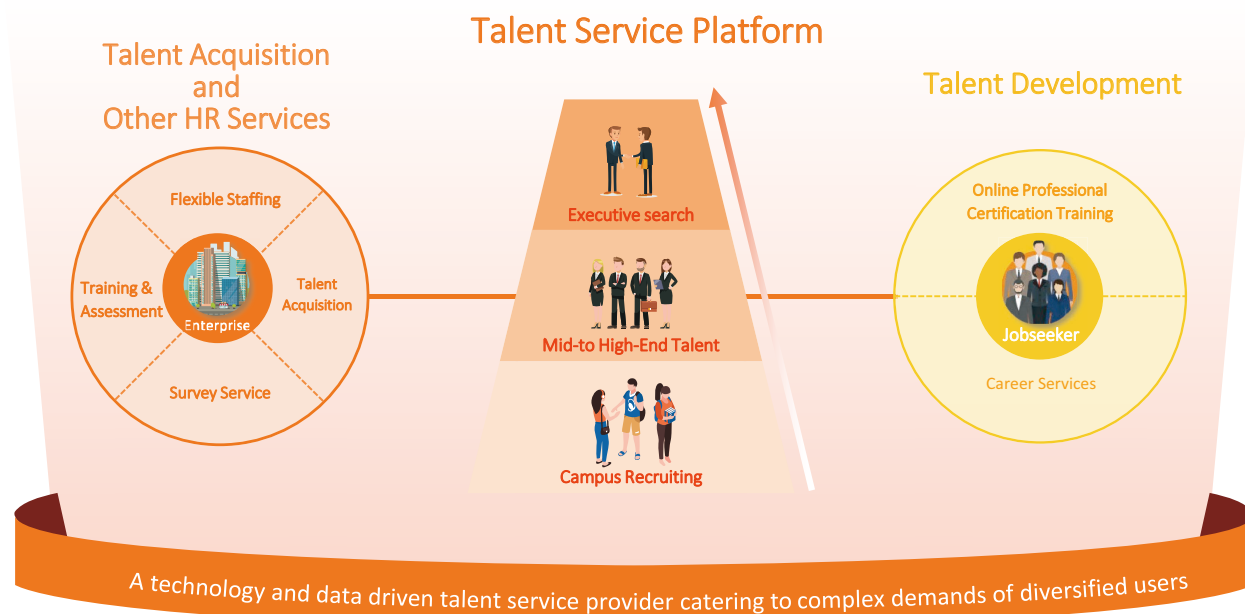
The products we provide to individuals are not limited to just job-searching related services. With the government's active promotion of vocational education development, and notable demand for training from our users at the same time. Starting from 2020, we expanded our service coverage to professional certification training businesses, mainly focused on professional certifications, such as counseling and teaching certifications. In 2021, supported by our group's technical capability and better insights into our customers' profiles, we further streamlined our business flow and dug deeper into customers' needs for vocational education with structured product lines. We believe that flexible adjustment and expansion of our product matrix will lengthen the lifetime value of our users by increasing the retention rate of users and prolonging their life cycle.

Strengthened Partnership with Headhunters

Headhunters are critical partners in our ecosystem, and we mutually benefit from the business flow that has been created on our platform. Fundamentally different from any other online recruiting platforms, we provide free access for headhunters to source candidates and manage their sourcing process in customized ways via Chenglietong. Such a SaaS-based headhunter platform can streamline and optimize the whole service process for headhunters, from job postings, CV management to candidates' interaction and interviews.

Meanwhile, we set strict requirements for headhunters' registration. Headhunters must provide the certificate of incorporation, the certificate of employment and other related materials to ensure the authenticity of their information and the quality of services. In 2021, we updated the rating system of headhunters to cover five dimensions, including completion of personal information, credit record, professional background, service capability and behavior evaluation. Headhunters who rank higher will have access to better resources, such as being able to contact higher-end talents and enjoying more efficient tools. Such an update helped us to identify valuable headhunters, so as to better serve our individual and business users.

For the past ten years, we have deepened our understanding of the headhunting service market and guided the digitalization of the industry. On top of the unique headhunter-assisting closed-looped recruitment business model that we innovated years ago, we have been constantly exploring better recruitment solutions through constant and in-depth cooperation with headhunters. As the Chinese headhunter market is still fast developing, we believe that with our well-established ecosystem and abundant resources, we can continue to play a vital role in proposing game-changing business models and strengthening the market position of headhunting collaboration ecosystem.



FUTURE OUTLOOK AND STRATEGIES

Our outstanding business and financial performance in 2021 has proved the effectiveness of our long-term strategy. In 2022 and the years to come, we will continue our expansion along the talent service value chain, securing solid and sustainable growth.

Looking ahead, as a one-stop talent service provider, we will continue to pursue excellence in multi-streamed product development on top of our core advantage in the mid-to high-end talent acquisition market for better user experience and broader user coverage in contributing to society. As we keep executing the Group's strategy of "vertical penetration and horizontal expansion," we will also continue to solidify the advantage of our unique business model of "Platform + SaaS + Service". The platforms enable us to gather extensive traffic and valuable data from multilateral cooperation. Recruiters, including professional HRs and other line managers, can source candidates and manage resources collaboratively using our integrated products. Meanwhile, we can serve various types of users leveraging our SaaS products which consist of dynamic recruitment modules. The superior user experiences guarantee us a long-term customer relationship and high user retention. Furthermore, professional services are irreplaceable in the recruitment market. With a decade of practical experience, we have built a strong and differentiated customer success management team, providing thorough services and strategical recruiting advice.

We will continue to optimize our products through customer segmentation in terms of the user interface, data security and function variety. In 2021, we comprehensively upgraded Liepintong to a more user-friendly professional recruitment SaaS product, Liepin Pro (獵聘企業版), to our business customers. The upgraded SaaS product will not only efficiently meet basic recruitment requirements, but also effectively solve corporate groups' management and collaboration dilemma encountered in the recruitment process. With our Main-Sub account system, customers may smoothly allocate and transfer their recruiting resources. The powerful collaboration function will enable more parties to participate in the recruitment process and improve the efficiency of recruitment. In the future, we will launch more handy functions such as dashboard, talent pipeline management and interview management, so as to further improve our users' experience and stickiness.

Furthermore, we will continue to strengthen our advantage in technological capability. Our consistent investment in research and development (the "R&D") has built a solid foundation for our advanced matching algorithm, data security mechanism, and innovative SaaS products. In 2022, we will continue to improve our data tag mechanism, reinforcing natural language processing and optimizing every detail to enhance the accuracy of AI matching. We will also pay great attention to system integration and digitalization of the business flows across various business segments within the Group. We believe the optimization of our systems will eventually yield outstanding business performances.

During the past ten years, we have pioneered in the Chinese mid-to high-end online recruitment market, launched innovative products that served tens of millions of people, and promoted the healthy and sustainable development of the talent service industry. Meanwhile, we have remained mindful of the mission that this era has given us, focusing on supporting the improvement of talents and, hence, the development of Chinese enterprises. We do believe that as Chinese enterprises continue to mature and succeed, professional talent services will be increasingly demanded and highly valued, and we are honored to make our contribution to the national talent development.

FINANCIAL REVIEW

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	2,651,468	1,869,668
Cost of revenue	<u>(584,336)</u>	<u>(412,575)</u>
Gross profit	2,067,132	1,457,093
Other income	80,102	97,739
Sales and marketing expenses	(1,224,534)	(848,608)
General and administrative expenses	(355,044)	(320,554)
Research and development expenses	<u>(336,950)</u>	<u>(239,870)</u>
Profit from operations	230,706	145,800
Finance cost	(17,297)	(38,252)
Share of results of associates	<u>1,154</u>	<u>452</u>
Profit before taxation	214,563	108,000
Income tax	<u>(23,134)</u>	<u>(15,177)</u>
Profit for the year	<u>191,429</u>	<u>92,823</u>
Attributable to:		
— Equity shareholders of the Company	134,425	53,627
— Non-controlling interests	57,004	39,196
Non-GAAP Profit from Operation	372,771	248,582
Non-GAAP Profit attributable to equity owners of the Company	276,490	156,409

Revenue

Our revenue was RMB2,651.5 million in 2021, a 41.8% increase from RMB1,869.7 million in 2020, which was primarily due to (i) the increase in the number of paying customers, driven by strong hiring sentiment, the improvement of online talent service penetration and brand recognition; and (ii) the increase of average revenue per user, driven by up-sell and cross-sell opportunities brought by high-quality customers' diverse demands and our well-rounded product layout. In 2021, approximately 87.1% of our revenue was generated from providing talent acquisition and other HR services to our business users, primarily in the forms of (1) customized subscription packages that include various talent services charging various fixed rates, and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones. We generated 12.8% of our revenues by providing talent development services to individual users, such as premium membership services, career coaching, CV advisory and certification training services. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Talent acquisition and other HR services to business users	2,309,003	87.1	1,723,169	92.2
Talent development services to individual users	341,124	12.8	144,118	7.7
Rental income from investment properties	1,341	0.1	2,381	0.1
Total	<u>2,651,468</u>	<u>100.0</u>	<u>1,869,668</u>	<u>100.0</u>

Revenue from talent acquisition and other HR services to business users was RMB2,309.0 million in 2021, a 34.0% increase from RMB1,723.2 million in 2020, primarily due to the increase in the number of business customers and average revenue per user.

Revenue from talent development services to individual users was RMB341.1 million in 2021, a 136.7% increase from RMB144.1 million in 2020, primarily due to the incremental revenue generated from the certification training services and our value-added services to individual users.

Revenue from rental income was RMB1.3 million in 2021 and RMB2.4 million in 2020.

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB584.3 million in 2021, a 41.6% increase from RMB412.6 million in 2020. The share-based compensation expenses were RMB1.2 million in 2021 (2020: RMB0.1 million). The amortization of intangible assets resulting from acquisition was RMB17.3 million in 2021 (2020: RMB10.9 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB2,067.1 million in 2021, a 41.9% increase from RMB1,457.1 million in 2020. Gross profit margin increased to 78.0% in 2021 from 77.9% in 2020 due to the improvement of operation efficiency.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprised salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB1,224.5 million in 2021, a 44.3% increase from RMB848.6 million in 2020. The share-based compensation expenses were RMB13.7 million (2020: RMB12.2 million), and the amortization of intangible assets resulting from acquisition was RMB31.4 million (2020: RMB31.9 million). Our sales and marketing expenses as a percentage of revenue increased from 45.4% in 2020 to 46.2% in 2021, which was primarily driven by additional marketing expenses arising from certification training services and related to the branding campaign as planned at the beginning of the year, additional online marketing measures, and the increase in sales personnel in response to the surging business demand.

General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB355.0 million in 2021, a 10.8% increase from RMB320.6 million in 2020, which was primarily due to the increase in the share-based compensation expenses from RMB30.9 million in 2020 to RMB56.7 million in 2021. Our general and administrative expenses as a percentage of revenue decreased from 17.1% in 2020 to 13.4% in 2021, which was primarily driven by the scale effect of our fast growing business, and the decrease in allowance for expected credit losses as a result of better control which led to higher recoverability of trade receivables.

Research and Development Expenses

Our R&D expenses primarily comprised salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB337.0 million in 2021, a 40.5% increase from RMB239.9 million in 2020. In order to seize the significant long-term growth opportunities, we continued to invest in R&D to optimize our matching algorithm, strengthen the data security capability and improve our IT infrastructures. The share-based compensation expenses increased from RMB16.8 million in 2020 to RMB21.8 million in 2021. Our R&D expenses as a percentage of revenue in 2021 was 12.7% compared to 12.8% in 2020, which was comparably stable.

Other Income

Other income primarily comprised interest income from bank deposits. Our other income decreased by 18.0% from RMB97.7 million for in 2020 to RMB80.1 million in 2021, primarily as a result of the decrease of interest income from bank deposits due to the decrease of interest rate.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB230.7 million in 2021, a 58.2% increase from RMB145.8 million in 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Finance Cost

Finance cost primarily consists of foreign currency exchange loss due to the fluctuation of USD against RMB, interest expenses on bank loans, interest on lease liabilities rising from the adoption of IFRS 16, and bank charges. Our net finance cost was RMB17.3 million in 2021, a 54.8% decrease from RMB38.3 million in 2020, primarily as a result of the decrease in foreign currency exchange loss due to more modest depreciation of USD against RMB in 2021 than in 2020.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB214.6 million in 2021, a 98.7% increase from RMB108.0 million in 2020.

Income Tax

Income tax expenses were RMB23.1 million in 2021, a 52.4% increase from RMB15.2 million in 2020, as a result of the increase of profit before taxation.

Profit for the Year

As a result of the aforementioned factors, profit for the year was RMB191.4 million in 2021, a 106.2% increase from RMB92.8 million in 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Three Months Ended 31 December 2021 Compared to Three Months Ended 31 December 2020

	For the three months ended	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	771,253	607,642
Cost of revenue	<u>(185,621)</u>	<u>(152,812)</u>
Gross profit	585,632	454,830
Other income	20,061	30,007
Sales and marketing expenses	(357,602)	(283,024)
General and administrative expenses	(105,536)	(118,207)
Research and development expenses	(108,484)	(66,318)
Profit from operations	34,071	17,288
Finance cost	(8,854)	(23,873)
Share of results of associates	863	1
Profit/(Loss) before taxation	26,080	(6,584)
Income tax	<u>(2,790)</u>	<u>(12,293)</u>
Profit/(Loss) for the period	23,290	(18,877)
Attributable to:		
— Equity shareholders of the Company	6,259	(13,483)
— Non-controlling interests	17,031	(5,394)
Non-GAAP Profit from Operation	65,302	40,978
Non-GAAP Profit attributable to equity owners of the Company	37,490	10,207

Revenue

Our revenue was RMB771.3 million in the three months ended 31 December 2021, a 26.9% increase from RMB607.6 million in the three months ended 31 December 2020, which was primarily due to (i) the increase in the number of paying customers, driven by strong hiring sentiment, the improvement of online talent service penetration and brand recognition; and (ii) the increase of average revenue per user, driven by up-sell and cross-sell opportunities brought by high-quality customers' diverse demands and our well-rounded product layout. During the period under review, approximately 90.2% of our revenue was generated from providing talent acquisition services and other HR services to our business users. We also generated 9.8% of our revenues by providing professional career services to individual paying users, such as premium membership services, career coaching and CV advisory services to our registered individual users. The table below sets forth a breakdown of sources of our revenue for the periods indicated:

	For the three months ended 31 December			
	2021		2020	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Talent acquisition and other HR services to business users	695,680	90.2	537,249	88.4
Talent development services to individual paying users	75,379	9.8	70,350	11.6
Rental income from investment properties	194	0.0	43	0.0
Total	<u>771,253</u>	<u>100.0</u>	<u>607,642</u>	<u>100.0</u>

Revenue from talent and other HR services to business users was RMB695.7 million in the three months ended 31 December 2021, a 29.5% increase from RMB537.2 million in the three months ended 31 December 2020, primarily due to the increase in the number of business customers and average revenue per user.

Revenue from talent development services to individual paying users was RMB75.4 million in the three months ended 31 December 2021, a 7.1% increase from RMB70.4 million in the three months ended 31 December 2020, primarily due to the incremental revenue generated from the certification training services and our value-added services to individual users.

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB185.6 million in the three months ended 31 December 2021, a 21.5% increase from RMB152.8 million in the three months ended 31 December 2020. The amortization of intangible assets resulting from acquisition was RMB4.3 million in the three months ended 31 December 2021, as compared to RMB5.0 million in the three months ended 31 December 2020. The share-based compensation expenses were RMB0.2 million in the three months ended 31 December 2021, as compared to RMB0.1 million in the three months ended 31 December 2020. The percentage increase in cost of revenue was lower than the percentage increase in revenue, mainly due to the improvement of operation efficiency.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB585.6 million in the three months ended 31 December 2021, a 28.8% increase from RMB454.8 million in the three months ended 31 December 2020. Gross profit margin increased to 75.9% in the three months ended 31 December 2021 from 74.9% in the three months ended 31 December 2020 due to the improvement of operation efficiency.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprised salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB357.6 million in the three months ended 31 December 2021, a 26.4% increase from RMB283.0 million in the three months ended 31 December 2020. The share-based compensation expenses were RMB3.3 million in the three months ended 31 December 2021 as compared to RMB3.2 million in the three months ended 31 December 2020. The amortisation of intangible assets resulting from acquisition was RMB7.9 million in the three months ended 31 December 2021 as compared to RMB7.2 million in the three months ended 31 December 2020. Our sales and marketing expenses as a percentage of revenue decreased from 46.6% in the three months ended 31 December 2020 to 46.4% in the three months ended 31 December 2021, primarily due to improving operation leverage driven by the increase in efficiency of our sales and service team.

General and Administrative Expenses

Our general and administrative expenses primarily 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 RMB105.5 million in the three months ended 31 December 2021, a 10.7% decrease from RMB118.2 million in the three months ended 31 December 2020, mainly due to the decrease in loss allowance for expected credit losses as a result of better control which led to higher recoverability of trade receivables. The share-based compensation expenses were RMB9.8 million in the three months ended 31 December 2021 as compared to RMB5.4 million in the three months ended 31 December 2020. Our general and administrative expenses as a percentage of revenue decreased from 19.5% in the three months ended 31 December 2020 to 13.7% in the three months ended 31 December 2021, which was primarily driven by the scale effect of our fast growing business, and lower expected loss rate of trade receivable.

Research and Development Expenses

Our R&D expenses primarily comprised salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB108.5 million in the three months ended 31 December 2021, a 63.6% increase from RMB66.3 million in the three months ended 31 December 2020. The share-based compensation expenses increased from RMB2.8 million in the three months ended 31 December 2020 to RMB5.8 million in the three months ended 31 December 2021. As a percentage of revenue, our R&D expenses increased from 10.9% in the three months ended 31 December 2020 to 14.1% in the three months ended 31 December 2021, as we continued to invest in R&D to optimize our matching algorithm, strengthen the data security capability and improve our IT infrastructures.

Other Income

Our other income decreased by 33.1% from RMB30.0 million in the three months ended 31 December 2020 to RMB20.1 million in the three months ended 31 December 2021, primarily as a result of the decrease of interest income from bank deposits due to the decrease of interest rate.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB34.1 million in the three months ended 31 December 2021, a 97.1% increase from RMB17.3 million in the three months ended 31 December 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Finance Cost

Our finance cost was RMB8.9 million in the three months ended 31 December 2021, a 62.9% decrease from RMB23.9 million in the three months ended 31 December 2020, primarily as a result of the decrease in foreign currency exchange loss due to more modest depreciation of USD against RMB in the three months ended 31 December 2021 than in the three months ended 31 December 2020.

Profit/(Loss) before Taxation

As a result of the foregoing, profit before taxation was RMB26.1 million in the three months ended 31 December 2021, compared to a loss before taxation of RMB6.6 million in the three months ended 31 December 2020.

Income Tax

Income tax expenses were RMB2.8 million in the three months ended 31 December 2021, compared to RMB12.3 million in the three months ended 31 December 2020.

Profit/(Loss) for the Period

As a result of the aforementioned factors, profit for the period was RMB23.3 million in the three months ended 31 December 2021, compared to a loss for the period of RMB18.9 million in the three months ended 31 December 2020, primarily attributable to (i) the increase in revenue as a result of the higher average revenue per user and the increase in number of paying customers; (ii) the increase in gross profit along with revenue growth; and (iii) the improving operation leverage driven by the increase in efficiency of our management, sales team and R&D team.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with the IFRS and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance, non-GAAP 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.

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 and one-off items.

	For the three months ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020
	(unaudited)	(unaudited)		
	(in RMB'000)		(in RMB'000)	
A. NON-GAAP PROFIT FROM OPERATIONS				
Profit from Operations	34,071	17,288	230,706	145,800
Share-based compensation expenses	19,060	11,483	93,383	59,978
Amortization of intangible assets resulting from acquisition	12,171	12,207	48,682	42,804
Non-GAAP Profit from Operations	65,302	40,978	372,771	248,582
B. NON-GAAP PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY				
Profit/(Loss) attributable to equity owners of the Company	6,259	(13,483)	134,425	53,627
Share-based compensation expenses	19,060	11,483	93,383	59,978
Amortization of intangible assets resulting from acquisition	12,171	12,207	48,682	42,804
Non-GAAP Profit attributable to equity owners of the Company	37,490	10,207	276,490	156,409

Total Comprehensive Income

As a result of the foregoing, total comprehensive income attributable to the owners of the Company and non-controlling interests was RMB151.5 million in 2021, compared to RMB-19.8 million in 2020.

LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating 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 RMB516.9 million and RMB495.8 million in 2020 and 2021 respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

	For the year ended	
	31 December	
	2021	2020
	(RMB'000)	(RMB'000)
Net cash generated from operating activities	697,319	466,285
Net cash used in investing activities	(551,206)	(90,715)
Net cash used in financing activities	(166,376)	(215,862)
Net (decrease)/increase in cash and cash equivalents	(20,263)	159,708
Effect of foreign exchange rate changes	(903)	(1,920)
Cash and cash equivalents at the beginning of the Reporting Period	516,944	359,156
Cash and cash equivalents at the end of the Reporting Period	495,778	516,944

Net Cash Generated from Operating Activities

In 2021, net cash generated from operating activities was RMB697.3 million, compared to RMB466.3 million in 2020, primarily due to the growth of business and cash advances from business customers.

Net Cash Used in Investing Activities

In 2021, net cash used in investing activities was RMB551.2 million, compared to RMB90.7 million in 2020, primarily due to the placement of time deposits with banks and the placement of wealth management products.

Net Cash Used in Financing Activities

In 2021, net cash used in financing activities was RMB166.4 million, compared to net cash used in financing activities of RMB215.9 million in 2020, primarily due to repayment from interest-bearing borrowings in 2020.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

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

	For the year ended	
	31 December	
	2021	2020
	(RMB'000)	(RMB'000)
Payment for property, plant and equipment and intangible assets	35,568	19,146
Payment for the purchase of equity securities (including investment in associate)	27,000	8,000
Payment for business acquisition net of cash acquired	56,637	86,667
Total capital expenditures and long-term investments	<u>119,205</u>	<u>113,813</u>

Our capital expenditures and long-term investment primarily included payment for property, plant and equipment and intangible assets, payment for the purchase of equity securities and payment for business acquisition net of cash acquired. In 2020, we have invested in Saiyou, a technology-driven education company which provides online training for professional certification and skills, with a total cash consideration of RMB165.5 million, of which the initial payment was RMB88.2 million paid in 2020 and RMB54.3 million paid in 2021.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 31 December 2021 was nil (31 December 2020: nil).

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.

LOANS AND BORROWINGS

As at 31 December 2021, the Company had no bank loans, convertible loans and borrowings nor did the Company issue any bonds.

EMPLOYEES AND REMUNERATION

As at December 31, 2021, the Company had a total of 5,789 employees. We provide regular in-house and external education and training to our employees to improve their skills, industry knowledge and understanding of our products and services. Our Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Remuneration of the Group's employees includes salaries, wages and other benefits, contribution retirement plan and long-term incentives such as share options and restricted share units within approved schemes.

CONTINGENT LIABILITIES

As of 31 December 2021, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

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

We had foreign currency exchange loss (both realized and unrealized) of RMB27.1 million in 2020 and RMB7.5 million in 2021, recognized as net finance cost in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange loss in 2021 was mainly attributable to USD depreciation against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 31 December 2021.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 31 December 2021.

PLEDGE OF ASSETS/CHARGE ON ASSETS

There was no pledge of the Group's assets as at 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies as at 31 December 2021.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,211.7 million out of the net proceeds have been utilized as at 31 December 2021 in the manner consistent with that disclosed in the prospectus of the Company dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 31 December 2021, the unutilized net proceeds was in the amount of approximately HKD592.9 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

ANNUAL RESULTS

Consolidated statement of profit or loss
for the year ended 31 December 2021
(Expressed in RMB)

	Note	2021 RMB'000	2020 RMB'000
Revenue	2	2,651,468	1,869,668
Cost of revenue		<u>(584,336)</u>	<u>(412,575)</u>
Gross profit		2,067,132	1,457,093
Other income	3	80,102	97,739
Sales and marketing expenses		(1,224,534)	(848,608)
General and administrative expenses		(355,044)	(320,554)
Research and development expenses		(336,950)	(239,870)
Profit from operations		230,706	145,800
Finance cost		(17,297)	(38,252)
Share of results of associates		1,154	452
Profit before taxation		214,563	108,000
Income tax	4	(23,134)	(15,177)
Profit for the year		191,429	92,823
Attributable to:			
— Equity shareholders of the Company		134,425	53,627
— Non-controlling interests		57,004	39,196
Profit for the year		191,429	92,823
Earnings per share	8		
Basic (RMB Cent)		26.33	10.42
Diluted (RMB Cent)		26.07	10.33

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2021
(Expressed in RMB)

	2021	2020
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	191,429	92,823
Other comprehensive income for the year (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>(39,907)</u>	<u>(112,655)</u>
Other comprehensive income for the year	<u>(39,907)</u>	<u>(112,655)</u>
Total comprehensive income for the year	<u>151,522</u>	<u>(19,832)</u>
Attributable to:		
Equity shareholders of the Company	94,518	(59,028)
Non-controlling interests	<u>57,004</u>	<u>39,196</u>
Total comprehensive income for the year	<u>151,522</u>	<u>(19,832)</u>

Consolidated statement of financial position

(Expressed in RMB)

		31 December 2021	31 December 2020
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		205,757	149,219
Investment properties		24,975	34,959
Intangible assets		177,083	229,808
Goodwill		855,651	855,651
Prepayments for investments		2,500	23,968
Interests in associate		8,815	1,961
Other financial assets		178,699	141,414
Deferred tax assets		20,858	21,335
Other non-current assets		5,005	7,109
Time deposits with banks		1,678,722	—
		3,158,065	1,465,424
Current assets			
Trade receivables	5	93,539	92,552
Prepayments and other receivables		147,945	115,233
Receivables from related parties		7,008	10,866
Other current assets		876,107	344,394
Time deposits with banks		107,482	1,904,648
Cash and cash equivalents		495,778	516,944
		1,727,859	2,984,637
Current liabilities			
Trade and other payables	6	495,541	367,911
Contract liabilities		988,618	850,195
Lease liabilities	7	66,718	51,316
Current taxation		33,030	32,020
		1,583,907	1,301,442

Consolidated statement of financial position (continued)*(Expressed in RMB)*

		31 December 2021	31 December 2020
	<i>Note</i>	RMB'000	RMB'000
Net current assets		143,952	1,683,195
Total assets less current liabilities		3,302,017	3,148,619
Non-current liabilities			
Lease liabilities	7	80,210	62,875
Deferred tax liabilities		26,376	43,160
		106,586	106,035
NET ASSETS		3,195,431	3,042,584
CAPITAL AND RESERVES			
Share capital		341	340
Reserves		2,982,223	2,874,220
Total equity attributable to equity shareholders of the Company		2,982,564	2,874,560
Non-controlling interests		212,867	168,024
TOTAL EQUITY		3,195,431	3,042,584

Consolidated cash flow statement
for the year ended 31 December 2021
(Expressed in RMB)

	2021 RMB'000	2020 RMB'000
Operating activities		
Profit before taxation	214,563	108,000
Adjustments for:		
Expected credit losses on trade receivables and other receivables	14,795	61,469
Depreciation of property, plant and equipment and investment property	23,256	16,932
Depreciation of right-of-use assets	61,462	44,789
Amortisation of intangible assets	53,329	47,574
Losses/(gains) on disposal of property, plant and equipment	348	(65)
Finance cost excluding bank charges and other finance costs	14,416	36,497
Investment income from wealth management products	(12,946)	(4,504)
Dividend income	(6,714)	(3,560)
Share of results of associates	(1,154)	(452)
Fair value change of financial assets at fair value through profit or loss	2,954	10,279
Share-based compensation expenses	93,383	59,978
Changes in working capital:		
Increase in trade receivables	(13,011)	(52,008)
(Increase)/decrease in prepayments and other receivables and other current assets	(29,890)	52,969
Increase in contract liabilities	138,423	54,135
Increase in trade and other payables	182,536	70,825
Cash generated from operations	735,750	502,858
Income tax paid	(38,431)	(36,573)
Net cash generated from operating activities	697,319	466,285

Consolidated cash flow statement *(continued)*
for the year ended 31 December 2021
(Expressed in RMB)

	2021 RMB'000	2020 RMB'000
Investing activities		
Proceeds from sale of property, plant and equipment	99	569
Investment income from wealth management products received	8,881	3,377
Proceeds from maturity of wealth management products	309,622	109,504
Proceeds from maturity of time deposits with banks	1,998,005	2,195,473
Dividend received	7,014	3,560
Loan repaid by related parties	3,858	—
Payment for the purchase of property, plant and equipment and intangible assets	(35,568)	(19,146)
Payment for the purchase of wealth management products	(826,000)	(279,044)
Payment for the purchase of equity securities (including investment in associate)	(27,000)	(8,000)
Payment for business acquisitions net of cash acquired	(56,637)	(86,667)
Placement of time deposits with banks	(1,933,480)	(2,010,341)
Net cash used in investing activities	(551,206)	(90,715)

Consolidated cash flow statement *(continued)*
for the year ended 31 December 2021
(Expressed in RMB)

	2021	2020
	RMB'000	RMB'000
Financing activities		
Capital injection from non-controlling owners	1,945	—
Proceeds from share issued under share option scheme	5,505	459
Capital withdrew by non-controlling owners	(147)	—
Proceeds from interest-bearing borrowings	3,005	137,000
Payment for the purchase of non-controlling interests	(7,525)	—
Shares held for RSU scheme	(86,074)	(105,045)
Repayment from interest-bearing borrowings	(3,000)	(196,000)
Interest paid	(62)	(3,873)
Interest element of lease rentals paid	(6,882)	(5,616)
Capital element of lease rentals paid	(60,004)	(42,787)
Dividend paid to non-controlling owners	(13,137)	—
	<hr/>	<hr/>
Net cash used in financing activities	(166,376)	(215,862)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(20,263)	159,708
Cash and cash equivalents at the beginning of the year	516,944	359,156
Effect of foreign exchange rate changes	(903)	(1,920)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	495,778	516,944
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

(Expressed in RMB unless otherwise indicated)

1 Changes in accounting policies

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

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

The application of the amendments to IFRSs in the current year 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 consolidated financial statements.

2 Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Services to business customers	2,309,003	1,723,169
Services to individual paying users	341,124	144,118
	2,650,127	1,867,287

	2021 RMB'000	2020 <i>RMB'000</i>
Revenue from other sources		
Rental income from investment property	<u>1,341</u>	<u>2,381</u>
	<u>2,651,468</u>	<u>1,869,668</u>

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue in 2021.

3 Other income

	2021 RMB'000	2020 <i>RMB'000</i>
Interest income from bank deposits	35,515	58,612
Investment income from wealth management products	12,946	4,504
Government grant	26,879	37,928
Fair value changes of financial assets at fair value through profit or loss	(2,954)	(10,279)
Dividend income	6,714	3,560
Others	<u>1,002</u>	<u>3,414</u>
	<u>80,102</u>	<u>97,739</u>

4 Income tax in the consolidated statement of profit or loss

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Provision for the year	51,137	44,589
Over-provision in respect of prior years	<u>(11,696)</u>	<u>(8,893)</u>
	<u>39,441</u>	<u>35,696</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(16,307)</u>	<u>(20,519)</u>
	<u><u>23,134</u></u>	<u><u>15,177</u></u>

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

5 Trade receivables

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Trade receivables — measured at amortised cost	<u><u>93,539</u></u>	<u><u>92,552</u></u>

All the trade receivables are expected to be recovered within one year.

Ageing analysis

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

	2021 RMB'000	2020 RMB'000
Within 60 days	91,556	75,687
60 days to 1 year	1,983	16,865
	93,539	92,552

6 Trade and other payables

	31 December 2021 RMB'000	31 December 2020 RMB'000
Trade payables to third parties	54,042	51,613
Salary and welfare payable	314,897	178,117
Other tax payables	80,787	16,366
Other payables	45,815	121,815
	495,541	367,911

Ageing analysis

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

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within 30 days	48,717	49,050
30 days to 1 year	5,325	2,563
	54,042	51,613

7 Lease liabilities

At 31 December 2021, the lease liabilities were repayable are follows:

	As at December 31, 2021		As at December 31, 2020	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year	66,718	68,624	51,316	52,528
After 1 year but within 2 years	39,887	43,172	27,517	29,712
After 2 years but within 5 years	40,323	46,997	32,209	37,804
After 5 years	—	—	3,149	4,100
	80,210	90,169	62,875	71,616
	146,928	158,793	114,191	124,144
Less: total future interest expenses		(11,865)		(9,953)
Present value of lease obligations		146,928		114,191

8 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,425 thousand (2020: the profit of RMB53,627 thousand) and the weighted average number of 510,547 thousand ordinary shares in issue during the year (2020: 514,495 thousand ordinary shares in issue during the year).

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB134,425 thousand (2020: the profit of RMB53,627 thousand) and the weighted average number of ordinary shares of 515,646 thousand shares (2020: 519,362 thousand ordinary shares).

9 Dividends

The board of directors of the Company has resolved not to declare dividend for the year ended 31 December 2021 (2020: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices and has complied with the code provisions in the CG Code during the year ended 31 December 2021, save for the deviation from code provision C.2.1 as disclosed below.

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

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**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code during the year ended 31 December 2021.

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

Audit Committee

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

The Audit Committee has considered and reviewed the consolidated results for the year ended 31 December 2021 of the Group and the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor's Procedures Performed on this Announcement

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on the preliminary announcement.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 10 January 2022, a total of 600,000 share options were granted to certain eligible participants pursuant to the Company's post-IPO share option scheme to subscribe for a total of 600,000 shares. None of the grantees of the share options is a director, chief executive or substantial shareholder of the Company or an associate of any of them. Please refer to the announcement made by the Company dated 10 January 2022 for details.

Save as disclosed above, from 1 January 2022 up to the date of this announcement, there are no other significant events occurred after the Reporting Period that may affect the Group.

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "AGM") of the Company will be held on Thursday, 12 May 2022. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 6 May 2022 to Thursday, 12 May 2022, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 5 May 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The annual report for the year ended 31 December 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company 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.

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 18 March 2022

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.