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Tongdao Liepin Group

同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6100)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE THREE AND THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**” or “**our Company**”) announces the unaudited consolidated financial results of the Company and its subsidiaries (together, “**Liepin Group**”, the “**Group**”, “**we**” or “**us**”) for the three and six months ended 30 June 2023, together with comparative figures for same period of 2022.

FINANCIAL HIGHLIGHTS OF THE GROUP

The key unaudited financial data during the three months ended 30 June 2023 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB589.8 million for the three months ended 30 June 2023, an 18.4% decrease from RMB723.0 million for the three months ended 30 June 2022.
- Gross profit was RMB439.3 million for the three months ended 30 June 2023, a 22.2% decrease from RMB565.0 million for the three months ended 30 June 2022.
- Net profit was RMB61.1 million for the three months ended 30 June 2023, compared to RMB171.2 million for the three months ended 30 June 2022. Net profit attributable to equity shareholders of the Company was RMB50.7 million for the three months ended 30 June 2023, compared to RMB145.9 million for the three months ended 30 June 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB62.9 million for the three months ended 30 June 2023, compared to RMB186.6 million for the three months ended 30 June 2022.

The key unaudited financial data during the six months ended 30 June 2023 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB1,093.0 million for the six months ended 30 June 2023, a 20.3% decrease from RMB1,371.6 million for the six months ended 30 June 2022.
- Gross profit was RMB822.0 million for the six months ended 30 June 2023, a 24.2% decrease from RMB1,084.6 million for the six months ended 30 June 2022.
- Net profit was RMB12.9 million for the six months ended 30 June 2023, compared to RMB184.4 million for the six months ended 30 June 2022. Net profit attributable to equity shareholders of the Company was RMB8.3 million for the six months ended 30 June 2023, compared to RMB142.2 million for the six months ended 30 June 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB46.9 million for the six months ended 30 June 2023, compared to RMB242.8 million for the six months ended 30 June 2022.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 to the shareholders of the Company.

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited) <i>RMB'000</i>	2022 (unaudited) <i>RMB'000</i>	2023 (unaudited) <i>RMB'000</i>	2022 (unaudited) <i>RMB'000</i>
Revenue	589,801	722,981	1,092,965	1,371,630
Gross profit	439,317	564,963	822,019	1,084,614
Net profit	61,141	171,217	12,872	184,392
Net profit attributable to equity shareholders of the Company	50,683	145,892	8,300	142,172
Non-GAAP operating profit of the Company	62,925	186,644	46,925	242,762

MARKET REVIEW

PRC Talent Acquisition and Other HR Services Market

The first half of 2023 is a crucial period for the early resurgence of national economy. The employment market has also shown signs of recovery along with the rejuvenation of the macro-environment, yet in a mild extent as the recruitment demand remained quite soft. Since July 2023, the central government has orchestrated a series of high-level meetings, including the CPC economic conference, expert symposiums, and industry forums, focusing on stabilizing economic growth and national employment. These meetings have proposed specific guidelines and instructions for achieving high-quality development and supporting private enterprises. A series of supportive statements have injected long-term development confidence into private sectors. More substantial measures are expected to roll out in the second half of this year to further drive the high-quality growth of the economy.

The resumption of offline activities, steady business operations by enterprises, and favorable policies have led to certain rebound in market confidence. Therefore, during the second quarter of 2023, we observed a recovery of recruitment demand in certain industries such as chemicals and energy, trade and logistics, and consumer goods, as evidenced from the influx of new job postings on our platform. Nevertheless, amidst these positive strides, several key industries such as real estate and internet, boasting large employment potential, have maintained a cautious stance towards scaling up their hiring efforts, thereby exerting more drag on the overall employment landscape. It is worth noting that, the structural mismatch of the overall employment market remains significant. While the national urban unemployment rate has stabilized at a reasonable level in the second quarter of 2023, the youth unemployment rate remains relatively high. This is particularly a challenge for the society, as fresh graduates have started to enter the job market since June 2023, further exacerbating the job market faced by young people. Against this backdrop, state-owned enterprises and government offices continued to take the lead in providing job openings, particularly campus recruitment positions targeting young talents. We also look forward to more supporting measures to address the structural challenges.

Meanwhile, industrial transformation remains a key path of our national development. In recent years, supported by policy incentives and substantial capital infusion, emerging industries have experienced rapid growth. With the guidance of local governments, distinctive industrial parks for specialized and sophisticated (“專精特新”) enterprises have emerged, and especially gathered in new first-tier and top second-tier cities, creating new recruitment unit and driving talent migration. The evolution of industrial structure and talent map has placed higher demands on talent service providers’ cross-industry and cross-region service capabilities. It indicates that a platform that can provide national coverage of talents from multiple industries will suit the needs of more companies. In this regard, to better serve our customers’ dynamic needs, we never stop improving our matching technology and optimizing our product design and sales network.

PRC Talent Development Services Market

Since the beginning of this year, the ease of offline restrictions and the recovery of business operations have unleashed a pent-up wave of job-seeking aspirations among individuals, culminating in a notable upsurge in levels of talent activity. Accordingly, we have witnessed a historic high in user registration and activity on our platform in the first half of this year. While user growth in the second quarter has stabilized compared to the first quarter, it has remained at a high level. Especially, since June 2023, the entry of fresh graduates into the job market has added over 11 million young labor forces to the market. In the second quarter, youth employment still faces significant challenges due to the imbalance and mismatch between enterprises’ recruitment demand and talents’ work expectations. To address this issue, the government has undertaken a series of strategic measures, including the “Million Internship” (“百萬見習”) plan for college graduates, employment subsidies, and tax incentives for hiring young talents. Our Group remained committed to fulfilling our social responsibilities to address the structural imbalance of the employment industry and drive a healthy employment market as ever. To help youth embark on their career path, we have co-hosted the “Hundred Days, Ten Million Opportunities” (“百日千萬”) recruitment campaign for fresh graduates together with the Ministry of Human Resources and Social Security for four consecutive years and proactively assisted local governments in conducting student-specific recruitment activities. With the support of the government, we have successfully attracted more young talents and diversified enterprises to our platform, thus we achieved better talent-to-job matching for youth, leveraging our matching technology.

Furthermore, we have also served a great number of emerging enterprises that align with our national industrial development path by leveraging our unique positioning and advantages in the mid-to high-end recruitment market. Their rapid growth often presents substantial talent gaps, yet their exacting criteria for successful candidates, grounded in profound professional backgrounds and substantial work experiences, render the acquisition of fitting talents a formidable challenge. Against this backdrop, we have paid even closer attention to attracting and retaining such scarce talents, strengthening our talent pool through precise marketing, targeted outreach, and other means, and enhancing our talent-to-job matching efficiency.

Additionally, we have observed a continuous increase in employment demand in regions outside mainland China. Therefore, we have reinforced our ability to serve the recruitment needs of these enterprises by participating in local government recruitment activities and reallocating internal resources. In May 2023, the Director of the Hong Kong's Labor and Welfare Bureau visited our Group and had a profound discussion with our management team regarding Hong Kong's talent attraction policies and new trends in talent development. Furthermore, in August 2023, Liepin became the first online recruitment platform from mainland China to join the Hong Kong talent service official website. We have taken one step forward in expanding our business boundaries and serving more quality users.

BUSINESS OVERVIEW

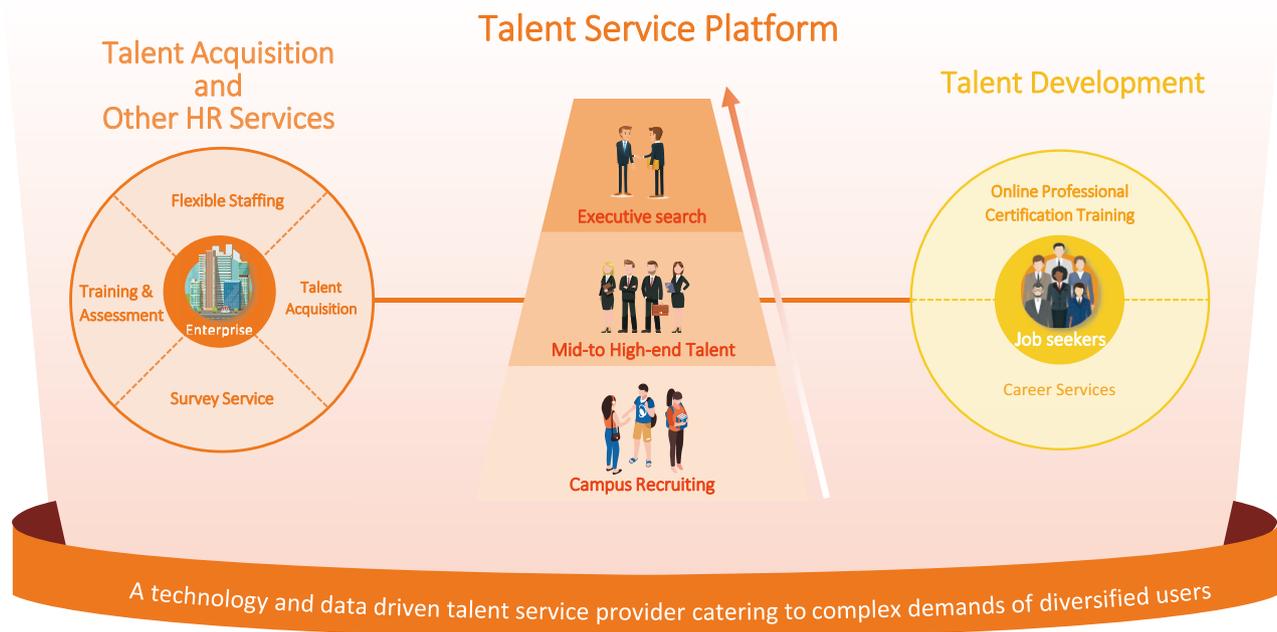
Overall Performance and Highlights

During the first half of 2023, both the employment market and our business have shown signs of recovery to a certain degree. However, since our core talent acquisition business mainly comprises pre-paid subscription-based products, the cash billings in advance therefrom will be recognized as revenue based on customers' actual consumption during the contract period. Therefore, due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year, we incurred declining reported financial performance. For the three and six months ended 30 June 2023, our revenue amounted to RMB589.8 million and RMB1,093.0 million, respectively, representing a year-on-year decrease of 18.4% and 20.3%, respectively.

Specifically, the revenue generated from providing talent acquisition services and other HR services to our business customers was RMB526.2 million and RMB978.0 million in the second quarter and the first half of the year respectively, and, representing a year-on-year decrease of 19.2% and 18.7% respectively. As we continued to attract new users, as at 30 June 2022 and 2023, the number of our verified business users was 1,078,637 and 1,217,417 respectively, representing a year-on-year increase of 12.9%. Among them, we served 60,407 business customers during the first half of this year, reflecting a year-on-year decrease of 9.6%.

In terms of our individual users, the revenue generated from providing talent development services was RMB63.2 million and RMB114.1 million in the second quarter and the first half of this year, respectively. As at 30 June 2022 and 2023, the number of registered individual users was 79.5 million and 90.0 million respectively, representing a year-on-year increase of 13.2%. In addition, the talents' activity level also experienced a surge.

Our non-GAAP profits from operations in the second quarter of 2023 was RMB62.9 million, and was RMB46.9 million for the first half year of 2023. The decrease in revenue, along with the lower reduction in necessary expenses to promote long-term sustainable development, have squeezed our profit margin.



Talent Acquisition Services

Since the beginning of this year, we have been intensifying our endeavors to attract more business customers to our platform based on a good customer retention. We encouraged them to explore our products and gradually become our loyal customers. As at the end of the second quarter of this year, we took the initiative to launch more flexible recruitment packages based on a mature customer segmentation system to cater to the recruitment needs of a wider range of enterprises. This new tactic will result in better customer conversion and more active platform usage. Starting from the third quarter of this year, we will comprehensively promote more lightweight and user-friendly basic online products on a large scale for smaller sized enterprises with limited recruitment budgets. As we develop deep bonds with these enterprises, we expect to upsell and cross-sell our well-rounded product mix in the near future.

On the other hand, for large group enterprises and state-owned enterprises with diverse needs, we have further improved our product suitability and deepened our professional services. For example, we launched the “City Station” (“城市站”) page to promote suitable job postings from selected quality enterprises to our individual users. This precision-oriented strategy not only affords renowned establishments the advantage of targeted exposure, but also streamlines the job-seeking experience for individual users aspiring to secure positions within prominent, well-established entities. Consequently, this two-fold enhancement augments platform engagement and loyalty from both vantage points. At the same time, we continued to upgrade our government edition (“獵聘政務版”) sub-SaaS product, launching functions such as data dashboards and aggregate position management, to provide a digital management platform for governments and industrial parks. We are aiming to attract affiliated enterprises in the industrial park by leveraging this new edition and drive simultaneous growth of user supply and recruitment demand.

The relentless enhancement of our products and services, aimed at elevating our precision in matching and augmenting user experience, remains at the very core of our Group’s mission. In the second quarter, we focused on optimizing the interface and recruitment path for enterprise customers, streamlining their recruitment processes. Central to this initiative was the optimization of our ranking model, a pivotal enhancement that engenders intelligent matching outcomes spanning a wider spectrum, aligning with user preferences and behaviors. Additionally, leveraging our data modeling capabilities, we established a personalized recommendation mechanism for different regions and industries. These upgrades provide our users with more effective recommendations that better align with the diverse needs and promotes user interaction.

The improvement of applied technology is only possible with the continuous accumulation of fundamental technical capabilities. This year, we have achieved the sharing of computing power and the modularization of various basic functions, supporting the migration of algorithms and functions across different business lines. This has improved the adaptability and flexibility of our basic technical capabilities while achieving better cost efficiency. Our technological upgrades have been recognized by our customers and the society. A notable instance is our invitation to the World Artificial Intelligence Conference held in Shanghai in July 2023. At the conference, we shared our thoughts and practices on applying artificial intelligence in the recruitment industry. We also took this opportunity to showcase our technological innovation in the field to professionals from various industries.

Amidst the ever-changing environment, our commitment to corporate responsibility remains unshaking. In the second quarter of 2023, we continued to carry out numerous public welfare recruitment activities, supporting and easing the job search process for specific groups of talents. One remarkable illustration of our conscientious efforts this year was the collaborative organization of the “Silent OFFER Market” (“無聲OFFER市集”) special recruitment event to provide more suitable employment opportunities to the hearing-impaired, in order to establish a fairer employment environment. We gathered a great number of quality enterprises and offered a variety of positions in technology, strategy, retail, live-streaming, and other fields to assist every talent in achieving their career success.

Other HR Services

Building on our core online recruitment services, we have also expanded our offerings along the human resources value chain to meet our clients' deeper needs and open up more space for our Group's development. Our diversified product mix has also allowed us to gain more comprehensive insights of the market, which plays a key role in making forward-looking strategic decisions.

Specifically, in the face of short-term disruptions to user traffic, our online survey business has maintained a strong market-leading position. Notably, in the second quarter of this year, we not only achieved constant iterations on product design and functionality but also integrated cutting-edge AI computing capabilities. We launched tools such as automatic questionnaire generation and automatic results standardization and analysis, which improve the convenience and visualization of the survey while also meaningfully save time for our users on groundwork. On one hand, this enhances the customer experience and increases user stickiness. On the other hand, it lays the foundation for the upgrades of our survey SaaS business.

Our flexible staffing business has maintained steady growth. As a company with a trustworthy and credible brand, we place greater emphasis on risk management and the supervision over compliance of the projects we serve. With a clearer trend towards standardization and transparent supervision in the flexible staffing industry, we are resolute in our belief that embracing a compliant and disciplined operational ethos will be a pivotal catalyst for our sustained and long-term development. Building on this principle, in the second quarter of this year, we also optimized the organizational structure related to this business, improving personnel efficiency while reducing operating expenses.

It is worth mentioning that starting from this year, we have gradually strengthened the synergy between our core online recruitment sector and various subsidiary sectors on the business front. This includes integrating HR-related survey services into our sales mix, as well as promoting professional certification training sessions leveraging our user traffic. In recent years, we have mainly completed the process of synergizing with our subsidiaries in terms of systems, back office, and personnel, which will ensure a smoother and more stable front-end business synergy. This synergistic initiative enhances our capacity to meet the diverse needs of our clients and capture greater cross-sale opportunities.

We persisted in optimizing our operations in the second quarter. Firstly, in terms of attracting new users, we further refined our marketing strategy by focusing on the operation of cost-effective channels to better connect with our user base. Notably, we upgraded the equation for evaluating channel efficiency and kept exploring channels that have a similar brand image and target users as us. These boutique channels also provide encouraging user conversion. Secondly, for individual users who have already registered on our platform, we allocated resources and traffic more precisely and achieved more comprehensive coverage through a combination of algorithms and services. With these upgrades, new users can connect to their ideal jobs seamlessly and quality talents that are in high demand can enjoy more precise and balanced matching. As a result, we effectively improved our user experience, strengthened user activity, which led to a notable increase in user loyalty and engagement within the platform.

There have been signs of slight recovery in both the willingness and ability of talents to pay for services, particularly from the second quarter of this year. Our online professional certification training services have also enjoyed this tailwind, demonstrating positive business development in the second quarter. Compared to before, our strategic direction in this business segment is now more focused, with a greater emphasis on verticals in which we possess differentiated resources, competitive advantages, and substantial avenues for growth. Examples include our endeavors in domains such as psychological counseling certification and MBA-related courses. We believe that this more targeted approach will enable us to establish deeper competitive barriers and provide us with long-term development advantages.

	As of 30 June			As of 31 December 2022
	2023	2022	%	
Individual users				
Number of registered individual users (in millions)	90.0	79.5	13.2	83.5
Number of individual paying users (accumulative)	516,925	479,032	7.9	495,980
Business users and customers				
Number of verified business users	1,217,417	1,078,637	12.9	1,129,568
Number of business customers	60,407	66,794	-9.6	70,678
Number of job postings (in millions)	6.3	6.8	-7.6	8.9
Headhunters				
Number of verified headhunters	218,551	208,967	4.6	211,772
Number of contacts with registered individual users by our verified headhunters (in millions)	587.1	634.7	-7.5	1,146.0

FUTURE OUTLOOK AND STRATEGIES

In the second half of this year, we will continue to focus on attracting business users by adapting to the recruitment needs of more enterprises through a flexible product mix and an agile sales personnel arrangement. Through user analysis and segmentation, we can identify enterprises that have recruitment needs but limited recruitment budgets. For such companies, we will promote the basic online product packages on a large scale in the third quarter. These customers will have deeper access to Liepin's resources and productivity products, in addition to enjoying free features, thus empowering their online recruitment processes. Meantime, we will build stronger connections with these enterprises and acquire a thorough understanding of their development. This will allow us to provide our diversified products in a timely manner when they are in need, achieving more upsell and cross-sell in the coming years.

Our long-term investment in research and development has provided fertile soil for the incubation of innovative products. In the second quarter of this year, we continued to refine our recruiter cooperation network by optimizing product strategies and functions based on feedback from our initial users. It is noticeable that, recently, along with the national industrial transformation and enterprises' execution of cost reduction strategies, headhunting firms are facing increased challenges. Against this backdrop, the headhunting industry is eager for change. Our Group, as an independent platform that focuses on the mid-to-high-end market, can leverage our long-term close relationship with headhunters, deep understanding of the recruitment industry, and accumulation of resources and technological capabilities to bring revolutionary enhancements to the operation efficiency and matching efficiency of the industry. We look forward to enlarging the market by inviting headhunting companies to join our closed-loop ecosystem, snowballing our competitive advantages as the mechanism gradually matures, and better serving the development of enterprises by precisely delivering quality candidates. This new business will also open up greater space for us by disrupting the traditional yet massive offline headhunting market.

INTERIM RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2023, as follows:

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Revenue	3	1,092,965	1,371,630
Cost of revenue		<u>(270,946)</u>	<u>(287,016)</u>
Gross profit		822,019	1,084,614
Other income	4	75,350	62,784
Sales and marketing expenses		(557,552)	(617,886)
General and administrative expenses		(157,676)	(165,457)
Research and development expenses		<u>(169,411)</u>	<u>(184,184)</u>
Profit from operations		12,730	179,871
Net finance income	5	6,241	12,191
Share of results of associates		<u>295</u>	<u>445</u>
Profit before taxation	5	19,266	192,507
Income tax	6	<u>(6,394)</u>	<u>(8,115)</u>
Profit for the period		<u>12,872</u>	<u>184,392</u>
Attributable to:			
Equity shareholders of the Company		8,300	142,172
Non-controlling interests		<u>4,572</u>	<u>42,220</u>
Profit for the period		<u>12,872</u>	<u>184,392</u>
Earnings per share	7		
Basic (RMB Cent)		<u>1.71</u>	<u>28.16</u>
Diluted (RMB Cent)		<u>1.70</u>	<u>28.00</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	12,872	184,392
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	46,870	78,407
Other comprehensive income for the period	46,870	78,407
Total comprehensive income for the period	59,742	262,799
Attributable to:		
Equity shareholders of the Company	55,170	220,579
Non-controlling interests	4,572	42,220
Total comprehensive income for the period	59,742	262,799

Consolidated Statement of Financial Position

at 30 June 2023 — unaudited

(Expressed in RMB)

		At 30 June 2023	At 31 December 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment	8	205,433	233,116
Investment properties		23,430	23,945
Intangible assets		114,773	125,427
Goodwill		855,651	855,651
Interests in associate		9,304	9,009
Other financial assets		203,024	195,479
Deferred tax assets		19,227	17,577
Other non-current assets		12,117	12,205
Time deposits with banks		356,837	233,287
		<u>1,799,796</u>	<u>1,705,696</u>
Current assets			
Trade receivables	9	197,780	160,730
Prepayments and other receivables	10	149,085	110,583
Receivables from related parties		2,329	2,237
Other current assets		359,186	801,351
Time deposits with banks		1,584,877	1,667,132
Cash and cash equivalents	11	524,470	476,481
		<u>2,817,727</u>	<u>3,218,514</u>
Current liabilities			
Trade and other payables	12	369,583	542,658
Contract liabilities		808,605	829,204
Interest-bearing borrowings		80,077	8,710
Lease liabilities		69,157	64,682
Current taxation		1,356	9,173
		<u>1,328,778</u>	<u>1,454,427</u>

Consolidated Statement of Financial Position

at 30 June 2023 — unaudited (continued)

(Expressed in RMB)

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Net current assets	<u>1,488,949</u>	<u>1,764,087</u>
Total assets less current liabilities	3,288,745	3,469,783
Non-current liabilities		
Lease liabilities	86,183	104,773
Deferred tax liabilities	<u>17,493</u>	<u>18,848</u>
	<u>103,676</u>	<u>123,621</u>
NET ASSETS	<u>3,185,069</u>	<u>3,346,162</u>
CAPITAL AND RESERVES		
Share capital	339	342
Reserves	<u>2,914,310</u>	<u>3,074,098</u>
Total equity attributable to equity shareholders of the Company	2,914,649	3,074,440
Non-controlling interests	<u>270,420</u>	<u>271,722</u>
TOTAL EQUITY	<u>3,185,069</u>	<u>3,346,162</u>

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2023	2022
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities		
Cash (used in)/generated from operations	(180,816)	4,423
Tax paid	(17,217)	(31,491)
	<hr/>	<hr/>
Net cash used in operating activities	(198,033)	(27,068)
Investing activities		
Proceeds from maturity of wealth management products	756,563	832,970
Payment for the purchase of property, plant and equipment, and intangible assets	(8,347)	(9,267)
Payment for the purchase of equity securities	(6,500)	(28,000)
Payment for business acquisitions net of cash acquired	—	(8,050)
Payment for the purchase of wealth management products	(312,000)	(682,500)
Other cash flows arising from investing activities	26,947	(33,894)
	<hr/>	<hr/>
Net cash generated from investing activities	456,663	71,259
	<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2023 — unaudited (continued)
(Expressed in RMB)

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Financing activities			
Proceeds from interest-bearing borrowings		102,684	33,000
Repayments of interest-bearing borrowings		(31,317)	(22,002)
Shares held for RSU scheme		(168,870)	(97,739)
Payment for the purchase of own shares		(82,798)	—
Interest element of lease rentals paid		(4,139)	(3,249)
Capital element of lease rentals paid		(27,514)	(36,676)
Other cash flows arising from financing activities		(685)	(9,540)
		<hr/>	<hr/>
Net cash used in financing activities		(212,639)	(136,206)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		45,991	(92,015)
Cash and cash equivalents at 1 January		476,481	495,778
Effect of foreign exchanges rates changes		1,998	2,727
		<hr/>	<hr/>
Cash and cash equivalents at 30 June	<i>11</i>	<u>524,470</u>	<u>406,490</u>

Notes to the Unaudited Interim Financial Statements

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation

This interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 25 August 2023.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim results announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. The interim results is unaudited.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

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

- IAS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rule*

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

3 Revenue

Disaggregation of revenue

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
— Services to business customers	977,968	1,202,670
— Services to individual paying users	114,132	168,134
	1,092,100	1,370,804
Revenue from other sources		
— Rental income from investment properties	865	826
	1,092,965	1,371,630

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2022 and 2023.

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

4 Other income

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	36,478	14,954
Investment income from wealth management products	13,182	12,906
Government grant	11,848	23,180
Additional deduction for value added tax	2,564	4,955
Dividend income	11,224	6,157
Others	54	632
	<u>75,350</u>	<u>62,784</u>

5 Profit before taxation

Profit before taxation is arrived at after crediting/(charging):

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Net finance income		
Interest on bank loans and other borrowings	(557)	(691)
Interest on lease liabilities	(4,139)	(3,249)
Foreign currency exchange gain	11,569	17,009
Bank charges and other finance costs	(632)	(878)
	<u>6,241</u>	<u>12,191</u>

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
(b) Other items		
Depreciation charge		
— owned property, plant and equipment and investment properties	13,748	11,604
— right-of-use assets	34,619	34,175
Amortization of intangible assets	10,688	25,908
Expected credit losses of trade receivables and other receivables	4,441	9,827
Operating lease charge	5,758	4,252
Auditors' remuneration — Audit service	2,498	3,165

6 Income tax

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax	9,399	14,190
Deferred taxation	(3,005)	(6,075)
	<u>6,394</u>	<u>8,115</u>

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

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB8,300 thousand (six months ended 30 June 2022: RMB142,172 thousand) and the weighted average of 486,811,471 ordinary shares (2022: 504,934,887) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB8,300 thousand (six months ended 30 June 2022: RMB142,172 thousand) and the weighted average number of ordinary shares of 488,655,116 (2022: 507,796,833).

8 Investment properties and property, plant and equipment

(a) Right-of-use assets

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB14,998 thousand.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2023, the Group acquired items of office equipment and others and leasehold improvements with a cost of RMB6,819 thousand (six months ended 30 June 2022: RMB7,878 thousand). Items of office equipment and others with a net book value of RMB79 thousand were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB5 thousand), resulting in a loss on disposal of RMB5 thousand (six months ended 30 June 2022: loss of RMB3 thousand).

9 Trade receivables

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Trade receivables — measured at amortized cost	<u>197,780</u>	<u>160,730</u>

Ageing analysis

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

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Within 60 days	197,658	159,196
60 days to 1 year	<u>122</u>	<u>1,534</u>
	<u>197,780</u>	<u>160,730</u>

10 Prepayments and other receivables

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Prepayments to suppliers	53,665	39,946
Other receivables	66,689	50,496
Interest receivable	<u>28,731</u>	<u>20,141</u>
	<u>149,085</u>	<u>110,583</u>

11 Cash and cash equivalents

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Demand deposits with banks	<u>524,470</u>	<u>476,481</u>
Cash and cash equivalents	<u>524,470</u>	<u>476,481</u>

12 Trade and other payables

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Trade payables to third parties	117,089	136,108
Salary and welfare payable	171,249	269,457
Other tax payables	53,776	58,991
Other payables	27,469	78,102
	<u>369,583</u>	<u>542,658</u>

Ageing analysis

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

	At 30 June 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Within 30 days	66,530	91,508
30 days to 1 year	50,559	44,600
	<u>117,089</u>	<u>136,108</u>

13 Capital, reserves and dividends

No dividend attributable to the interim period has been declared and paid by the Company.

FINANCIAL REVIEW

Six Months Ended 30 June 2023 Compared to Six Months Ended 30 June 2022

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	1,092,965	1,371,630
Cost of revenue	<u>(270,946)</u>	<u>(287,016)</u>
Gross profit	822,019	1,084,614
Other income	75,350	62,784
Sales and marketing expenses	(557,552)	(617,886)
General and administrative expenses	(157,676)	(165,457)
Research and development expenses	<u>(169,411)</u>	<u>(184,184)</u>
Profit from operations	12,730	179,871
Net finance income	6,241	12,191
Share of results of associates	<u>295</u>	<u>445</u>
Profit before taxation	19,266	192,507
Income tax	<u>(6,394)</u>	<u>(8,115)</u>
Profit for the period	<u>12,872</u>	<u>184,392</u>
Attributable to:		
— Equity shareholders of the Company	8,300	142,172
— Non-controlling interests	<u>4,572</u>	<u>42,220</u>
Profit for the period	<u>12,872</u>	<u>184,392</u>
Non-GAAP Profit from Operations	46,925	242,762

Revenue

Our revenue was RMB1,093.0 million for the six months ended 30 June 2023, a 20.3% decrease from RMB1,371.6 million for the six months ended 30 June 2022. Revenue from talent acquisition and other HR services to our business customers, accounting for 89.5% of our revenue, was RMB978.0 million for the six months ended 30 June 2023, an 18.7% decrease from RMB1,202.7 million for the six months ended 30 June 2022, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year. Revenue from talent acquisition and other HR services to our business customers mainly comprised (1) customized subscription packages that include various talent services charging various fixed rates; and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones.

Revenue from talent development services to individual users, accounting for 10.4% of our revenue, was RMB114.1 million for the six months ended 30 June 2023, a 32.1% decrease from RMB168.1 million for the six months ended 30 June 2022, primarily due to the yet-to-be-recovered consumption willingness. Revenue from talent development services to individual users primarily consisted of providing premium membership services, career coaching, CV advisory and certification training services.

Revenue from rental income from investment properties was RMB0.9 million for the six months ended 30 June 2023, and RMB0.8 million for the six months ended 30 June 2022.

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

	For the six months ended 30 June			
	2023		2022	
	<i>RMB '000</i>	%	<i>RMB '000</i>	%
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	977,968	89.5	1,202,670	87.6
Talent development services to individual users	114,132	10.4	168,134	12.3
Rental income from investment properties	865	0.1	826	0.1
Total	<u>1,092,965</u>	<u>100.0</u>	<u>1,371,630</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB270.9 million for the six months ended 30 June 2023, a 5.6% decrease from RMB287.0 million for the six months ended 30 June 2022. The amortization of intangible assets resulting from acquisition was RMB8.6 million (2022: RMB8.6 million). The share-based compensation expenses were RMB0.2 million (2022: RMB0.2 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB822.0 million for the six months ended 30 June 2023, a 24.2% decrease from RMB1,084.6 million for the six months ended 30 June 2022. Gross profit margin decreased to 75.2% for the six months ended 30 June 2023 from 79.1% for the six months ended 30 June 2022, primarily due to mix shift toward more service-intensive products.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB557.6 million for the six months ended 30 June 2023, a 9.8% decrease from RMB617.9 million for the six months ended 30 June 2022, which was primarily due to the decrease in sales personnel incentive expenses and the amortization of intangible assets resulting from acquisition, partially offset by incremental investment in precise marketing to attract new users and reinforce our brand recognition. The share-based compensation expenses were RMB5.6 million (2022: RMB5.4 million), and the amortization of intangible assets resulting from acquisition was RMB0.7 million (2022: RMB15.7 million). Our sales and marketing expenses as a percentage of revenue increase from 45.0% for the six months ended 30 June 2022 to 51.0% for the six months ended 30 June 2023.

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 RMB157.7 million for the six months ended 30 June 2023, a 4.7% decrease from RMB165.5 million for the six months ended 30 June 2022, which was primarily due to (1) the decrease in expected credit losses as a result of better control which led to higher recoverability of trade receivables and (2) the decrease in general and administrative personnel costs. The share-based compensation expenses was RMB11.9 million (2022: RMB18.2 million). Our general and administrative expenses as a percentage of revenue increase from 12.1% for the six months ended 30 June 2022 to 14.4% for the six months ended 30 June 2023.

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB169.4 million for the six months ended 30 June 2023, an 8.0% decrease from RMB184.2 million for the six months ended 30 June 2022, which was primarily due to the decrease in the R&D personnel costs. Among which, the share-based compensation expenses decreased from RMB14.7 million for the six months ended 30 June 2022 to RMB7.2 million for the six months ended 30 June 2023. As a percentage of revenue, our R&D expenses increase from 13.4% for the six months ended 30 June 2022 to 15.5% for the six months ended 30 June 2023.

Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income increase by 20% from RMB62.8 million for the six months ended 30 June 2022 to RMB75.4 million for the six months ended 30 June 2023, primarily as a result of the increase of interest income from bank deposits due to optimizing investment in financial products.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB12.7 million for the six months ended 30 June 2023, compared to RMB179.9 million for the six months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decrease in revenue.

Net Finance Income

Net finance income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance income was RMB6.2 million for the six months ended 30 June 2023, compared to RMB12.2 million for the six months ended 30 June 2022, primarily as a result of the decrease in foreign currency exchange gain due to the decline in USD deposits.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB19.3 million for the six months ended 30 June 2023, compared to RMB192.5 million for the six months ended 30 June 2022.

Income Tax

Income tax was RMB6.4 million for the six months ended 30 June 2023, compared to RMB8.1 million for the six months ended 30 June 2022.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB12.9 million for the six months ended 30 June 2023, compared to RMB184.4 million for the six months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decrease in revenue.

Three Months Ended 30 June 2023 Compared to Three Months Ended 30 June 2022

	Three months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	589,801	722,981
Cost of revenue	<u>(150,484)</u>	<u>(158,018)</u>
Gross profit	439,317	564,963
Other income	46,487	39,743
Sales and marketing expenses	(279,541)	(268,394)
General and administrative expenses	(76,012)	(89,600)
Research and development expenses	<u>(80,881)</u>	<u>(94,284)</u>
Profit from operations	49,370	152,428
Net finance income	13,388	16,008
Share of results of associates	<u>46</u>	<u>376</u>
Profit before taxation	62,804	168,812
Income tax	<u>(1,663)</u>	<u>2,405</u>
Profit for the period	<u>61,141</u>	<u>171,217</u>
Attributable to:		
— Equity shareholders of the Company	50,683	145,892
— Non-controlling interests	<u>10,458</u>	<u>25,325</u>
Profit for the period	<u>61,141</u>	<u>171,217</u>
Non-GAAP Profit from Operations	62,925	186,644

Revenue

Our revenue was RMB589.8 million for the three months ended 30 June 2023, an 18.4% decrease from RMB723.0 million for the three months ended 30 June 2022. Revenue from talent acquisition and other HR services to our business customers, accounting for 89.2% of our revenue, was RMB526.2 million for the three months ended 30 June 2023, a 19.2% decrease from RMB651.2 million for the three months ended 30 June 2022, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year.

Revenue from talent development services to individual users, accounting for 10.7% of our revenue, was RMB63.2 million for the three months ended 30 June 2023, a 11.4% decrease from RMB71.3 million for the three months ended 30 June 2022, primarily due to the yet-to-be-recovered consumption willingness.

Revenue from rental income from investment properties was RMB0.4 million for the three months ended 30 June 2023, and RMB0.4 million for the three months ended 30 June 2022.

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

	For the three months ended 30 June			
	2023		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
Talent acquisition and other				
HR services to business users	526,198	89.2	651,225	90.0
Talent development services to				
individual users	63,171	10.7	71,323	9.9
Rental income from investment properties	432	0.1	433	0.1
Total	<u>589,801</u>	<u>100</u>	<u>722,981</u>	<u>100</u>

Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB150.5 million for the three months ended 30 June 2023, a 4.8% decrease from RMB158.0 million for the three months ended 30 June 2022. The amortization of intangible assets resulting from acquisition was RMB4.3 million in 2023 (2022: RMB4.3 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB439.3 million for the three months ended 30 June 2023, a 22.2% decrease from RMB565.0 million for the three months ended 30 June 2022. Gross profit margin decreased to 74.5% for the three months ended 30 June 2023 from 78.1% for the three months ended 30 June 2022 due to mix shift toward more service-intensive products.

Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB279.5 million for the three months ended 30 June 2023, a 4.2% increase from RMB268.4 million for the three months ended 30 June 2022, due to incremental investment in precise marketing to attract new users and reinforce our brand recognition in the second quarter of 2023. The share-based compensation expenses were RMB3.0 million (2022: RMB3.6 million), and the amortization of intangible assets resulting from acquisition was RMB0.3 million (2022: RMB7.9 million). Our sales and marketing expenses as a percentage of revenue increase from 37.1% for the three months ended 30 June 2022 to 47.4% for the three months ended 30 June 2023.

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 RMB76.0 million for the three months ended 30 June 2023, a 15.2% decrease from RMB89.6 million for the three months ended 30 June 2022, which was primarily due to the decline in the share-based compensation expenses, and the decline in expected credit losses as a result of better control which led to higher recoverability of trade receivables. The share-based compensation expenses were RMB2.3 million in the three months ended 30 June 2023 as compared to RMB10.5 million in the three months ended 30 June 2022. Our general and administrative expenses as a percentage of revenue increased from 12.4% for the three months ended 30 June 2022 to 12.9% for the three months ended 30 June 2023.

Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB80.9 million for the three months ended 30 June 2023, a 14.2% decrease from RMB94.3 million for the three months ended 30 June 2022, which was primarily due to the decrease in the R&D personnel costs. Among which, the share-based compensation expenses decreased from RMB8.0 million for the three months ended 30 June 2022 to RMB3.5 million for the three months ended 30 June 2023. As a percentage of revenue, our R&D expenses increased from 13.0% for the three months ended 30 June 2022 to 13.7% for the three months ended 30 June 2023.

Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income increased by 17.0% from RMB39.7 million for the three months ended 30 June 2022 to RMB46.5 million for the three months ended 30 June 2023, primarily as a result of the increase of interest income from bank deposits due to optimizing investment in financial products.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB49.4 million for the three months ended 30 June 2023, compared to RMB152.4 million for the three months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

Net Finance Income

Net finance income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance income was RMB13.4 million for the three months ended 30 June 2023, a 16.4% decrease from RMB16.0 million for the three months ended 30 June 2022, primarily as a result of the decrease in foreign currency exchange gain due to the decline in USD deposits.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB62.8 million for the three months ended 30 June 2023, compared to RMB168.8 million for the three months ended 30 June 2022.

Income Tax

Income tax expenses was RMB1.7 million for the three months ended 30 June 2023, compared to an income tax credit of RMB2.4 million for the three months ended 30 June 2022.

Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB61.1 million for the three months ended 30 June 2023, compared to RMB171.2 million for the three months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

Non-GAAP Financial Measures

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit from Operations	49,370	152,428	12,730	179,871
Share-based compensation expenses	8,925	22,045	24,935	38,550
Amortization of intangible assets resulting from acquisition	4,630	12,171	9,260	24,341
Non-GAAP Profit from Operations	62,925	186,644	46,925	242,762

LIQUIDITY AND FINANCIAL RESOURCES

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating activities, investing activities and the net proceeds from the initial public offering. We currently do not have any plan for material additional external debt or equity financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

We had cash and cash equivalents of RMB524.5 million and RMB406.5 million as of 30 June 2023 and 30 June 2022, respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

	For the six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net cash used in operating activities	(198,033)	(27,068)
Net cash generated from investing activities	456,663	71,259
Net cash used in financing activities	(212,639)	(136,206)
Net increase/(decrease) in cash and cash equivalents	45,991	(92,015)
Effect of foreign exchange rate changes	1,998	2,727
Cash and cash equivalents at 1 January	476,481	495,778
Cash and cash equivalents at 30 June	524,470	406,490

Net Cash Used in Operating Activities

For the six months ended 30 June 2023, net cash used in operating activities was RMB198.0 million, compared to RMB27.1 million for the six months ended 30 June 2022, primarily due to the decreased payment collection affected by macro-economic conditions.

Net Cash Generated from Investing Activities

For the six months ended 30 June 2023, net cash generated from investing activities was RMB456.7 million, compared to RMB71.3 million for the six months ended 30 June 2022, primarily due to the net proceeds from wealth management products.

Net Cash Used in Financing Activities

For the six months ended 30 June 2023, net cash used in financing activities was RMB212.6 million, mainly attributable to payment for shares held for the Company's restricted share unit scheme and the purchase of own shares compared to RMB136.2 million for the six months ended 30 June 2022.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 30 June 2023 was 1.73% (30 June 2022: 0.23%).

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.

INDEBTEDNESS AND CHARGE ON ASSETS

As at 30 June 2023, the Company had eight short-term bank loans with total principal amount of RMB80.1 million with fixed interest rate from 2.45% to 5.50% p.a. which will be due within a year. Among them, RMB5.0 million secured by a third-party guarantee company, RMB4.8 million secured by deposits and RMB13.1 million secured by trade receivables.

Save as disclosed above, (i) the Company had no bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at 30 June 2023.

CONTINGENT LIABILITIES

As of 30 June 2023, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

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

For the six months ended 30 June 2023 and 2022, we had foreign currency exchange gain (both realized and unrealized) of RMB11.6 million and RMB17.0 million, respectively, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain for the six months ended 30 June 2023 was mainly attributable to the appreciation of USD against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2023.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies during the six months ended 30 June 2023.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,549.1 million out of the net proceeds have been utilized as of 30 June 2023 in the manner consistent with that disclosed in the Prospectus dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 30 June 2023, the unutilized net proceeds was in the amount of approximately HKD255.5 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, as of 30 June 2023, the Group did not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practices and has complies with the code provisions as set out in the CG Code during the six months ended 30 June 2023 except for the following deviation from the Code Provision C.2.1 of the CG Code.

We do not have a separate chairman and chief executive officer and Mr. Dai Kebin currently performs these two roles. While this constitutes a deviation from the Code Provision C.2.1 of the CG Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and therefore we believe there is sufficient check and balance in our Board; (ii) Mr. Dai Kebin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, as Mr. Dai Kebin is our principal founder, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for and communication within our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2023, the Company repurchased a total of 8,500,600 shares of the Company on the Stock Exchange for an aggregate consideration of approximately HKD82.8 million before expenses. Particulars of the shares repurchased are as follows:

Month of Repurchase	No. of Shares Aggregate Repurchased	Price Paid per Share		Aggregate Consideration (HKD)
		Highest (HKD)	Lowest (HKD)	
April	4,292,400	11.18	9.80	44,542,788
May	522,000	8.79	8.31	4,448,276
June	3,686,200	9.58	8.42	33,798,226
Total	8,500,600			82,789,290

Subsequent to the Reporting Period, in July 2023 the Company repurchased a total of 1,883,800 shares of the Company on the Stock Exchange for an aggregate consideration of approximately HKD15.5 million before expenses. The highest price paid per share and the lowest price paid per share was HKD9.23 and HKD7.41 respectively.

Save as disclosed above, during the six months ended 30 June 2023 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2023. The Audit Committee has reviewed and considered that the interim financial results for the six months ended 30 June 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Passing Away of A Director

Mr. Choi Onward, who was an independent non-executive Director, the chairman of the Audit Committee and a member of the remuneration committee of the Company, passed away on 12 June 2023. The Board thanks for his invaluable contribution to the Company in the past.

Following the passing away of Mr. Choi Onward, the Board comprises five Directors, including two executive Directors, one non-executive Director and two independent non-executive Directors. The Company currently does not meet (i) the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules; (ii) the minimum number of members in the Audit Committee required under Rule 3.21 of the Listing Rules; and (iii) the requirement of at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules. The Company has been in the process of identifying a suitable candidate to fill the vacancy in order to fulfill the requirements of the Listing Rules as per the requirements under Rule 3.11 and Rule 3.23 of the Listing Rules.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

From 1 July 2023 up to the date of this announcement, there are no other significant events occurred after the Reporting Period that may affect the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 to the shareholders of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report of the Company for the six months ended 30 June 2023 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

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

DEFINITIONS

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

“Audit Committee”	the audit committee of our Company
“Board”	the board of directors of our Company
“Business customers”	verified business users that have existing contracts with us as of a given date, excluding business customers with trial subscription
“Company”, “our Company”, or “the Company”	Tongdao Liepin Group (stock code: 6100), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 30 January 2018, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of our Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HR”	Human Resources
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRS”	International Finance Reporting Standards, amendments and interpretations, as issued by the IASB
“Individual paying users”	the individual users that have previously subscribed for the Company’s premium membership services or CV advisory services at least once as of a given date
“Individual users”	the individual users that have completed all required registration and verification procedures for our talent development services to the Group’s satisfaction

“Job postings”	active and open positions posted by our verified business users and verified headhunters on our online platform, excluding those that have been removed upon the completion of the hiring process or due for more than 90 days
“Liepin Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company, dated 19 June 2018, in relation to its global offering
“R&D”	research and development
“Registered individual users”	the individual users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both individual paying users and individual non-paying users as of a given date
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of PRC
“SaaS”	software-as-a-solution, which refers to the Company’s talent services delivery model where the Company hosts a range of proprietary software solutions and provides them to the Company’s registered individual users, verified business users and verified headhunters over the internet
“Talent services”	talent acquisition services, other HR services, and professional career services provided to business users and individual users, as the case may be
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America

“Verified business users” all business users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date

“Verified headhunters” the headhunters that have completed all required registration and verification procedures to the Company’s satisfaction

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 25 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. DAI Kebin and Mr. CHEN Xingmao; the non-executive director of the Company is Mr. SHAO Yibo; and the independent non-executive directors of the Company are Mr. YE Yaming and Mr. ZHANG Ximeng.