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Tongdao Liepin Group

同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6100)

KEY FINANCIAL AND PERFORMANCE INDICATORS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

To enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**” together with its subsidiaries, the “**Group**”, “**we**” or “**us**”) announces certain selected unaudited key financial and performance indicators of the Group for the first quarter of 2022.

The key unaudited financial data during the first quarter of 2022 was set out as follows:

- 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 RMB648.6 million in the first quarter of 2022, a 24.0% increase from RMB523.0 million in the first quarter of 2021.
- Gross profit was RMB519.7 million in the first quarter of 2022, a 24.6% increase from RMB417.0 million in the first quarter of 2021.
- Net profit was RMB13.2 million in the first quarter of 2022, a 344.5% increase from RMB3.0 million in the first quarter of 2021. Net loss attributable to the owners of the Company was RMB3.7 million in the first quarter of 2022, narrowed by 52.7% from a loss of RMB7.9 million in the first quarter of 2021.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB56.1 million in the first quarter of 2022, a 51.6% increase from RMB37.0 million in the first quarter of 2021. Non-GAAP operating profit margin was 8.7% in the first quarter of 2022.

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

**Consolidated statement of profit or loss
for the three months ended 31 March 2022 — unaudited**
(Expressed in RMB)

	Three months ended 31 March	
	2022	2021
	RMB'000	RMB'000
Revenue	648,649	523,015
Cost of revenue	<u>(128,998)</u>	<u>(105,967)</u>
Gross profit	519,651	417,048
Other income	23,041	19,302
Sales and marketing expenses	(349,492)	(285,118)
General and administrative expenses	(75,857)	(72,067)
Research and development expenses	(89,900)	(69,607)
Profit from operations	27,443	9,558
Net finance (cost)/income	(3,817)	526
Share of results of associates	69	124
Profit before taxation	23,695	10,208
Income tax	(10,520)	(7,244)
Profit for the period	<u>13,175</u>	<u>2,964</u>
Attributable to:		
— Equity shareholders of the Company	(3,720)	(7,859)
— Non-controlling interests	16,895	10,823
Profit for the period	<u>13,175</u>	<u>2,964</u>

**Consolidated statement of profit or loss and other comprehensive income
for the three months ended 31 March 2022 — unaudited**
(Expressed in RMB)

	Three months ended	
	31 March	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	13,175	2,964
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>(5,941)</u>	<u>8,692</u>
Other comprehensive income for the period	<u>(5,941)</u>	<u>8,692</u>
Total comprehensive income for the period	<u>7,234</u>	<u>11,656</u>
Attributable to:		
Equity shareholders of the Company	<u>(9,661)</u>	833
Non-controlling interests	<u>16,895</u>	<u>10,823</u>
Total comprehensive income for the period	<u>7,234</u>	<u>11,656</u>

Consolidated statement of financial position as at 31 March 2022 — unaudited*(Expressed in RMB)*

	31 March 2022 RMB'000	31 December 2021 RMB'000
Non-current assets		
Property, plant and equipment	186,687	205,757
Investment properties	24,717	24,975
Intangible assets	164,096	177,083
Goodwill	855,651	855,651
Prepayments for investments	2,500	2,500
Interests in associate	8,734	8,815
Other financial assets	202,199	178,699
Deferred tax assets	21,940	20,858
Other non-current assets	5,756	5,005
Time deposits with banks	1,669,577	1,678,722
	3,141,857	3,158,065
Current assets		
Trade receivables	118,066	93,539
Prepayments and other receivables	165,558	147,945
Receivables from related parties	7,003	7,008
Other current assets	826,959	876,107
Time deposits with banks	107,212	107,482
Cash and cash equivalents	320,065	495,778
	1,544,863	1,727,859
Current liabilities		
Trade and other payables	377,542	495,541
Contract liabilities	945,465	988,618
Interest-bearing borrowings	5,306	—
Lease liabilities	60,717	66,718
Current taxation	39,476	33,030
	1,428,506	1,583,907

Consolidated statement of financial position as at 31 March 2022 — unaudited
(continued)
(Expressed in RMB)

	31 March 2022 RMB'000	31 December 2021 RMB'000
Net current assets	<u>116,357</u>	<u>143,952</u>
Total assets less current liabilities	<u>3,258,214</u>	<u>3,302,017</u>
Non-current liabilities		
Lease liabilities	67,389	80,210
Deferred tax liabilities	<u>24,624</u>	<u>26,376</u>
	<u>92,013</u>	<u>106,586</u>
NET ASSETS	<u>3,166,201</u>	<u>3,195,431</u>
CAPITAL AND RESERVES		
Share capital	341	341
Reserves	<u>2,936,094</u>	<u>2,982,223</u>
Total equity attributable to equity shareholders of the Company	2,936,435	2,982,564
Non-controlling interests	<u>229,766</u>	<u>212,867</u>
TOTAL EQUITY	<u>3,166,201</u>	<u>3,195,431</u>

NON-GAAP FINANCIAL MEASURES

To supplement the consolidated results of the Group for the three months ended 31 March 2022 prepared in accordance with “International Finance Reporting Standards” (“IFRS”) and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group’s performance, the non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) has been presented in this announcement.

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

	For the three months ended 31 March			
	2022		2021	
	Amount (unaudited) <i>RMB’000</i>	As a percentage of revenue	Amount (unaudited) <i>RMB’000</i>	As a percentage of revenue
Profit from Operations	27,443	4.2%	9,558	1.8%
Share-based compensation expenses	16,505		15,280	
Amortization of intangible assets resulting from acquisition	12,170		12,170	
Non-GAAP Profit from Operations	56,118	8.7%	37,008	7.1%

BUSINESS DATA

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

	As of 31 March		Year-on-year change
	2022	2021	
Individual Users			
Number of registered individual users (<i>in millions</i>)	76.9	65.8	16.8%
Business Users			
Number of verified business users	1,045,468	810,914	28.9%
Headhunters			
Number of verified headhunters	204,544	175,413	16.6%

BUSINESS REVIEW AND OUTLOOK

Market Review

The beginning of 2022 was a mix of challenges and opportunities. The steadily recovering economy encountered rising headwinds both domestically and abroad, putting pressure on economic recovery in 2022. With hovering uncertainties over the development of the pandemic, more supporting policies on economic development and market easing measures were introduced to mitigate its impact. Since April 2022, numerous central meetings have been held to arrange the work on promoting consumption, stabilizing the economy and securing the people's livelihood. On 27 April, 2022, the executive meeting of the State Council proposed five major measures to stabilize employment, in particular, it proposed to support market entities to stabilize employment and support the healthy development of the platform economy to promote employment. On 7 May 2022, at the national conference on stabilizing employment, a number of targeted policies to promote employment were put forward, and the importance of employment service providers was stressed.

In 2022, our national economic development principle is "stability", and the talent service industry is pivotal to securing stable national employment. In the first quarter of 2022, the national urban unemployment rate reached 5.5%. The age group of 16 to 24 recorded a markedly higher unemployment rate of 16.0%. Moreover, about 10 million college graduates are expected to join the workforce in this summer, further burdening the labor market. With such employment pressure, we will shoulder our social responsibility and contribute to the stable growth of high-quality national employment through continuous product innovation, efficient talent-to-job matching and profound industry experience.

On 18 April 2022, the National Bureau of Statistics posted China's economic performance in the first quarter of 2022. The national gross domestic product growth accelerated to 4.8% year over year and 1.3% quarter over quarter. These results illustrate the healthy growth of some industries in the wave of industrial upgrading. According to the number of new job postings on our platform in the first quarter of 2022, automobiles & manufacturing, energy & chemicals and telecommunications & hardware are the industries that made up the top three in terms of growth rate, which were 60%, 46% and 43% respectively.

Since March 2022, the spread of the pandemic in major cities such as Shanghai and Shenzhen has caused short-term suspensions and delays of offline recruitment activities. However, online recruitment procedures were able to proceed despite physical restrictions. Among all kinds of enterprises, medium and large enterprises were showing more resilience due to their flexible work patterns, multiple business streams and abundant reserves. As the pandemic continues, we will continue to pay close attention to our customers' conditions and the market sentiment for further adjustments and actions.

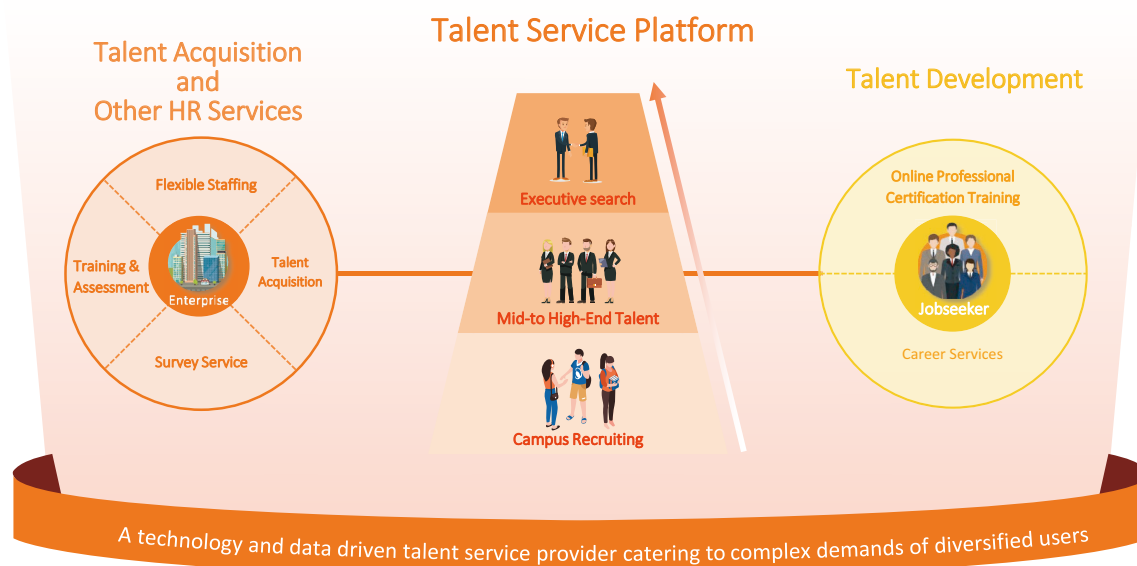
Overall Performance

As a pioneer of online talent service platforms in China focusing on mid-to high-end talent acquisition services, we registered healthy growth during the first quarter of 2022. For the three months ended 31 March 2022, our revenue and gross profit amounted to approximately RMB648.6 million and RMB519.7 million respectively, representing a year-on-year increase of 24.0% and 24.6% respectively. We continued to execute the long-term growth strategy of "building a technology and big data-driven one-stop talent service platform" and actively penetrate the talent service market. On top of the sustainable growth of our core talent acquisition services, we leveraged our know-how in online services offering to integrate other HR services, including online survey services, flexible staffing and training and assessment. Our well-rounded product mix contributed to our healthy business growth.

For the three months ended 31 March 2022, the revenue generated from providing talent acquisition services and other HR services to business users was RMB551.4 million (compared with RMB444.9 million generated during the same period in 2021), representing a year-on-year increase of 23.9%. The number of our verified business users increased from 810,914 as of 31 March 2021 to 1,045,468 as of 31 March 2022, representing a year-on-year increase of 28.9%.

In the first quarter of 2022, with our proactive marketing measures and 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 March 2022. For the three months ended 31 March 2022, the revenue generated from providing talent development services to individual users was RMB96.8 million (compared with RMB77.7 million generated during the same period in 2021), representing a year-on-year increase of 24.6%. The number of registered individual users increased from 65.8 million as of 31 March 2021 to 76.9 million as of 31 March 2022, representing a year-on-year increase of 16.8%.

The graph below illustrates the layout of our business segments.



Talent Acquisition Services

Our talent acquisition services still provide a strong foundation and significant potential for our future growth. Enterprise customers can subscribe to our annual services, purchase our closed-loop talent acquisition services or enter our customized talent acquisition projects.

Starting from the fourth quarter of 2021, we upgraded our core talent acquisition product into a more user-friendly professional recruitment SaaS product, Liepin Pro (獵聘企業版), for our business customers. The resurgence of the pandemic brought more urgent demand for user-friendly online collaboration tools at work. To accommodate these needs, our upgraded SaaS product not only efficiently meets basic recruitment requirements, but also effectively solves corporate groups' management and collaboration dilemmas encountered in the recruitment process. The complete integration of functions across various portals, including PC, APP and applets, enables recruiters to conveniently and flexibly allocate resources by managing and sharing job positions and talent pools through our Main-Sub account system. In the first quarter of 2022, we launched practical functions such as recruitment dashboards

and job-position sharing. Recruiters, especially administrative recruiters, are presented with a clearer map of the recruitment process of each position, contact history of each candidate and consumption of their subscription package. By empowering our customers through function enhancement and data visualization, we have further improved our user experience and stickiness. Going forward, we will better serve our users by continuing to launch innovative functions and efficiency tools such as talent pipeline management, interview management and user succession system.

We continue to solidify our advantages in technology. In 2022, building on our years of technology advancement and industrial know-how, we introduced an internal algorithm toolkit which allows our developers to assemble a series of core algorithm modules such as natural language understanding tailored to different scenarios. The upgrading of our IT infrastructure significantly shortened the time required for each technical test and iteration, further empowering agile product releases and enabling us to provide the most updated and innovative functions to our users. In the meantime, we continue to refine our labeling system so as to analyze job positions and candidates more precisely. As of 31 March 2022, our labeling system has already covered more than a thousand job types. Detailed and accurate data tags and active behavioral data lay a solid foundation for our matching algorithm and production performance enhancement. Our users are able to experience more personalized and precise matching results.

While enhancing our product iteration and technological innovation, we further emphasize value creation. Under the influence of the pandemic, we created more diversified online channels to connect enterprises and talents. We continued to promote live-streaming recruitment activities to support numerous enterprises' hiring demands for multiple positions at once. The employer brand images of enterprises can be vividly presented by directly communicating with candidates. As of March 2022, we held more than 300 live-streaming activities. Meanwhile, in the first quarter of 2022, the Liepin Group Big Data Lab (獵聘大數據研究院) published dozens of analysis reports in various industries, including healthcare, electronic communication and and new energy, providing data analysis and industry insights to enterprises.

As our Group's core tenet, the protection of user information is always of paramount importance. We adopted the industry-leading standard to review user registrations, screen job postings and restrict data usage. We provide our users with more options to control the exposure level of their information on the platform, and personalize the display setting in order to further protect users' information and enhance their experience. We are highly recognized by our users and relevant parties for our continuous supervision and protection during the process. In the meantime, we have been thoroughly studying the latest policies and maintaining frequent dialogues with related government authorities to ensure that our business is fully compliant. As always, we will make continuous efforts to foster a fair and healthy online talent service environment.

In preparation for the recovered recruitment market when normal activities resume, we continue to focus on self-development. Meantime, to help our users overcome the headwinds, we provided products such as online interview tools and online studying platforms free of charge. Internally, leveraging our self-developed operational system, fully digital workflow and established team structure, we lowered the negative impact of the pandemic on our daily operation to the greatest extent to ensure a stable, efficient and user-friendly product offering and support the healthy development of our businesses.

Other HR Services

In our years of development, we have established a well-rounded product layout that caters to the diverse needs of our customers. Our business development strategy has also significantly enhanced our risk-resistance and service coverage tailored to the accelerated digitalization trend in recent years, providing a strong driving force for our future growth.

New employment patterns such as flexible staffing are highly promoted by the government and broadly adopted by enterprises. Leveraging our Group's technical capability, our flexible staffing business originated from a technology-supported model with sophisticated business operating systems and supporting systems. The differentiated model allows us to promptly respond to market changes and adjust our business direction. Therefore, despite the fluctuations of industries and markets, we are able to sustain our growth momentum.

Our online survey business has cemented its leading position in the industry. As of the end of March 2022, we issued over 161 million surveys and collected nearly 12 billion samples. The constant resurgence of the pandemic drove up the need for conducting online surveys among communities, enterprises and other entities. Our user-friendly, full-featured and well-known online survey product attracted more user traffic and higher using frequency in the first quarter of 2022. In addition, in the same year, we will penetrate further into SaaS business, participate deeply into customers' businesses and provide comprehensive survey solutions in various scenarios. The Group will continue to work on system integration and management coherence of online research business in an effort to drive healthy and sustainable business development.

Our training and assessment SaaS platform is an innovative product that provides employees with video-based training, such as leadership trainings and professional skillset courses. Especially during the pandemic, we offer enterprises online training and counselling courses for their structural talent development and team building to help them smooth out the impacts of the pandemic.

Talent Development

Leveraging our talent network and AI technology, we have mapped out a comprehensive talent graph and accumulated data insights that are difficult to replicate. The behavioral data enables us to model and predict different groups of users' job intentions and scope of competence. By deeply understanding our users' needs, we can deliver personalized recommendations to every job seeker, thereby enhancing matching accuracy and user stickiness. This business strategy has been continuously verified by our increasing user traffic. Talents are able to enrich their skillsets and enhance their efficiency while pursuing their ideal jobs by acquiring our career services in addition to our free basic services. Our online professional certification training business offers training for counseling certification, family education certification, MBA examination and other professional certifications. During the first quarter of 2022, we paid more attention to user profiling and intrinsic connections between the courses that we provide. Consequently, we are more capable of cross-selling multiple correlated courses to fulfil each users' needs. Users' life time value and online time was therefore lengthened. At the same time, we continued to streamline our business flow to support efficient and rational business development.

Strategy Update

In the first quarter of 2022, we achieved healthy growth and development amid challenging conditions, proving the effectiveness of our business model and long-term strategy. With the ever-changing market dynamics, we keep a sharp mind and proactively seized market opportunities through upgraded product strategies and technology investment. Looking forward, we will continue to dig deep into the talent acquisition market by executing our "Platform + SaaS + Service" strategy and introducing innovative modules within our SaaS product. Meanwhile, as a one-stop talent service provider, we will continue to pursue excellence in multi-streamed product development on top of our core advantages in the mid-to high-end talent acquisition market such as a better user experience and broader user coverage.

On the individual user front, we firmly execute our strategy in attracting younger talents. The increase of young talents in the mid-to high-end talent pool has created tremendous growth potential for us. As young talents are generally more adaptive to emerging technologies and online tools, the increase in the number of young talents fuels the digitalization of talent services in the long term. On the business user front, we carefully identify and segment our registered business users into designated groups. For each segmented user group, we will promote diversified products and implement unique sales strategies. We look forward to achieving stronger user stickiness, wider user coverage and longer-term growth from identifying and satisfying different users' needs.

Amid the constant resurgence of the pandemic and volatile economic conditions, we shoulder a greater responsibility to promote the stability of national employment, enable the digital transformation of enterprises and realize the compliant and healthy development of the talent service industry. As we continue to focus on the sustainable growth of our business, we will pay further attention to improving our operational efficiency. We believe that the rising demand of Chinese enterprises for high-quality development will further emphasize the value of professional talent services. As we firmly march forward, we bear in mind the mission entrusted to us by this era, and focus on supporting the upgrading of the Chinese talent structure and the development of Chinese enterprises.

Impact of the COVID-19 Pandemic

The recent outbreak of COVID-19 pandemic in mainland China such as Shanghai and Beijing, has set back the gradual recovery of market economy since the early March of 2022. The Chinese government has implemented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns in response to the resurgence of COVID-19. Our revenue and profit from operations remain uncertain driven by the impact from the outbreak. Those impact will be reflected in the financial year ending 31 December 2022, and the actual impact may differ from estimates as the COVID-19 outbreak situation continues to evolve. We will continue to actively implement our remedial measures and may implement additional measures as necessary to ease the impact of the COVID-19 outbreak on our operations. However, we cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects.

CAUTION STATEMENT

The Board wishes to remind shareholders of the Company and investors that the above financial and business data are based on the Group's internal records and management accounts and have not been reviewed or audited by the auditors. The Company's shareholders and investors are cautioned not to unduly rely on such data. In the meantime, the Company's shareholders and investors are advised to exercise caution in dealing in the securities of the Company.

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

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 27 May 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.