

**WHO WE ARE**

We are the largest online recruitment platform in China in terms of average MAU and online recruitment revenue in 2021 and the six months ended June 30, 2022. We had a market share of 6.1% in the online recruitment industry in terms of online recruitment revenue in the six months ended June 30, 2022, which is the highest among online recruitment platforms. We are also the second largest market participant in China's recruitment market in terms of recruitment revenue in 2021 and the six months ended June 30, 2022, with a market share of 2.1% and 2.3% in the same periods, respectively. We have pioneered the "direct recruitment model" that captures the essence of real-world recruitment scenario through innovatively embedding two-way communication and two-sided recommendation into the online recruitment process on a mobile-native platform. We were the first in China to adopt the direct recruitment model for the online recruitment industry. Our innovative business model is developed on an approach that is fundamentally different from other existing business models at the time of its inception and has since transformed the online recruitment industry and user behavior in China.

Leveraging the power of our business model and technology innovations, we efficiently connect job seekers and enterprise users and reinvent how they interact with each other, thereby greatly improving their job hunting and recruitment efficiency, which in turn contributed to our business success in terms of scale and growth. Our average MAU reached 25.9 million in the six months ended June 30, 2022. Our verified job seekers, verified enterprise users and verified enterprises reached 100.8 million, 17.2 million and 8.9 million as of June 30, 2022, respectively. Our paid enterprise customers reached 3.8 million in the twelve months ended June 30, 2022. In the six months ended June 30, 2022, our platform generated an average of 3.0 billion chat messages every month.

We have also achieved full user coverage of white and gold-collar users, blue-collar users and college students, and have served a full spectrum of employers, large and small, in numerous industries and from diverse geographical areas. As of June 30, 2022, white and gold-collar users, blue-collar users, and college students as percentage of our job seeker user base reached 54.5%, 29.3% and 16.2%, respectively. We serve all of the 2021 Fortune China 500 companies. Out of the total number of verified enterprises we served, 84.6% had less than 100 employees as of June 30, 2022.

**PAIN POINTS OUR INDUSTRY FACES**

Recruitment services market is the fastest-growing segment in China's human resource services market between 2021 and 2026 with a CAGR of 18.7%. With job seekers and employers increasingly embarking on their job hunting and recruitment journeys online, China's online recruitment market's size in terms of revenue is expected to increase from RMB71.4 billion in 2021 to RMB250.8 billion in 2026, representing a CAGR of 28.6%

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between 2021 and 2026. Market participants in China’s online recruitment market primarily include online recruitment platforms, online classifieds, online portals offered by recruiting agencies and traditional recruiting agencies, such as headhunting firms and recruitment process outsourcing agencies.

The online recruitment industry in China has traditionally suffered from two pain points: job seekers find it difficult to locate suitable job positions, and employers find it hard to secure suitable job candidates. Job seekers and employers yearn for a new platform that can deliver unprecedented efficiency.

These pain points have been caused by the following three common characteristics of the traditional industry players.

- **Resume centric.** Traditional resume centric model provides limited functionality beyond submission and downloading of resumes. Information flows one way, only from job seekers to employers, via a few pages of stylized introductions, and job seekers often receive tardy responses, if any.
- **Search-based.** A search-based model unevenly drives internet traffic towards top candidates with stellar credentials and well-known corporations with deep pockets, leaving behind the vast majority of other job seekers and SMEs with substantial unmet demand. This led to an inability for traditional online recruitment platforms to tap into the blue-collar recruitment market and serve the traditionally underserved SME employers.
- **Limited user coverage.** Because of traditional models’ inability to provide customized and accurate recommendations, they are forced to limit their user coverage and focus on serving only a subset of users.

Cognizant of the industry pain points and their root causes, our founders set out eight years ago to create a transformative mobile-native product “BOSS Zhipin” that is communication-oriented, provides feed-based recommendation and attracts a full spectrum of users. Our innovative business model has proven to be more efficient and effective, delivering better outcomes for both job seekers and enterprises, which in turn contributes to our rapid growth and industry leading position.

### OUR PLATFORM

We connect job seekers and enterprise users in an efficient and seamless manner mainly through our highly interactive BOSS Zhipin mobile app, a mobile-native online recruitment platform that promotes instant direct chats between enterprise users and job seekers, delivers accurate matching results, and is powered by proprietary algorithms and big data insights. We are relentlessly focused on enhancing user experience by delivering efficient, intuitive and convenient experience to them throughout the recruitment cycle.

### **Our Platform Participants**

**Job seekers:** We have a large and fast growing pool of job seekers consisting of white and gold-collar users, blue-collar users and college students.

**Enterprise users:** We serve an extensive network of employers covering small, mid-sized and large businesses across a broad range of industries and diverse geographic areas. Enterprise users of our platform include Bosses and recruiting professionals (more than one enterprise users of the same employer could register an account with us).

**Bosses:** Bosses refer to executives or middle-level managers of large enterprises and SMEs and micro business owners, who are the key decision makers that can better assess candidates' capabilities, including their soft skills and cultural fit, and more efficiently identify the best people for their businesses. We get the Bosses involved on our platform since our inception. Our innovative model facilitates direct interaction between job seekers and Bosses, fulfils the undiscovered demands of hiring decision makers to directly participate in the recruiting process at an early stage, and allows us to amass a large number of Bosses. As of June 30, 2022, 65.7% of our verified enterprise users were Bosses.

**Recruiting professionals:** We also serve recruiting professionals, including human resource officers and specialized hiring function employees of an employer, headhunters and hiring staff from human resource agencies.



### Our Pioneering Features and Value Propositions

- **Mobile-native.** We started as a mobile app, and we were built for the era of mobile internet, whereas other recruitment platforms were mainly born in the PC age and later piecemeal adapted a mobile interface. We were among the first to launch an online recruitment platform that is entirely based on mobile application. The ideology of creating a mobile-native recruitment platform is the foundation for our innovative business model that enables intelligent recommendation and two-way interactive communication and underpins many aspects of our operation. Our user interface and service design are centered around our mobile offerings, providing social-media-app type of enjoyable and intuitive user experience while enabling job seekers and enterprise users to engage in meaningful communication anytime, anywhere and receive quick responses.
- **Recommendation-based.** Technology is at the core of our platform. We provide targeted job and candidate matches and recommendations in the form of feed streams. Our high quality data, rapid product iteration, and proprietary technology infrastructure enable us to provide accurate and adequate recommendation and matching results. We were the first to adopt a two-sided feed-based recommendation system among online recruitment platforms.
- **Direct chat.** Either job seekers or enterprise users can initiate direct chat with their counterparties on our platform throughout the recruitment process. Direct chatting ensures that our users are active with real demands for job opportunities or candidates, and users can confirm each other's intentions and their suitability before the interview, which makes their experience highly informative and efficient. Meanwhile, we are dedicated to protecting the job seekers' privacy. Enterprise users are not allowed to access job seekers' full resume or their contact information without job seekers' consent. We were the first to adopt a business model that promotes two-way communication through direct chat and resume delivery upon consent among online recruitment platforms.

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These three features are interconnected and intertwined, making it hard for others to emulate and together help us achieve the following value propositions:

- ***Convenience.*** The mobile interface and natural user experience incentivize users to use the app more frequently, thereby generating more interactions and meaningful user data for more tailored recommendation and higher recruitment and job hunting efficiency.
- ***Highly Interactive.*** We transformed how job seekers and employers, especially Bosses, interact in the online recruiting industry. Our instant messaging function make real time interactions between job seekers and enterprise users possible, significantly stimulating user enthusiasm and cultivating a more engaged and loyal user base.
- ***Efficient.*** Extensive user interaction generates a large amount of user behavioral data. Such behavioral insight, combined with our extensive static user profile information, form our comprehensive datasets, which are processed by our advanced analytics and self-evolving recommendation technology, to deliver curated matching results. Rapid product iteration and constant upgrading of our matching system further enable us to provide more accurate matching results.
- ***Privacy.*** We highly respect job seekers, and are committed to empowering them by giving them more say in the recruitment process. We do not allow enterprise users to access job seekers' resumes unless job seekers provide express consent. Job seekers can also make their information selectively visible to different types of enterprise users. Such mechanisms provide a powerful protection of job seekers' privacy. We are also devoted to protecting job seekers against false information and frauds.

Our innovative direct recruitment model promotes two-way interactive communication, provides feed-based recommendation, and enables full user coverage, which effectively addresses the inefficiencies arising from the traditional resume centric and search-based model.

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### **Traditional Online Recruitment Platforms: Our Platform:**

#### **Resume centric**

- Traditional models serve the limited role of a directory for job openings and candidate information, which resulted in the lack of meaningful user data.
- Users find it difficult to manage expectations due to the lack of communication between job seekers and enterprise users.

#### **Search-based**

- Users' search results are confined by their search term inputs.
- Search results unevenly drive internet traffic towards top candidates and well-known corporations.

#### **Limited user coverage**

- Less accurate recommendation and irrelevant matches made it challenging to support the co-existence of diverse user base.
- Bosses have to rely on recruiting professionals to screen resumes, significantly prolonging the recruiting process.

#### **Communication-oriented**

- Direct recruitment model propels two-way flow of information and meaningful dialogues, thereby generating more meaningful data points to power more accurate and tailored recommendation.
- Direct communication helps both job seekers and enterprise users discern the other party's interest quickly, saving time and efforts during the recruitment and job hunting process.

#### **Feed-based recommendation**

- Feed-based recommendation factors in a wide array of factors that enable accurate job and candidate matching, including the likelihood of receiving an offer and making a successful hire.
- The recommendation model is specifically designed to drive more traffic to users who are more responsive and have a higher level of interaction with other participants. This stimulates user engagement and ensures adequate exposure for more job seekers and employers with less recruitment budget.

#### **Full user coverage**

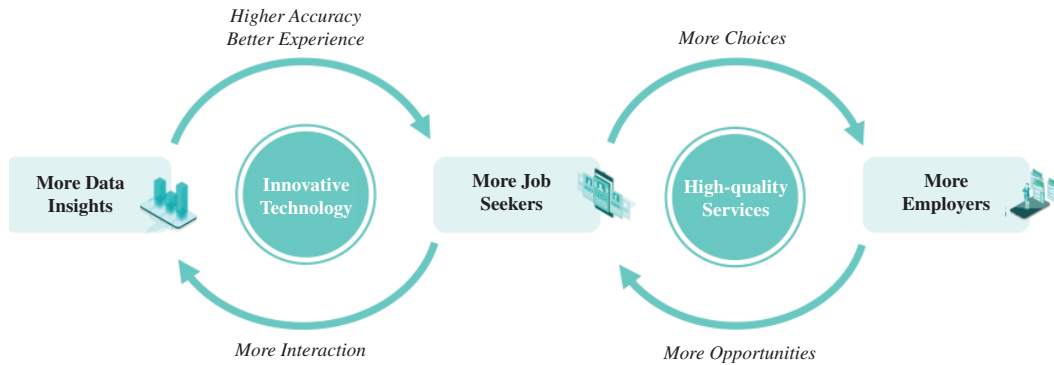
- Users are less disturbed by less relevant jobs and candidates, thus enabling full user coverage while providing tailored and focused user experience.
- Accurate recommendations reduce the burden to have HRs shortlist resumes and identify candidates. This opens up new scenarios for Bosses to conveniently participate in the hiring process early on, improving efficiency.

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Our innovative business models and robust technology generate significant network effects. As we bring more job seekers to our platform, we gather more meaningful user data from extensive user interaction facilitated by our direct recruitment model. Underpinned by our robust recommendation system, our data insights on jobs and user preferences translate to more accurate job and candidate matching results and better user experience, thereby attracting more job seekers. More employers also join our platform to access our large and diverse job seeker base, bringing more job opportunities for our job seekers. These together build a double-sided network that continue to fuel our growth and success.



### Our Services

Our services are purposely designed for improving job hunting and recruitment efficiency to elevate user experience.

- ***For enterprise users.*** We provide direct recruitment services that allow enterprise users to post jobs, receive personalized candidate recommendations, engage in direct communication and receive resumes upon mutual consent. We also offer an expanding range of value-added tools to further enhance recruitment efficiency.
- ***For job seekers.*** We provide job seeking services that allow job seekers to receive job recommendations, initiate direct chats and deliver resumes upon mutual consent. We also provide value-added tools that help them better prepare for their job hunt.

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### OUR OPERATION AND FINANCIAL OVERVIEW

We provide services for improving recruitment and job hunting efficiency to both enterprise users and job seekers, generating most of our revenue from paid services offered to enterprise users. For enterprise users, we offer direct recruitment services that allow them to post jobs and communicate with job seekers, which can be free or paid, supplemented by paid value-added tools to further enhance their recruitment efficiency. For job seekers, we offer job seeking services for them to communicate with employers for free and paid value-added tools to help job seekers better prepare for their job hunt and assess their candidacy. See “Business—Our Monetization Model” for more details on our platform’s monetization.

The following sets forth a summary of our key operation and financial results.



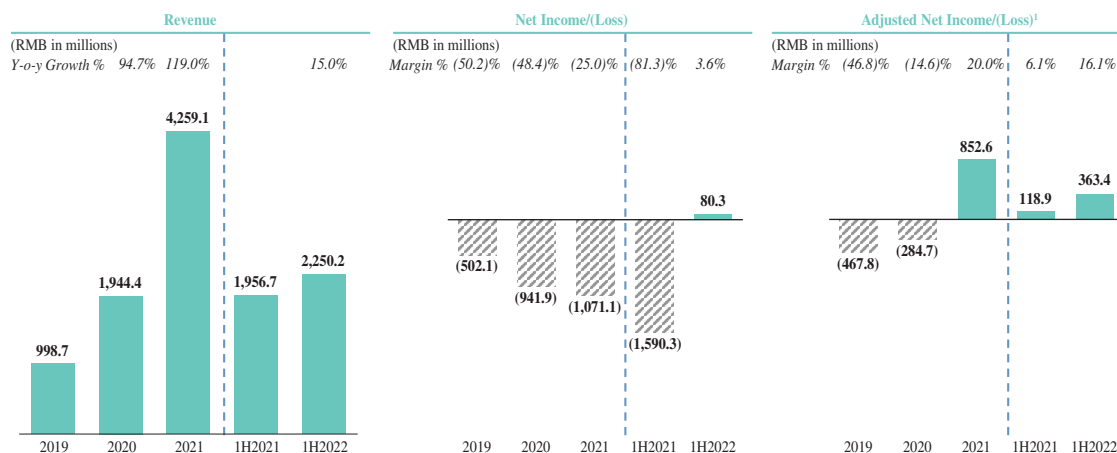
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*Notes:*

- (1) Average MAU for the six months ended June 30, 2022.
- (2) As of June 30, 2022.
- (3) Average DAU and MAU for the six months ended June 30, 2022.
- (4) Average chat messages per month for the six months ended June 30, 2022.
- (5) For the year ended December 31, 2021 and the six months ended June 30, 2022, respectively.



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Note:

- (1) Adjusted net income/(loss) is a non-GAAP financial measure. Please refer to “Financial Information—Non-GAAP Financial Measure.”

## STRENGTHS

We believe the following strengths have contributed to our success:

### Largest online recruitment platform in China with full user coverage and strong network effects

We are the largest online recruitment platform in China in terms of average MAU and online recruitment revenue in 2021 and the six months ended June 30, 2022. As of December 31, 2021, our verified job seekers and verified enterprise users reached 97.9 million and 16.2 million, respectively. As of June 30, 2022, our verified job seekers and verified enterprise users reached 100.8 million and 17.2 million, respectively.

Serving different groups of people at the same time is a challenge for our peers. However, we have achieved full user coverage of white and gold-collar users, blue-collar users and college students, and have served a full spectrum of employers, large and small, in numerous industries and from diverse geographical areas. As of June 30, 2022, white and gold-collar users, blue-collar users, and college students as percentage of our job seeker user base reached 54.5%, 29.3% and 16.2%, respectively. We serve all of the 2021 Fortune China 500 companies. Out of the total number of verified enterprises, 84.6% had less than 100 employees as of June 30, 2022. Our data-driven recommendations deliver a tailored and efficient job hunting and recruitment experience for all of our users and ensure the co-existence of our diverse user base on one mobile app. Job seekers are less distracted by employers offering jobs that are unrelated to their job pursuits, and employers will receive candidate recommendations that we believe meet their requirements.

Benefiting from our large and diverse user base and high-quality user experience, our platform has developed a powerful network effect. As more job seekers join our platform, more employers will come, bringing more job opportunities, which in turn attract more job seekers, forming a virtuous cycle. The extensive user coverage of our platform allows us to fulfill the cross job-function category and cross geographic recruitment needs of enterprise users, which offers them significantly more choices and increases the possibility of matching the right candidate with the right job, forming an even larger network of job seekers and employers. As of December 31, 2020 and 2021 and June 30, 2022, our verified job seekers experienced a year-on-year growth of 71.4%, 27.6% and 5.2%, respectively. As of December 31, 2020 and 2021 and June 30, 2022, our verified enterprise users experienced a year-on-year growth of 76.6%, 42.1% and 15.4%, respectively.

### **Innovative business model delivering higher recruitment efficiency and driving rapid expansion**

We were the first to introduce a mobile-native, recommendation-based direct recruitment model that transformed the incumbent market practice in China's online recruitment industry and a pioneer of direct recruitment model in the global online recruitment industry. Among online recruitment platforms, we were also the first to adopt a two-sided feed-based recommendation system, and the first to adopt a business model that promotes two-way communication (through direct chat and resume delivery upon consent).

Our recommendation-driven model provides an intuitive user experience and delivers accurate and tailored matching results. Our instant messaging function instills flexibility in the communication process, provides prompt feedback to users and enables frequent interaction. Currently, in the intelligent recommendation process, more than 90% of BOSS Zhipin's traffic is processed by our deep learning algorithm. The convenience and efficiency brought by this model have attracted Bosses, who are not professional recruiters, to join our platform and directly communicate with job seekers, creating new scenarios that meet their underserved demands to get involved in the recruitment process early on. As the final decision-makers in the hiring process and future business supervisors, Bosses provide more accurate evaluations of candidates. Job seekers can also gain a deeper understanding of employers' recruitment needs through directly communicating with Bosses.

Our large Boss user base, feeds-based recommendation function and the direct recruitment model address the low efficiencies in the industry. We also empower individual users (both job seekers and enterprise users) to actively participate in the recruiting process and serve the traditionally underserved talents and SMEs as online traffic is heavily tilted towards large enterprises and top job seekers on other platforms. This allows us to fulfill unmet demands and create incremental market opportunities.

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As a result of our powerful and innovative model, we have achieved rapid growth ahead of our peers. Our revenues increased by 94.7% from RMB998.7 million in 2019 to RMB1.9 billion in 2020, and further grew by 119.0% to RMB4.3 billion (US\$635.9 million) in 2021. Our revenues increased by 15.0% from RMB2.0 billion in the six months ended June 30, 2021 to RMB2.3 billion (US\$336.0 million) in the six months ended June 30, 2022.

### **High-quality user experience bringing about user loyalty and brand recognition**

We are motivated by our relentless focus on high-quality user experience to better serve job seekers, Bosses, HRs and other recruiting individuals. We offer an intuitive user interface, easy-to-use service features, and flexible usage in addition to the efficient job hunting and recruitment user experience brought by our innovative model. We are committed to giving more say to job seekers by giving enterprise users access to job seekers' contact information and full resume only upon job seekers' express consent. This protects the privacy of job seekers and increases their trust towards our platform. The direct recruitment model also brings about high-quality user experience by allowing employers to enjoy high recruitment efficiency.

The exceptional user experience we provide increases the loyalty of our users and ensures an elevated user engagement. In 2021 and the six months ended June 30, 2022, our average DAU as a percentage of average MAU reached 26.7% and 27.8%, respectively, which was the highest among top four online recruitment platforms in China during these periods. In the six months ended June 30, 2022, our platform generated an average of 3.0 billion chat messages per month.

We recorded 360-day average active user retention rate of 19%, 20%, 20% and 22% in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively, compared to an industry average of approximately 10% during the same periods. The high loyalty brought about by our high-quality user experience allows us to grow with our users throughout their career lifecycle, continually fulfilling their job hunting and employment needs. Individuals who join our platform as job seekers at one time may come back at another time as enterprise users, recruiting on behalf of enterprises. In addition, loyal and active users help us build our brand awareness, which in turn delivers a viral marketing effect. Increasingly, more job seekers and enterprise users are attracted to our platform by word of mouth. Furthermore, we take a bottom-up approach to expand our presence within a business as one loyal and satisfied user will introduce us to Bosses and recruiting professionals from another team or division of the company. As more users within a company have experienced our highly efficient and quality services, we can foster larger-scale and deeper cooperation with the company.

### **Industry-leading technology fueling accurate recommendations**

We believe in the strength of technology. Our core competitive strengths derived from our data insights, powerful algorithm and big data capacity enable us to effectively process the data and continually improve our two-sided matching accuracy. Accurate matching results allow us to attract more users and accumulate more data, which in turn improves the matching efficiency and optimizes the user experience, creating a positive feedback loop.

Our online platform generates a high level of interaction, which provides us with high quality data. We are committed to digitalizing and intellectualizing the entire recruitment process. The digitalization of each phase of the recruitment process and the high frequency and high quality interactions between our users together generate considerable behavioral data, which is being continuously fed back into our recommendation engine.

In addition to our vast data reserve and big data capabilities, our strong algorithm is also a pillar that allows us to provide more accurate job and candidate matching. We are continually improving and optimizing our proprietary algorithm and have achieved rapid iteration. Our algorithm picks up tiny changes of preference demonstrated through each user's interaction on our platform, processes these actions instantly through our models and provides users with refined matching results within seconds. We continually improve our recommendation engine by leveraging our natural language processing capability and profound understanding of professional profiles, job descriptions and user interaction data. The use of our algorithm and data capability also helps to ensure the authenticity of information.

### **Multipronged go-to-market strategy that best serves diverse user demands**

We have adopted a three-tiered multipronged go-to-market strategy. First, we allow most enterprise users to use most of our services for free to drive user expansion, attract users to experience our services and thus increase user stickiness. Second, we offer online self-service purchases. For enterprise customers with scattered and on-demand recruitment needs, in particular, SMEs and non-professional recruiters, the opportunity to conduct small amount and short-term purchases provides them with more flexibility. Through the self-service feature, we are able to serve the large and rapidly growing enterprise user base efficiently without the need to expand our sales team proportionally. All of our paid services and tools can be self-purchased online. Third, we identify customers with long-term and high staffing demands and provide high-quality pre-sale planning and after-sales services leveraging our CRM system and direct sale teams. Unlike our peers, who rely heavily on sales teams to manually identify and acquire new customers, all of our sales leads are generated by self-developed algorithm-driven CRM system, which simplifies the sales process, provides us with more intelligent insights and sales leads, and enables us to achieve higher sales efficiency. The CRM system can automatically identify potential customers with large, long-term recruitment procurement needs from existing users and convey these information as sales leads to the sales team. The sales team will then approach such users with customized packages with an aim to convert them into customers that have subscription packages with us.

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Our multipronged go-to-market strategy allows us to amass a large user base as we offer opportunities for most users to experience our services for free. Our CRM system helps us identify viable sales lead, create better-targeted and more effective upselling and cross-selling opportunities. In addition, we conveniently and efficiently fulfill our customers' purchasing demands leveraging a combination of self-serviced purchases and sales team supported customer services. This unique sales model has resulted in high sales efficiency. The number of our paid enterprise customers increased from 1.2 million in 2019 to 2.2 million in 2020, and further to 4.0 million in 2021, and from 3.6 million in the twelve months ended June 30, 2021 to 3.8 million in the twelve months ended June 30, 2022, respectively.

### **Visionary management team with deep industry expertise**

We have a visionary, experienced and entrepreneurial management team. The majority of our management team has been with us since our inception. Our management team is strategically savvy and has successfully built a platform that is transforming the online recruitment industry in China.

Our Founder, Chairman and Chief Executive Officer Mr. Peng Zhao is recognized as a leading figure in the Chinese human resources and internet sectors with over 23 years of industry experience. Acting on industry insight, Mr. Zhao has led our company on the waves of innovations in the industry and built our recruitment platform, which has successfully transformed China's online recruitment industry and lays a solid foundation to achieve our vision.

Over the years, we have always stayed true to our original philosophy: focus on users, value technology, appreciate simplicity, and encourage self-motivation. We believe our powerful corporate culture is indispensable from what we have achieved today.

### **STRATEGIES**

We seek to connect and empower job seekers and enterprise users through technology and innovation. We plan to attract more users, including both job seekers and enterprise users to our platform, further enhance our user experience, and improve our brand equity by focusing on the following key growth strategies.

#### **Further increase our presence in different user groups, industries and regions**

We plan to continue to drive the robust growth of our user base across the full user spectrum by optimizing our services and strengthening our branding and sales efficiencies. We intend to continue to strengthen our market position in the white-collar and gold-collar recruitment market. We plan to continue to expand to cover a fuller range of enterprises of diversified industries, regions as well as a wider spectrum of positions. We will also expand our platform to attract more recruitment professionals, including headhunters to help enterprise users identify, connect and secure more talents.

For gold-collar recruitment sector, we will provide more job opportunities for gold-collar users and more personalized services, such as on the job consulting services. We also plan to expand our user coverage in more sectors, such as finance and healthcare. We view the growth of blue-collar users as an important growth driver and our business model has been proven to be effective for blue-collar recruiting. We will continue to improve our service quality and user experience to grow our blue-collar user base. In particular, we have designed onboarding procedures and rolled out functionalities that are tailored to the recruitment patterns of the blue-collar recruitment market and well suited for blue-collar job seekers' needs. We will also ramp up our efforts to expand our presence in lower-tier cities in China, which will enable us to serve more blue-collar users.

### **Increase the coverage of our services to provide more service offerings**

We will further deploy our multipronged go-to-market strategy to serve more enterprises users, expand our presence within the same enterprises and increase the coverage of our service offerings. We intend to pursue avenues to improve conversion of our enterprise user base into paid enterprise customers. For example, we believe each point of user engagement provides insight into user' needs, which we can use to provide customized paid services that address their needs. Also through identifying users' unmet needs, we are able to introduce new functionalities and further expand our product and service offerings through upselling and cross-selling, which also enhances our monetization capabilities and expand our wallet share.

We plan to further digitalize the recruitment processes and offer more services to users. We believe there is significant untapped monetization potential that ties each successful employee placement with the service fee an employer pays. We plan to further explore along the recruitment services value chain and expand our focus to successful employee placement and employee onboarding, by leveraging our large user base and our industry expertise. By broadening our product and service range along the recruitment service value chain, we will continue to transform our business into a comprehensive, integrated recruiting platform that provides more closed-loop recruitment service offerings.

### **Build a human resources service ecosystem to serve individual and enterprise users' diverse needs**

The unique market position we hold and the powerful network effects of our platform make us well-positioned to enter other human resources service markets beyond online recruitment, and to further explore opportunities to provide better solutions and create value with our industry leading technology and data capabilities. These markets include human resource planning, career development, performance management, compensation and benefits management and employment relationship management, covering the full spectrum of enterprises' needs and the entire career lifecycle of talents.

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Building on the scale of our platform, existing strong user affinity and industry knowhow that we have accumulated in the recruitment industry, we believe we are well equipped to explore business opportunities in these markets and seize significant monetization potential. We also aim to build a human resources ecosystem with more participants and service providers. As we expand our services into more human resource service markets, we will be able to grow with our users and serve the diversified needs of our individual users across their full career life cycle, and enterprise users for their diversified needs regarding talents.

### **Continue to invest in technological innovations and deepen our data insights**

We will continue to invest in technology talent and infrastructure, which is the core of our technology strength. We plan to expand our investment in technology talent by expanding our technology team and further attract talent with expertise on key technologies. Meanwhile, we will continue to strengthen investment in deep learning and recommendation algorithm, enhance career knowledge graph, and deepen our understanding of various occupations and industries to provide more accurate and professional career services.

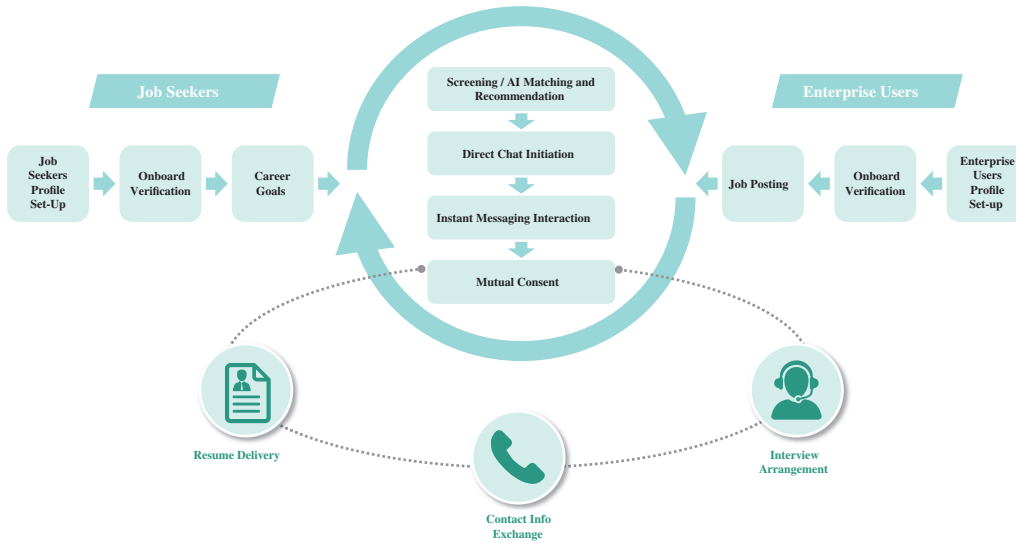
### **Further enhance our data and infrastructure security**

We are committed to building a safe online platform. Our systems are designed to enforce our policies, protect users' personal information, and abide by applicable laws and regulations. We have built a multi-level system to protect our data, because it is the backbone of our business. We protect data through a combination of processing procedures and technologies and have built a dedicated data expert team to detect risks and vulnerabilities in user privacy and data security. We plan to further upgrade our data protection procedures and technologies to address data-related violations and combat potential data breach.

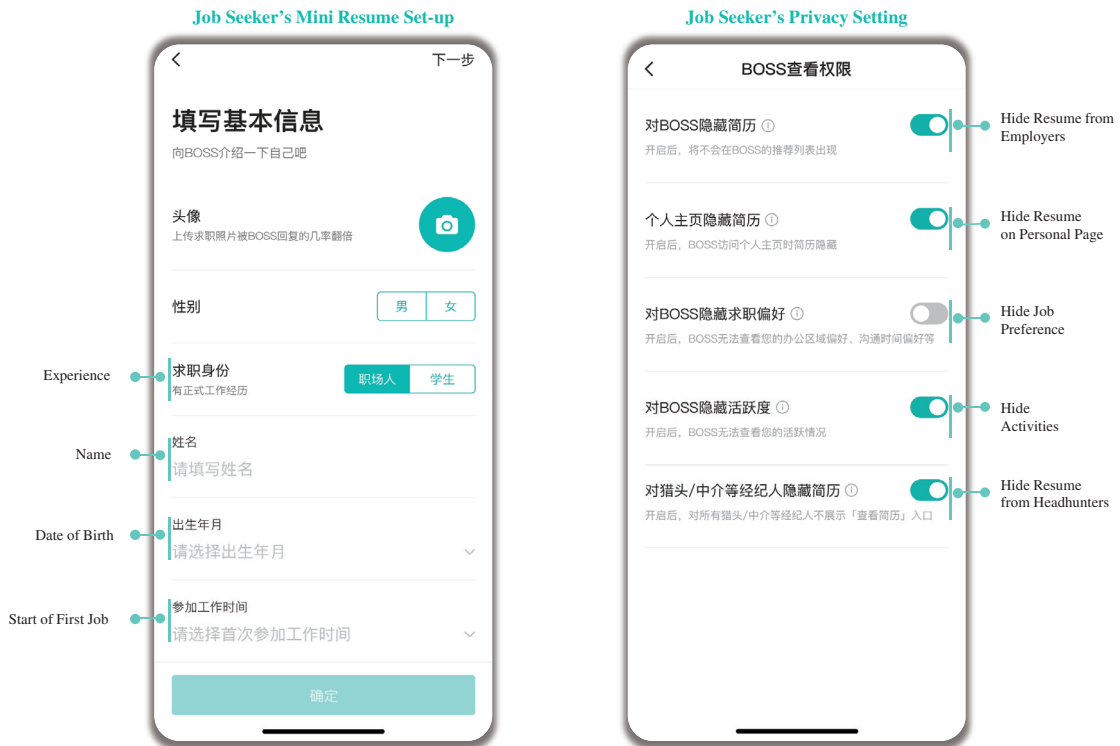
We have also expended significant resources to protect our server infrastructure from external hacker attempts and attacks. We have started using proprietary private cloud maintained in-house to reduce the reliance on third-party cloud infrastructure provider, which allows us to better safeguard user data and meet evolving regulatory requirements. In addition, we conduct regular tests for any internal or external unauthorized access to our systems and correct any irregularities. We will continue to invest in technology and people to ensure the safety of our IT infrastructures, including our hardware, software and data facilities. We will also continue to strengthen our operation security by implementing new procedures and expanding our workforce to validate the authenticity of job and employer information on our platform.

OUR SERVICES

We provide online recruitment and job hunting services primarily through the BOSS Zhipin app. The below flowchart illustrates the user journey we offer to our job seekers and enterprise users.



Informative and Interactive User Page







We have transformed the stressful process of browsing job openings and resumes to an adventure as easy and engaging as exploring social media.

Job seekers are required to provide basic personal and professional information, to create a mini resume which can be viewed by interested enterprise users. They can easily switch their privacy settings to make their mini resumes selectively visible to enterprise users. Job seekers can also choose not to receive certain job recommendations, such as jobs in a different city.

Bosses and recruiting professionals can set up their own accounts as enterprise users, post job openings and interact with job seekers. They can also provide their experiences of working at the company, tell a story about why they love the company and their jobs, and why job seekers should consider joining the company. Our unique enterprise user page gives more depth to a company's corporate image.

Tailored and Accurate Recommendation Serves Full-spectrum of Users



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We leverage our proprietary algorithms and machine learning technologies to match and connect the right person with the right position through our curated job posting and candidate recommendations. Our typical user experience begins from the main feed, where users scroll through the recommended job postings or candidate listings and other customized professional content displayed on our platform which offers similar browsing experience as social media apps. This goes beyond the traditional search-based model where users need to type in key words to find suitable job postings. Under the traditional search-based model, users need to know exactly what they are looking for and the types of jobs that suit them the most. They would then need to convert their goals and preferences into short and succinct key words to search for relevant results. Real-time feedback based on behavioral data is also unattainable under the search-based model as what the users can see are simply lists of search results that are confined by users' search inputs.

Our platform generates and aggregates massive unique data points, including user reviews, reach-outs, messaging, resume delivery and exchange of contact information. Informed by this rich and growing dataset, we leverage machine learning technologies to build and refine our advanced proprietary algorithms that enable customized job recommendation for our users at a massive scale. For example, each user's every action or inaction to either review or ignore a recommendation delivers a feedback to our data system. These feedbacks, conveying each individual's current likings and preferences, are instantly processed by our algorithms and immediately reflected in the new job openings or candidates recommended to the user. As more users use our job and candidate recommendation services, we are able to provide more accurate and tailored recommendations to different users leveraging this rich and growing dataset and its proprietary machine learning and deep learning technology. By optimizing our recommendation algorithm strategy and combining it with our market expertise and extensive industry knowledge, we are able to present more users with broader sets of recommendation results that are not limited to a certain industry to offer the possibilities of exploring cross-industry and cross-professional job opportunities, which further improves user satisfaction. Customized matching significantly improves the efficiency of job hunting and recruitment and enhances user experience which in turn elevate user engagement.

This tailored recommendation ensures the co-existence of our diverse user base on one mobile app. For example, white-collar users are unlikely to be seen or reached by enterprise users offering positions that predominantly require the performance of manual labor, while blue-collar users will receive recommendations of job openings that better meet their skill sets and expectations. Job seekers are thus less distracted by employers offering jobs that are unrelated to their job pursuits, and employers will receive candidate recommendations that the system believes meet their requirements. As a result, we have achieved full user coverage of white and gold-collar users, blue-collar users and college students, and have served a full spectrum of employers, large and small, in numerous industries and from diverse geographical areas, developing a powerful network effect.

We also aspire to promote equality in traffic distribution, and have developed our recommendation system surrounding this core value. We drive more traffic to users who are more responsive and have a higher level of interaction with other participants on the platform, which effectively rewards users who actively look for job openings or candidates, ensures a more efficient allocation of job and talent resources, encourages interaction between job seekers and enterprise users, provides greater opportunity for all users to tap into the massive talent pool and abundant job opportunities provided and, to a certain extent, levels the playing field. The fairer traffic distribution helps attract SMEs and long-tail job seekers who usually have less recruiting budget or less competitive background, further strengthening our competitive edge to unlock huge potential in underserved SME online recruitment and expand our user base.

### Direct Communication Facilitates User Engagement



We propel direct conversation between enterprise users and job seekers through our instant messaging function. Our job seeker recommendation system enables enterprise users to access our large job seeker pool to find, connect and interact with qualified job seekers. After reviewing their professional profiles, enterprise users can initiate direct conversation with job seekers to tell them more about their companies or a specific opportunity. Job seekers can also reach out to enterprise users to express their interests in a specific position through text and voice messages, emoticons and pictures.

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In a traditional online recruiting process, a job seeker's only interaction with the employers on the platform is to submit his or her resume. They would then be put through usually days of waiting before they could hear back from the employer. In addition, resumes received by the employers are often outdated with incomplete job seeker information and employers may also fail to provide timely update to their recruiting information. This dynamic makes it difficult for job seekers to manage their expectations, resulting in low engagement with the recruiting platform. Our instant messaging function, on the other hand, ensures that platform users are active with real job hunting or recruiting needs. Job seekers and enterprise users can thus better manage their job hunting or recruitment journey as they can expect to receive responses from the other side within a short time. Failure to receive any responses within a day to two incentivizes users to move on and look for other employment or recruitment opportunities. Real time interaction between job seekers and enterprise users significantly drives user enthusiasm, increases user stickiness and fosters a highly engaged user base. In addition, direct communication between job seekers and enterprise users allows two-way flow of information and meaningful dialogues between job seekers and enterprise users, thereby generating more data points, especially behavioral data, compared to traditional online recruitment platforms that are focused on resume submission and downloading. Such data sheds light on user preference and helps with recommendation algorithm iteration. It also enables us to drive traffic to the most active job seekers and employers while easily filtering out outdated job openings and inactive job seekers (by analyzing user interaction and engagement data), thereby ensuring that job and candidate information on our platform is current and reducing the overload of less useful and stale information.

Our instant messaging function, conveniently set in mobile-native scenario, offers convenience and flexibility to users, which is especially beneficial to Bosses and blue-collar workers who are unable to make a major time commitment for recruitment and job hunting activities. Bosses are willing to attract, screen, or communicate with candidates. They have a clear understanding of desired candidate attributes, interested in taking a first crack to communicate, attract or screen candidates and are often the key decision makers in the recruiting process. The instant and close interaction created by our instant messaging feature is also particularly appealing to traditionally underserved SME employers, who are eager to attract quality candidates. As of June 30, 2022, 65.7% of our verified enterprise users are Bosses.

## Resume delivery based on mutual consent



We firmly believe that recruiting is a two-way street. We are committed to transforming the recruiting process by empowering job seekers and giving them more say.

We put job seekers back to the pilot seat by giving them more control in the job hunting process. Different from the traditional models where enterprises can directly purchase job seekers' full resumes, enterprise users on our platforms can only see a job seeker's mini resume that contains limited information. Enterprise users are not allowed to access job seekers' full resume or their contact information without job seekers' express consents. Enterprise users are thus motivated to engage in meaningful conversations with job seekers to confirm mutual interest before inviting them to deliver resumes. For example, to attract quality job seekers and gain access to their resumes, enterprise users may need to proactively reach out to these job seekers, demonstrate benefits of the job and answer their questions. Similarly, job seekers cannot submit their resumes to an enterprise user without the enterprise user's consent. This function also showcases our commitment to safeguard job seeker's information and protect their privacy.

Our tailored matching and connecting combined with the effective communication between job seekers and enterprise users guarantee an efficient job hunting and recruiting experience. This enables us to build a large and diverse user base, and further developed a powerful network effect.

### **Value-added tools**

We also offer value-added tools to job seekers and enterprises users.

For job seekers, we offer complementary tools, such as VIP resume template, increased resume exposure to enterprise users, candidate competitive analysis and message filtering services.

For enterprise users, we offer a combination of value-added tools that improve their recruitment efficiency. For example, our bulk invite sending connects enterprise users with multiple job seekers at one go to assist the employers to accomplish their recruiting goals in a timely manner. Our advanced filter allows enterprise users to filter through the list of job seekers we recommended through our proprietary matching system.

### **OUR OTHER MOBILE APPLICATIONS**

We provide online recruitment services through our main mobile app BOSS Zhipin, where the full suite of our services is available, Dianzhang Zhipin, which provides online recruitment services with a special focus on blue-collar recruitment, and KanZhun, which provides free employer reviews and interview experience sharing services.

#### **Dianzhang Zhipin**

We created *Dianzhang Zhipin* mobile app, or Dianzhang, to further expand our user base in the blue collar recruitment market and provide better and more tailored recruitment services. Blue collar recruitment has traditionally been an undeserved market with massive opportunities. To expand our presence, we have launched Dianzhang as a pilot program that primarily focuses on the recruitment of blue collar workers and the provision of experimental features and services customized to blue collar job seekers and enterprise users. Dianzhang adopted similar user interface and the same direct chat and resume delivery function as BOSS Zhipin with additional innovative features designed to meet the needs and preferences of blue-collar job seekers and recruiters. We have achieved seamless integration between Dianzhang and BOSS Zhipin. Enterprise users on Dianzhang can directly interact with job seekers on Boss Zhipin, our main recruitment platform, and enterprise users on BOSS Zhipin can receive recommendation of job seekers registered with Dianzhang and communicate with them. We believe our continued innovative efforts bring us sustainable competitive advantages and further fuel our growth.

#### **KanZhun**

We offer free services to job seekers through our standalone app *KanZhun*, which focuses on employer reviews and interview experience sharing. KanZhun provides information of businesses, including companies' scope of operation, organizational structure and core management team to help users assess the credibility of the company. We also dedicate a section in the company's profile to present a comprehensive overview of the company's

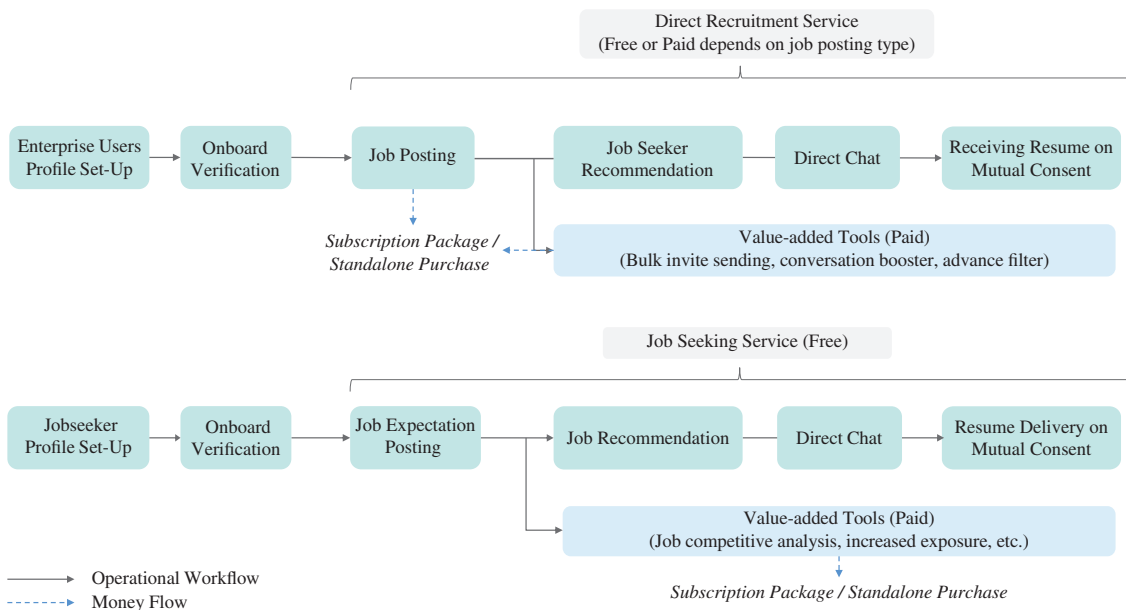
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recruitment information available on BOSS Zhipin, including the number of job openings, salary information of the available positions and job seekers' education background and work experience requirements. All of the information is immaculately displayed in graphs, charts or otherwise succinctly described on each company's profile page, creating an intuitive user experience. Through our KanZhun platform, users can also access and share a vast array of career related content. Job seekers join the KanZhun community to share their experiences interviewing at a particular company and employees post reviews of their current or prior employers. Users are encouraged to score the companies from multiple aspects, including salary and benefits, working conditions, career development opportunities, work life balance and overall job satisfaction. Utilizing our KanZhun community, job seekers are better prepared and more informed about the jobs and companies they apply to and consider joining.

### OUR MONETIZATION MODEL



We provide recruitment and job hunting services to both enterprise users and job seekers and generate most of our revenue from paid services offered to enterprise users. For enterprise users, we offer direct recruitment services that allow them to post jobs and communicate with job seekers, which can be free or paid based on an innovative connection-oriented monetization strategy, supplemented by paid value-added tools to further enhance their recruitment efficiency as part of our overall recruitment services to the enterprise users. For job seekers, we offer job seeking services to communicate with employers for free and paid value-added tools to help job seekers better prepare for their job hunt and assess their candidacy.



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We monetize our direct recruitment services offered to employers based on an innovative connection-oriented strategy that efficiently connects job seekers and employers to strike a better balance between the supply and demand of jobs. We primarily monetize the opportunity to connect enterprise users with suitable job seekers and do not charge enterprise users additional fee based on the successful placement of job seekers.

We provide services to enterprise users along the direct recruitment journey. Enterprise users are required to first post at least one job position before they can enjoy our services, including receiving job seeker recommendations, browsing the mini resume of job seekers, chatting with them, accessing their full resume and contact information upon consent, conducting audio and video interviews and sending offers (together, the “basic services”). When the supply of a job position exceeds the number of job seekers applying for that position to a certain degree, we rebalance the supply and demand of our ecosystem by charging the enterprise users a fee to post such jobs. This is achieved through our unique monetization mechanism, under which for a specific position in a set geographic region, we decide whether to charge the position based on a number of factors including the number of the same positions offered in the region, the number of job seekers looking for the same job in the region, industry trends and prospects relating to the job position and demographics of the region, all of which center around the supply and demand of jobs and applicants for the position in the region.

For jobs not identified by us as paid positions, enterprise users can post the job positions without any charges and enjoy our basic services to communicate with a certain number of job seekers per day for free. Enterprise users can purchase conversation booster if they want to communicate with more job seekers. Most of the job positions on our platform are free positions that enterprise users can post with no fees attached. For paid job positions, enterprise users need to first pay to post the job and then they will be able to enjoy our basic services to communicate with a certain number of job seekers per day for free following that job post. They can also communicate with more job seekers by purchasing our conversation booster. Basic services provided to enterprise users are the same, regardless of whether the job posted by the enterprise user is free or paid. The balance of supply and demand enables job seekers to interact more with enterprise users with strong recruiting needs and reduces the likelihood of a job seeker being bombarded with too many reach-outs from persistent recruiting professionals. Our innovative connection-oriented monetization strategy well complements our direct recruitment model and effectively incentives us to promote interaction and connection between enterprise users and job seekers.

Other than basic services we provide, enterprise users can also purchase value-added tools that offer them more functionalities and convenience to facilitate their recruitment journey. Enterprise users can still receive job seeker recommendations, communicate with job seekers and make successful hire on our platform without buying any value-added tools.

We serve a large and diverse user base with enterprises across over one hundred industries. Based on our best estimate, the revenue derived from no single industry contributed to more than 10% of our total revenues during the Track Record Period. As we do not derive significant revenue from certain sectors, our Directors are of the view that we are not subject to material industry concentration risk.

**Paid services offered to enterprise users**

We provide a wide array of paid services and value-added tools that allow enterprise users to post jobs, interact with job seekers more efficiently and better manage their recruitment process. After purchasing our paid job positions, enterprise users can enjoy the basic services during the term of the subscription. They can also purchase value-added tools, such as bulk invite sending, conversation booster and advanced filter help enterprise users access, screen and communicate with job seekers more effectively and efficiently. As of the Latest Practicable Date, calculated on a standalone basis, the price of our paid job posting ranged from approximately RMB30 to approximately RMB1,000 per job position, depending on the supply and demand of jobs and applicants for the position in a set geographic region, and the price of our value-added tools ranged from approximately RMB4 to approximately RMB1,000 per value-added tool, depending on the function of the tool, its duration or the number of times a tool can be used.

Enterprise users can purchase any of our paid services or tools on a standalone basis or as a part of the subscription package. We offer the same paid services and value-added tools under the subscription package and on a standalone basis. Enterprise can choose to buy any of our paid services or value-added tools either as a part of a subscription package or conduct ad hoc purchase. As of the Latest Practicable Date, the price of our annual subscription packages ranged from around RMB3,000 to more than RMB100,000, and the price of our monthly, bimonthly and quarterly subscription packages ranged from RMB50 to approximately RMB1,200. The price of our subscription packages depends on the composition of the type and volume of the services and tools chosen by enterprise users. The average purchase price of our subscription package ranged from RMB15 thousand to RMB18 thousand during the Track Record Period. Subscription packages generally have higher gross margin than purchases made on standalone basis as payment for standalone purchases are primarily made through third-party payment platforms, thereby incurring higher third-party payment processing costs, which generally represent the largest portion of our cost of revenues. In comparison, most of the payment for subscription packages in terms of revenue was made through direct payment to the Company. Key information of each subscription package, such as terms of the package, date of expiration, price, and usage, is automatically recorded in our system, which assists us to keep track of the timing of revenue recognition. Revenue for services is recognized daily over the course of their term while revenue for the value-added tools is generally recognized based on actual usage. The term of value-added tools (e.g. 3 months) can differ from that of the subscription package (typically one year) as the term of value-added tools is activated upon the customer's usage. Where the value-added tools have been activated during the term of the subscription package and the actual usage of the value-added tools falls below the purchased amount at the expiry of the subscription package, the value-added tools can continue to be used until the end of the term of the value-added tools. Where the value-added tools under a subscription package have not been activated during the terms of the subscription package and the customer does not renew the package, the value of the unused value-added tools would be forfeited upon the expiration of the subscription package. We recorded an average forfeiture rate of less than 5% during the Track Record Period. We identify enterprise users with large and long-term recruitment procurement needs and recommend customized subscription packages that contain a combination of basic services and value-added tools to better address their recruitment needs. Most of our subscription packages have a term of one year and include both paid job positions and value-added tools. We charge our subscription packages based on

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the services and tools selected by enterprise users. For enterprise users that purchase subscription packages, we offer pre-sale planning services to help them select a combination of paid job postings and value-added tools that best meet their recruitment needs. After purchase, our designated sales representatives provide after-sale services. We had verified enterprises of 3.2 million, 5.5 million, 8.1 million and 8.9 million as of December 31, 2019, 2020, 2021 and June 30, 2022, respectively. We recorded paid enterprise customers of 1.2 million, 2.2 million, 4.0 million, and 3.8 million in the twelve months ended December 31, 2019, 2020, 2021 and June 30, 2022, respectively.

The table below sets forth the breakdown of our revenue from enterprise customers by types of customer accounts.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Online recruitment services to enterprise customers										
– Key accounts	155,819	15.8	330,795	17.2	928,360	22.0	362,763	18.7	517,925	23.3
– Mid-sized accounts	363,282	36.8	696,325	36.1	1,513,506	35.9	633,685	32.7	910,848	40.9
– Small-sized accounts	467,758	47.4	900,058	46.7	1,777,160	42.1	943,471	48.6	798,411	35.8
<b>Total</b>	<b>986,859</b>	<b>100.0</b>	<b>1,927,178</b>	<b>100.0</b>	<b>4,219,026</b>	<b>100.0</b>	<b>1,939,919</b>	<b>100.0</b>	<b>2,227,184</b>	<b>100.0</b>

The table below sets forth the breakdown of our revenue from enterprise customers by types of services.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Online recruitment services to enterprise customers										
– Paid job postings	626,837	63.5	1,283,317	66.6	2,995,806	71.0	1,320,085	68.0	1,630,674	73.2
– Value-added tools	360,022	36.5	643,861	33.4	1,223,220	29.0	619,834	32.0	596,510	26.8
<b>Total</b>	<b>986,859</b>	<b>100.0</b>	<b>1,927,178</b>	<b>100.0</b>	<b>4,219,026</b>	<b>100.0</b>	<b>1,939,919</b>	<b>100.0</b>	<b>2,227,184</b>	<b>100.0</b>

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The table below sets forth the breakdown of our revenue from enterprise customers by purchase methods.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2019		2020		2021		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(unaudited)									
	(in thousands, except for percentages)									
Online recruitment services to enterprise customers										
– Subscription packages	627,404	63.6	1,256,532	65.2	2,772,587	65.7	1,210,551	62.4	1,626,991	73.1
– Standalone purchases	359,455	36.4	670,646	34.8	1,446,439	34.3	729,368	37.6	600,193	26.9
<b>Total</b>	<b>986,859</b>	<b>100.0</b>	<b>1,927,178</b>	<b>100.0</b>	<b>4,219,026</b>	<b>100.0</b>	<b>1,939,919</b>	<b>100.0</b>	<b>2,227,184</b>	<b>100.0</b>

The table below sets forth a summary of key services we offer to enterprise users. In addition to these paid services, we also have other services aimed at optimizing recruitment efficiency.

Services	Main features
Job posting	– Our job posting function allows enterprise users to present key information of the position, including job title, responsibilities, pay, location, employer background and other pertinent information in succinct and easy-to-follow manner.
Job seeker recommendation	– We provide curated job seeker recommendation results to enterprise users.
Direct chat	– Enterprise users can initiate direct conversation with job seekers to communicate about vacancies, company culture, perks and benefits and job seekers' interests in the position, etc.

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<u>Services</u>	<u>Main features</u>
Resume delivery	– Enterprise users can invite job seekers to deliver their resumes. To protect user privacy and give more say to job seekers, we do not allow enterprise users to access job seekers' full resume without their express consent.
Bulk invite sending	– Bulk invite sending allows enterprise users to send information of a position to multiple job seekers and solicit their interest in the position and/or consent to provide their full resume or contact information at one go to assist the employers to accomplish their recruiting goals in a timely manner. Bulk invite sending helps enterprise users kickstart conversations and efficiently identify job seekers that are interested in the position.
Conversation booster	– Conversation booster allows enterprise users to browse the mini-resume of and initiate conversation with more job seekers.
Advanced filter	– Advanced filter allows enterprise users to filter through the list of job seekers we recommend to them through our proprietary matching system, and initiate direct chat with job seekers. Enterprise users that have not purchased this paid service or similarly functioned services can only browse the mini-resume of and chat with job seekers recommended to them through feed streams but are unable to use the filter function to screen, access and communicate with job seekers.

Set forth below is a summary of the key terms of a typical annual subscription package between us and our enterprise customers. The key terms are generally the same for users that buy subscription packages for the first time and users that renewed their subscriptions.

- **Term:** The agreements typically have a term of one year.
- **Services:** The agreements together with purchase orders separately entered into between the parties stipulate the nature and types of the services and the number and types of tools subscribed by the enterprise customers.

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- Pricing: With reference to pricing for the relevant services or tools, subject to discounts otherwise agreed between the parties. The pricing for the subscription package varies depending on the type and volume of services and tools selected by enterprise customers.
- Payment: The agreements typically require payments to be made by enterprise users prior to the start of the subscription period.
- Termination: The parties may terminate the agreement upon mutual agreement. In the event that one party is in breach of its contractual obligations, the other party is entitled to terminate the agreement and claim damages.
- Confidentiality: The agreements generally require both parties to take adequate measures to keep all sensitive information relating to the performance of the contract strictly confidential.
- Standard terms and conditions: Other standard terms and conditions form part of the contract, which stipulates issues including representations and warranties of both parties, confidentiality, intellectual property rights and dispute resolutions.

### **Services offered to job seekers**

Job seekers receive job recommendations, browse job postings, communicate with enterprise users, deliver resume or contact information to enterprise users upon mutual consent, participate in audio and video interviews and receive offers on our platform for free. They can also purchase additional value-added services, including, for example, job competitive analysis and increased exposure of job seekers' mini resume to help them better prepare for their job hunt. As of the Latest Practicable Date, we offered job seekers a monthly subscription package with a price of RMB68 per month and a 7-day subscription package with a price of RMB6 per week. The monthly subscription package has longer duration, more types of value-added services and greater number of times certain paid value-added services can be used compared to the 7-day subscription package. Job seekers can pay for the subscription package to enjoy multiple paid value-added services during the subscription period or purchase certain of our paid services on a standalone basis. We require job seekers to pay for the services before use. During the Track Record Period, revenue contributed by job seekers accounted for less than 2% of our total revenue.

Cognizant of the barriers to providing accurate matching to our users, we are committed to continuously investing and building our technology strength to optimize two-sided job and candidate matching. Our technology advantages are demonstrated through our strong theoretical foundation, robust technology implementation and successful technological application.

### **Strong theoretical foundation supports our continuous innovation.**

We have devoted years of efforts on the systematic research on the key characteristics of the industry, including the labor market, talent flow, individual career development and professional skill sets development. In particular, we utilize advanced data analytics to analyze the changes of the labor market and the effect of talent flow on regional economic development. We also conduct research on sociological topics through modeling and simulation, including individual career development and the impact of gender differences. Along with the comprehensive user behavioral data analysis conducted by our Career Science Lab, these research results have helped us develop a comprehensive career knowledge graph, which provides valuable insights to an individual's career development goals, occupation inclination, job position preferences and the recruiting needs of enterprises which fuel our continued advancement in our technology innovations, including the iteration of our proprietary algorithm to improve recommendation accuracy.

### **Technology implementation forms strong technical strengths and competitive barriers.**

Given the difficulties of recruitment recommendation, we have made significant investment to build our core technology capabilities in areas including:

#### ***Data and data insights: massive, multidimensional data and data insights.***

The capability to gather mass multidimensional data in granular details, which helps capture the unique traits of each job seeker and enterprise user. This is made possible through customized and accurate job/candidate recommendation based on a multitude of factors, including, for example, career development goals, occupation inclination, job position preferences of job seekers and the recruiting needs of enterprises.

We have a large, granular and fast-growing dataset containing multidimensional behavioral and static information of job seekers and enterprise users. Each job seeker has a mini resume containing their basic information, which matches the information contained in each job post. The information in each mini resume and job post forms our static user information data base. We also capture how each user interacts with others and the content on its platform in granular detail, which contributes to valuable behavioral data insights. Our models process these behavioral data instantly and provide users with refined matching results. Our strength in data technology is also characterized by our multi-label classification of data. Our data analytics technology takes into account more than three hundred elements of user features, which are growing over time and continue to optimize the algorithm model. For a single algorithm model, the more elements of data are collected and labeled, the more features that are included in the algorithm's "decision-making" process, and the more efficiently and effectively the matching results can be delivered.

***Platform architecture: proprietary real-time recommendation architecture and fast model iteration.***

We have deployed an innovative real-time feature collection architecture that has helped with the real-time collection, production, training and low-cost storage of featured samples, which include static and behavioral data of all kinds, including users' education status, job expectations, browsing history, chatting and resume delivery, among others. The innovative feature engineering system lays a solid foundation for accurate job and candidate recommendations based on large volume and high velocity of static and behavioral data.

In addition, we have built solid data infrastructure of high-availability and high-concurrency. The data infrastructure supports real-time update, reading and writing of large-scale data sets and indexes without affecting the independent and concurrent online operation of various machine learning models. This enables more stable platform performance in the case of traffic spikes and ensures real-time update of jobs and candidates recommendation feeds. In addition, the concurrent system operation capability of the infrastructure simultaneously supports more than one hundred algorithm engineers together with the operation of hundreds of AI models. This enables rapid product iteration and constant upgrade of our matching system. We completed over 10,000 model iterations in the twelve months ended June 30, 2022.

***Recommendation algorithm: machine learning/deep learning/natural language processing.***

We apply machine learning and deep learning to process, analyze and identify patterns in data and build models to make predictions on job and candidate preferences of job seekers and enterprise users. This is especially useful considering the diverse, high-dimensional data we collect from our large and diverse user base. We utilize our advanced deep learning model to enable fast iteration and upgrade of our algorithms and model. Currently, in the intelligent recommendation process, more than 90% of BOSS Zhipin's traffic is processed by the deep learning algorithm. We utilize natural language processing in automatic computational processing of human languages, including identifying the semantic similarity of each sentence pair between job postings and the mini resumes.

Leveraging these advanced core technologies, we developed a more accurate portrait of each individual user and is able to understand user preferences to predict the likelihood of a successful job and candidate match indicated by the offering and acceptance of an interview invitation. This effectively addresses each individual's different job or recruitment needs and their inability to identify suitable job positions due to information asymmetry and inexperience in job switching activities.



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### **Successful technological application powers advanced job and candidate recommendation.**

Successful application of our strong theoretical foundation and advanced technologies ensures accurate job and candidate matchings that are tailored to each individual's preferences and account for bilateral compatibilities and suitability within user groups.

We apply advanced algorithm to the recommendation system to reflect our key strategies – (i) two-sided matching strategy: our recommendation algorithm considers not only the best recommendation to an individual, but also bilateral compatibilities and the suitability of the match within the user group, which result in a fairer distribution of the platform's traffic; and (ii) personalized recommendation strategy: we make customized recommendations for users of different user groups, taking into account multiple factors, including the stages of career development, potential suitable positions not thought of by the job seeker but would match his/her skill set and the job seeker's future career development opportunities. For example, we offer job recommendations to job seekers not only limited to positions based on their past employment history but also potential opportunities they may consider for their career development.

### **Our research and development team**

Our technology capabilities are a unique advantage and critical to our business operations. As of June 30, 2022 we had a team of 1,399 research and development personnel dedicated to technology, data and related functions. Our research and development team is fully involved in all critical operational areas, with an in-depth understanding of our users' needs. Our research and development expenses amounted to RMB325.6 million, RMB513.4 million and RMB822.0 million (US\$122.7 million) in 2019, 2020 and 2021, and up from RMB413.7 million in the six months ended June 30, 2021 to RMB598.4 million (US\$89.3 million) in the six months ended June 30, 2022, respectively, representing approximately 32.6%, 26.4%, 19.3%, 21.1%, and 26.6% of our total revenues, respectively, during the same periods.

Service innovation and excellence lie at the heart of our business. We also gather creative ideas from all of our teams, including service development team, sales team and big data and algorithm team who best understand user behavior and demand. Our massive user base and efficient product iteration process ensure our effective exploration of new possibilities and drive constant development of our services.

### **SALES AND MARKETING**

We have made significant investments in data science, which underpins all aspects of our operations from user acquisition to sales. Our data-centric approach has helped us to attract and retain new users, improve sales of paid services to existing users, and conduct cost-efficient marketing.

### **Sales**

We offer online self-service purchases. For enterprise customers with scattered and on-demand recruitment needs, in particular, SMEs and non-professional recruiters, the opportunity to conduct small amount and short-term purchases provides them more flexibility. The self-service feature allows us to achieve higher sales efficiency.

We empower our sales team with our proprietary CRM system by helping the team find employers with demand and willingness to engage in bulk purchase or pay for more tailored services. Our proprietary CRM system can automatically identify potential customers with large, long-term recruitment procurement needs from existing users and convey these information as sales leads to the sales team. Our sales team will then reach out to such users with customized packages with an aim to convert them into customers that have subscription packages with us. This allows us to channel our data-driven insights into the sales process and drive conversion. All of our sales leads are generated by this CRM system, which simplifies the sales process and enables us to achieve higher sales efficiency. In addition, supported by our data analysis, our sales team can provide employers with better customized and more comprehensive service packages. We are committed to continually improving the quality of our services.

### **Marketing**

We are recognized as the most recommended online recruitment platform and the brand with the highest use frequency among China's top four online recruitment platforms, and our Directors believe brand recognition is critical to our ability to continue to attract new users.

Our marketing decisions are informed by our data analytics that are optimized to maximize returns. We set and adjust our marketing strategies based on advertising efficiency predictions through indicators including differences in occupational structure, the population's average income, and characteristics of different marketing channels. Our data analytical capabilities allow us to conduct cost-efficient marketing. We pay to acquire user traffic from third-party channels, mainly including app stores, search engines, info feeds and social networking platforms. We also benefit from organic traffic through word-of-mouth and brand recognition.

To promote our brand image, we have launched various marketing initiatives and acquired users through a variety of marketing channels, including outdoor advertising, TV advertising and video advertising. We display ads at popular sites in major subway stations as well as elevators in office buildings in large cities in China, where there is massive premium traffic of working professionals with diverse background. We also launch marketing campaigns in major national and international events. For example, we were the official human resources supplier for the 2022 Beijing Winter Olympics. We also enlist celebrities as brand ambassadors to expand our audience reach by featuring them in promotional materials and through online video platforms.

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In connection with the suspension of new user registration, we strategically incurred less advertising expenses to improve marketing efficiency during the period. After the resumption of new user registration, we have invested, and plan to continue to invest in advertising activities, including the sponsorship of major events, and online traffic acquisition to further enhance our brand awareness and facilitate our user growth in the long-term. However, we believe the increase in sales and advertising spending will not materially weaken our ability to record adjusted net income (non-GAAP financial measure) in 2022 and 2023.

### CUSTOMERS AND SUPPLIERS

Our customers are predominantly enterprise users, from whom we derive most of our revenues by providing online recruitment services, primarily in the forms of customized subscription packages, and online recruitment tools that can be purchased on demand. Our largest customer in each year/period during the Track Record Period accounted for approximately 0.4%, 0.4%, 0.3% and 0.3% of our total revenues for each of the years/period ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. Our top five customers in aggregate accounted for approximately 1.5%, 1.3%, 1.2% and 0.9% of our total revenues for each of the years/period ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively.

Our suppliers primarily include technology companies that provide hardware products or software services and advertising and marketing service providers. We recorded total purchase of RMB812.2 million, RMB1.3 billion, RMB1.8 billion, and RMB911.3 million for each of the years/period ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. Our largest supplier in each year/period during the Track Record Period accounted for approximately 12.8%, 8.4%, 10.9% and 10.1% of our total purchase amount from suppliers for each of the years/period ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. Our top five suppliers in aggregate accounted for approximately 38.0%, 37.6%, 37.0% and 40.1% of our total purchase amount from suppliers for each of the years/period ended December 31, 2019, 2020, 2021 and the six months ended June 30, 2022, respectively.

The table below sets forth the details of our five largest suppliers during the Track Record Period:

<u>Supplier</u>	<u>Years of relationship</u>	<u>Purchase amount</u>	<u>% of our total purchase</u>
		<b>(in RMB thousands)</b>	
<b><i>Six months ended June 30, 2022</i></b>			
Supplier A <sup>(1)</sup>	Over 3 years	92,123	10.1%
Supplier B <sup>(2)</sup>	Over 3 years	91,224	10.0%
Supplier C <sup>(2)</sup>	Over 3 years	85,589	9.4%
Supplier D <sup>(2)</sup>	Less than 1 year	54,183	5.9%
Supplier E <sup>(1)</sup>	Less than 1 year	43,252	4.7%

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<u>Supplier</u>	<u>Years of relationship</u>	<u>Purchase amount</u>  (in RMB thousands)	<u>% of our total purchase</u>
<b><i>Year ended December 31, 2021</i></b>			
Supplier B <sup>(2)</sup>	Over 3 years	198,336	10.9%
Supplier F <sup>(1)</sup>	2-3 years	153,312	8.4%
Supplier C <sup>(2)</sup>	Over 3 years	125,457	6.9%
Supplier G <sup>(1)</sup>	2-3 years	108,709	6.0%
Supplier H <sup>(1)</sup>	Over 3 years	88,141	4.8%
<b><i>Year ended December 31, 2020</i></b>			
Supplier G <sup>(1)</sup>	2-3 years	108,120	8.4%
Supplier H <sup>(1)</sup>	Over 3 years	104,582	8.1%
Supplier C <sup>(2)</sup>	Over 3 years	103,177	8.0%
Supplier B <sup>(2)</sup>	Over 3 years	92,511	7.2%
Supplier A <sup>(1)</sup>	Over 3 years	76,382	5.9%
<b><i>Year ended December 31, 2019</i></b>			
Supplier I <sup>(1)</sup>	Over 3 years	103,780	12.8%
Supplier B <sup>(2)</sup>	Over 3 years	54,221	6.7%
Supplier A <sup>(1)</sup>	Over 3 years	53,579	6.6%
Supplier H <sup>(1)</sup>	Over 3 years	50,495	6.2%
Supplier J <sup>(1)</sup>	Over 3 years	46,503	5.7%

*Notes:*

- (1) A, E, F, G, H, I and J specialize in advertising, marketing, advertising design and production.  
(2) B, C and D are technology companies that provide hardware products or software services.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned over 5% of our Company's issued share capital) had any interest in any of our five largest customers or suppliers. We did not provide any subsidies to attract customers during the Track Record Period and up to the Latest Practicable Date.

In 2019, 2020, 2021 and the six months ended June 30, 2022, four, three, four and two of our top five suppliers were also our customers, respectively. Our sales to these companies contributed for a total of less than 0.005% of our revenues in each year or period during the Track Record Period. Our Directors confirmed that negotiations of the terms of our purchases from and sales to these suppliers and customers were conducted separately and as a result, the purchases and sales were neither connected with nor conditional upon each other. Our transactions with these suppliers and customers were conducted on normal commercial terms after arm's length negotiations, in line with market practice.

**RIGOROUS USER VERIFICATION & ALGORITHM POWERED RISK ASSESSMENT**

We have implemented “platform user safety protection” program, which focuses on protecting users’ interests. We emphasize the importance of ensuring the information presented on our platform is verified and authentic. We use a screening and monitoring system to examine and verify the authenticity of the job postings and leverage our advanced technology to detect and respond to threats and frauds incessantly. Our screening and monitoring system consists of user onboarding verification, continuous risk monitoring supported by our proprietary suite of risk identification models and offline risk assessment. Additionally, we adopt a comprehensive suite of procedures to verify the identity of job seekers. Authentic enterprises, enterprise users and job postings facilitate information transparency, enhance our service quality, cultivate trust inside our platform and strengthen our user stickiness.

**Enterprise users’ risk assessment**

We implement a rigorous screening process to examine and verify the enterprise users’ identification information. To register an account with us, enterprise users are required to provide identification information and complete real name authentication and identify themselves with an enterprise. For enterprise users of a company that first joins our platform, we verify the identity and assess the risk of both the enterprise and the enterprise users. We require the company to go through a set of verification procedures during their onboarding process, including the uploading of the company’s business license and certificates of employment, which include, for example, business email, business address of the enterprise, and business address of the enterprise users to verify the relationship between the enterprise and the enterprise users. We also customize enterprise users’ registration policy based on our risk pre-determination mechanism. We require enterprises in high-risk industries, identified by the number of user complaints received or the number of misconducts within the industry, to provide additional materials, to go through additional steps to complete the verification process when such enterprise first joins our platform. For example, we require them to provide additional materials, including industry service licenses, video of their office environment or conduct an in-person meeting with our offline risk assessment team.

For enterprise users that identify themselves as employees of enterprises that have already been verified by us, we generally require the enterprise user to go through the same onboarding procedure. For example, we ask them to provide information including business email, the enterprise’s business license and business address to demonstrate their relationship with the verified enterprise. For enterprises with a large number of users, we also designate specific personnel within the enterprise to help us verify the identity information of new enterprise users that identify themselves as employees of the enterprise. Such enterprise users are generally not required to go through additional verification procedures designed for enterprises in high-risk industries as such verification process has already been completed when the company first joins our platform. We also constantly monitor enterprises who have been denied access to our platform to prevent them from potential future misconduct.

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We leverage our advanced feature engineering, machine learning and decision engine to process user data and respond to threats and frauds constantly. Relying on our advanced algorithms, we have built a proprietary suite of models to detect enterprise users' misconduct and identify and continuously track high-risk job positions and employers. Our proprietary suite of risk identification models factor in multidimensional user information, including static and behavioral data gathered by our risk mining algorithm. Static data gathered includes business scope of an enterprise, its industry qualifications, registered address, records of illegal or unfaithful conduct, whether the enterprise is in good standing and other enterprise specific information. Behavioral data gathered includes user complaints and feedback and enterprise users' engagement behavior with our platform and other users, such as the number of mini resume viewed and chat messages sent by an enterprise user in a given period. Our risk mining algorithm processes a wide spectrum of data features of enterprise users to assess and weigh individual factors about the trustworthiness of enterprise users. We track high risk behaviors such as false advertising, pyramid selling and private information extortion. We also take job seeker complaints into our data-driven risk assessment process. Job seekers play an important role in our comprehensive risk assessment network through reporting suspicious activities or false information in the company's description or job postings. After we identify inappropriate behavior conducted by enterprise users whom we deem to pose high risks to our platform, we assign our offline team to conduct manual risk assessment. For example, we visit enterprises that are reported by users for providing fraudulent information and enterprises that we identify as of higher risks based on videos of their office environment.

Our dedicated offline risk assessment team visit employers in person to make sure the information presented on our platform is authentic and up-to-date. In particular, they verify the consistency of the employers' business locations and enterprise users' work locations. Our algorithm powered risk assessment system together with our offline verification efforts are necessary to manage the complexity of analysis at the scale and speed that is needed in light of our massive user base and the changing fraud landscape. We established the industry's first integrated online and offline employer information verification system that adopts a combination of intelligent screening and security verification and on-site visit (covering 50 cities) to verify enterprise information. The vigorous screening enables the provision of reliable job and employer information and addresses the misinformation that is prevalent in the online recruitment market, especially for blue-collar recruitment. After we discover misconduct of enterprise users, regardless whether it took place on or outside of our platform, or identify false information, we take corresponding actions to address the issues identified, such as banning, blocking user accounts, requiring enterprises to provide additional verification materials, or prohibiting the information of the company and its enterprise users from being accessed by job seekers. For enterprise users suspected of serious misconduct or criminal activities, we report the case to local police department for further investigation. Our streamlined authentication process and ongoing risk assessment system foster a trustworthy and credible user platform. As of September 30, 2022, our offline risk assessment team had 172 employees. Before each onsite visit, we comprehensively assess the risk of the target company to ensure efficient offline verification of identified issues, which enabled us to achieve high verification and risk assessment efficiency. Our offline risk assessment team has visited approximately 500,000 companies in 2022 up to the date of this document.

**Job seekers' risk assessment**

Job seekers are first required to complete our mobile phone verification process which requires users to register with their mobile phone numbers and provide the verification code we message to their phones for verification purpose. Our intelligence system detects suspicious user input that may undermine the integrity of our platform and will require those users to go through additional authentication procedures. For example, job seekers providing mobile numbers that are recorded in the phone number blacklist or using advertising language in self-description would be detected by our fraud prevention technology.

**Feedback and complaint management**

We make every effort to provide reliable user experience. We encourage users to provide timely feedback and file complaints via email, customer service hotline, and live chat. We received a total of approximately 93,500 complaints during the Track Record Period and up to October 31, 2022. Of all the complaints we received, we had approximately 37,000 verified complaints, including approximately 24,000 verified complaints relating to fraudulent employment during the Track Record Period and up to October 31, 2022. Verified complaints are complaints that involve serious misconduct that we are able to verify. Our user complaints primarily consisted of complaints relating to fraudulent employment, enterprise user misconduct and our services. We promptly take actions to verify all user complaints received by us to ensure all of them are properly addressed. We categorize user complaints and feedbacks we receive based on the types of the inquiries and either have our customer representatives resolve them directly in real time or escalate to senior members of the team for further assessment. Most of the user complaints and inquiries are catered to and resolved within one business day. Special inquiries or complaints involving requests for major product or feature optimization generally take longer time to address. We keep users updated of our complaints handling process and results.

We are attentive to our user inputs and strive to make sure their voices are heard. We have carried out comprehensive measures to address user complaints. For example, we regularly review user complaints, feedback and inquiries for better product and system design and arrange return visit to key users for additional constructive feedback. To assist elder users, we have set up a hotline with designated personnel to explain our products and services. We also provide comprehensive training courses to our customer service representatives to help them develop and upgrade core service skills. We believe such measures will also help us maintain and increase user stickiness.

### **DATA PRIVACY AND SECURITY**

Data security is crucial to our business operations as it is the foundation of our competitive advantages. We have internal rules and policies that govern how we may collect and process data, as well as protocols, technologies and systems in place to ensure that data will not be accessed or disclosed improperly.

#### **Data collection**

For user information, our user privacy policies clearly describe our data collection, use, share and process practices and how users can exercise their rights in activities relating to the process of personal information. In particular, we provide users with prior notice and obtain their consent as to what data is being collected and undertake to manage and use the data collected in accordance with applicable laws before they use our services. Users can also change their privacy settings to change the scope of their information that we are able to access and use.

The types of user data we collect, store and use generally include: (i) user's basic information, such as mobile phone number, profile photo, name, gender, work experience related information; (ii) user's identity information, such as ID number; (iii) user's process information, such as search history and other user behaviour data; and (iv) device feature information, such as unique mobile device identifier, necessary mobile application list information and IP address. The scope of usage is consistent with that being disclosed in privacy policies and does not exceed the scope authorized by users. The data is collected and used mainly for the purposes of user registration, identity authentication, online recruitment, online payment, personalized recommendation, content publishing, and user safety.

#### **Data storage and information management**

We back-up our user data and other forms of data on a daily basis in secured remote data back-up systems located in mainland China. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We regularly conduct system-wide vulnerability scanning and prompt repairing to continually improve our data security measures. Our back-end security system is capable of handling malicious attacks to safeguard the security of our platform and to protect the privacy of our users. We have also started using proprietary private cloud located in PRC and maintained in-house to reduce the reliance on third-party cloud infrastructure provider, which allows us to better safeguard user data and address regulatory and compliance concerns.

To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data security program. We de-identify and encrypt confidential personal information and take other technological measures to ensure the secure storage, processing, transmission and usage of data. Specifically, we store business data in separate repositories and have detailed logical isolation and network policy segregation for business servers. Sensitive personal information is stored in encrypted form and sensitive information is de-identified and



encrypted irreversibly before processing. To ensure the security of data transmission, we have adopted reasonable and feasible security measures in line with market standards to protect user information from unauthorized access, public disclosure, use, modification, damage or loss. For example, the exchange of data between the browser and the server is protected by SSL protocol encryption. We also provide HTTPS protocol for secure browsing on BOSS Zhipin website and use asymmetric encryption or symmetric encryption for the transmission of sensitive information. In addition, we use trusted protection mechanism to prevent malicious attacks on user's personal information. We have also formulated data destruction strategy and policy to standardize our data destruction procedures and adopted differentiated data deletion measures for different levels of data. Our deletion of data is automatically executed by system scripts, and we keep log records of the deletion operation. We store user personal information for the minimum amount of time necessary to process such data and delete user personal information or anonymize them in a timely manner after the purpose of processing such data has been achieved or as otherwise provided by laws and regulations. For example, as required by the Personal Information Protection Law (the "PIPL") and other applicable laws and regulations, except as otherwise provided by laws and regulations, a personal information processor shall delete personal information after the personal information processor stops providing products or services. However, the current applicable laws and regulations do not provide a specific time limit for the personal information processor to delete personal information under the aforementioned circumstance. As stipulated by the Draft Regulations on Network Data Security (《網絡數據安全管理條例(徵求意見稿)》), a personal information processor shall delete or anonymize personal information within 15 working days after it ceases to provide services or products or users deregister their accounts. In compliance with the aforementioned requirements, when users deregister accounts, we cease to provide services to users. We perform automatic script for data deletion on the following day after users' completion of account deregistration and complete the deletion process within the same day.

We have also established a standardized information management system. Our information security committee is a cross-disciplinary group comprised of personnel from multiple departments responsible for devising information security strategies and decision-making regarding major information security issues. Our information security committee analyses industry trends, designs privacy protection protocols, conducts privacy trainings, assists in the formulation of feasible compliance work assessments and provides relevant risk control suggestions. We have also set up a data security team that works closely with other departments to jointly establish and enforce procedures regarding the management of data security, including security with respect to data collection, storage and processing. Our compliance and legal teams will follow up with legal and regulatory updates to generate documented analysis for implementation of remedial measures with reference to compliance requirements.

### **Data access and sharing**

All of our personnel are required to strictly follow our detailed internal rules, policies and protocols to ensure the privacy of our data. Our employees are granted access to the minimum extent that is necessary to fulfil their job responsibilities and within strictly defined and layered access authority, and are required to go through strict authorization and authentication procedures and policies before operating. At application level, we use privacy components to set up different approval processes based on data classification. Our online database is accessible only by database administrator with temporary account. R&D personnel generally cannot apply for access to the database and, if access is required on as-need basis, access will be granted after the required data is configured in the configuration center. User personal information in the big data platform is desensitized and irreversibly encrypted. Data of the Company is accessible through virtual desktop and is not allowed to be downloaded and, if download is required on as-need basis, separate approval is needed. We also maintain data access logs and conduct automated assessment and routine manual verification. In addition, we conduct routine internal audit regarding the authority to access user data in order to ensure our authorizations are strictly followed. We provide regular trainings to our staff on internal policies and procedures for data security, on software technical skills to prevent data leakage, on cybersecurity and data protection related laws and regulations, and on other aspects that are relevant to their day-to-day work.

We do not share our user data with third parties, except for the limited purposes and under the following circumstances set forth in our strict privacy policies: (i) data sharing with affiliated platforms to facilitate user login and account management, and prevent fraud and minimize security risks; and (ii) data sharing with suppliers and business partners that provide certain services such as technical support, which are necessary for us to provide services to our users. Pursuant to our policies, we only grant authorization to third-party business partners to access our user data for legitimate, necessary, specific and clearly defined purposes, and we inform our users of the purpose, use and scope of data sharing. We inform our users of the purpose, use and scope of data sharing and obtain users' explicit consent before such sharing user data. We exercise great care and prudence in evaluating the purpose and scope of data sharing authorizations, and secure legal undertakings from authorized business partners under relevant confidentiality agreements that require them to comply with the authorized purposes, scopes and security measures in handling our user data. We have adopted internal policies for our collaboration with and management of our suppliers and partners. We carry out security audits on network products and services suppliers, enter into security agreements with them, and require them to comply with applicable data security obligations. For cooperation with third parties involving data transfer, we enter into data security agreement to specify the rights and obligations of each party.

**Data breach and security incident management**

We have established a comprehensive system to prevent and detect potential data breach risk, cyber threats, and other system vulnerabilities. We have adopted targeted, professional-level security measures in different scenarios, such as network security, host security, application security, and data management, in response to different security risks. The network security protection measures include anti-DDOS attack platform, application firewall system, and threat intelligence analysis system. The host security protection measures include host security scanning, host security protection system, and anti-virus system. The application security protection measures include component scanning system, vulnerability scanning system, and code white box audit system. The data security protection measures include data classification and grading system, data leakage prevention system, and webpage watermarking. We have set up dedicated post for detecting data theft and leakage, which will be continually tested, followed up and rectified by dedicated security personnel. We use scanning tools to identify data or network defects/vulnerabilities on as-need basis and the defects/vulnerabilities identified will be followed up by dedicated personnel.

For security incident management, emergency response plan and emergency drills, we have put in place security incident management procedures and response processes (emergency plan), which are improved each year to ensure day-to-day information security management and maintenance. We have developed contingency plans and response mechanisms to have different types and levels of security properly addressed within each stage from discovery, handling, closure, post-event tracking, investigation, correction, to evidence collection. We have established an emergency response team, and the handling of security incident will be documented and archived by the technology security center. We conduct major emergency drill once a year and the technical perform drills from time to time.

**Security testing and assessment**

Our business systems have received and maintained valid IT and safety certificates. BOSS Zhipin, Dianzhang Zhipin and Kanzhun have MLPS Level III Certification and have completed information system security protection filings and relevant assessment in 2022. We have engaged a number of third-party security service providers to conduct security evaluation of our security systems, apps, and IT architecture, and cooperated with third-party testing and evaluation service providers to resolve issues identified.

In addition to third-party testing and assessments, we also conduct self-inspections and data security self-assessments. Since 2021 we have conducted annual data security assessment, and performed personal information security impact assessment. We use proprietary scanning tools, including component and vulnerability scanning systems, to generate data security assessment reports on a regular basis. Issues identified in the reports are closely analyzed and dealt with by our data security team.

**Internal control policies and procedures related to data security and privacy**

We have established and implemented a series of comprehensive and stringent internal policies and measures, covering cybersecurity and the lifecycle of data processing activities (data collection, transmission, storage, usage, access, sharing, backup and recovery, deletion), to protect cybersecurity and data security and prevent data leakage. We have adopted internal control policies related to cybersecurity and data protection, which mainly comprised of: (i) comprehensive data lifecycle management measures, mainly including: Data Security Management Measures which set forth the basic principles of data security management including data security management organizational structure, data classification and grading, data life cycle management requirements, other general security management requirements and punishments and labor discipline; Regulations on User Personal Information Protection Management which set forth the operational team in charge of personal information protection of the Group, the security processing principles and rules regarding data life cycle management, the measures to protect users personal information rights and interests, personal information protection impact assessment, compliance audit, personal information security incident response and personal information classification; Specification on Data Transmission Security Management which provides the use of cryptographic technology and measures to ensure the integrity and confidentiality of data and prevent risks such as data leakage, theft and tampering during the process of data transmission; Data Sharing Policy which provides the guidelines on internal data sharing and external data sharing especially with third-party vendors; Specification on Data Desensitization which specifies the technologies, applicable scenarios and rules of data desensitization; Guidelines on Data Encryption and Decryption which provide guidance on types, algorithms, techniques and process of data encryption and decryption; Backup Recovery Management Measures which standardize the backup protocol of various types of data of the Group to ensure system recovery in case of system failure, data loss or other incidents to guarantee the safe operation of information systems; Data Destruction Policy which provides different technical means to be used to completely erase data from storage devices to avoid illegal use of residual data by non-authorized users; and Security Management Specification on Account Permissions of Internal Application System and Guidelines on Application for Access to User Sensitive Data which establish the rules and process for applying, authorizing and approving user information related access and grant of related permissions; (ii) network and information system security protection measures, mainly including: Specification on Network Interface which applies to HTTP requests initiated by the App, H5, Applet and Web pages operated by the Group to avoid the adverse effects of user data leakage; and Specification on Security Management of Data Storage System which regulates the access, operation and maintenance activities of the data storage system to ensure the security of various data storage under the production environment; and (iii) security incident response measures, including: Network and Information Security Emergency Response Plan and Network Security Incident Special Plan which provide the preventive measures, incident identification, response and disposal procedures to network and information security emergencies to prevent and reduce the losses and hazards caused by such events.

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Our Directors and PRC Legal Adviser are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incident related to data privacy and security, which, individually or in the aggregate, have had or are reasonably likely to have a material and adverse, financial or operational, impact on the Group, and we are in compliance with applicable laws and regulations on data privacy and security in all material respects in the PRC, on the following basis: (i) our PRC Legal Adviser has conducted comprehensive review of the compliance status of our cybersecurity and data processing activities in the PRC during the Track Record Period and up to the Latest Practicable Date, including our compliance status of network and data security management, user interfaces and privacy related policies, internal control policies and procedures, and third-party vendors management; (ii) we have provided full cooperation in the national cybersecurity review, rigorously addressed the cybersecurity issues identified in the review process, and taken comprehensive rectification measures, and effective from June 29, 2022, we have recommenced new user registration on “BOSS Zhipin” app as approved by the CAC; (iii) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from relevant government authorities that requires us to terminate our services or revokes our business permits or licenses, which would give rise to any material adverse impact on our existing status and continued operation; and (iv) we are not currently subject to any ongoing investigation, nor do we face any unsettled administrative penalty; and (v) during the Track Record Period and up to the Latest Practicable Date, we were not subject to any administrative penalty which had a material adverse impact on our operations. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors to reasonably doubt the aforementioned views of the Directors and the PRC Legal Adviser.

### SEASONALITY

Our results of operations are subject to seasonal fluctuations in market conditions primarily due to enterprise users’ purchasing patterns. For example, our revenue is typically lower in the first quarters as recruitment activities generally slow down around the Chinese New Year. Our quarterly sales and marketing expenses are generally the highest in the first quarter of every year as we increase our sales and branding activities during the Chinese New Year season. Overall, the historical seasonality of our business has been relatively mild, but the seasonal trends that we have experienced in the past may not be indicative of our future operating results. See also “Risk Factors—Risks Relating to Our Business and Industry—Our results of operations are subject to fluctuations due to seasonality.”

**IMPACT OF COVID-19 ON OUR OPERATIONS**

The ongoing COVID-19 pandemic has severely impacted China and the rest of the world, and has resulted in quarantines, travel restrictions, the temporary closure of offices and facilities and cancelation of public activities, among others.

Recently, there has been a recurrence of COVID-19 outbreaks in certain cities and provinces of China, including, among others, Shanghai, Beijing, Shenzhen, Chengdu and Zhengzhou due to the COVID-19 variants, which delayed the recovery of consumption and services. Although the COVID-19 pandemic accelerated the existing trend of bringing the recruitment process online and increased the market penetration of online recruitment platforms, the impact from the COVID-19 has reduced the employers' willingness to recruit and their recruitment related budgets, and the combined effect had a negative impact on our business, especially in cities most impacted by the COVID-19 pandemic. For example, our calculated cash billings in Shanghai dropped by 52.4% in April 2022 and by 59.2% in May 2022, as compared to the same periods in 2021. In October 2022, our calculated cash billings in Zhengzhou dropped by 46.8% as compared to the same period in 2021.

In addition, we made adjustments to operation hours and instituted work-from-home arrangements. We have also adopted enhanced hygiene and precautionary measures to prevent infection and transmission of the COVID-19 within our premises and among our staff, including: (i) distributing disposable masks and sanitizing products to our employees; (ii) cleaning and disinfecting common areas within our office buildings and working premises with increased frequency; (iii) implementing flexible working arrangement for our employees on an as-needed basis; (iv) encouraging our employees to closely monitor their cohabitants' health and well-being; (v) requiring mandatory infrared contactless body temperature measurement for our employees each time they enter the office buildings and working premises; and (vi) requiring our employees to refrain from gathering within the work place.

To the extent COVID-19 may continue to affect our customers' ability to pay, customer demand for our services remain uncertain. In addition, with varying levels of temporary restrictions and other measures reinstated in different regions to contain infections, our operations in these regions may be affected when these restrictive measures are in force. As the global pandemic of COVID-19 continues to evolve, we will continue to monitor the COVID-19 situation closely. The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives, will depend on future developments, including, but not limited to, the duration and spread of the pandemic, its severity, any resurgence of COVID-19, in the future, the actions to contain the disease or treat its impact, related restrictions on travel, and the duration and severity of the impact on our customers' budget and spending, the recruitment industry and the broader Chinese economy, including any recession resulting from the pandemic, all of which are still difficult to assess or predict. See "Risk Factors—Risks Relating to Our Business and Industry—The ongoing COVID-19 pandemic could adversely affect our business, results of operations and financial condition."

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### INTELLECTUAL PROPERTY

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success. As of June 30, 2022, we owned 95 patents including 14 inventive patents, 1 pending patent application, 61 copyrights including 45 software programs, and 21 registered domain names in China relating to various aspects of our operations and maintained approximately 503 trademark registrations in China and 10 trademark registrations outside China.

We seek to protect our technology and intellectual property rights through a combination of patent, copyright and trademark laws, as well as license agreements and other contractual protections. In addition, we enter into confidentiality and non-disclosure agreements with our employees, which provide that all patents, software, inventions, developments, works of authorship and trade secrets created in connection to and during the course of their employment are our property.

During the Track Record Period, our measures to protect our intellectual property had been effective, and we did not find any material breaches of our intellectual property rights. For risk relating to our intellectual property rights, see “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to adequately protect our intellectual property, which could cause us to be less competitive, and third-party infringements of our intellectual property rights may adversely affect our business.”

### COMPETITION

As a leading player in the online recruitment industry, we face competition from providers of similar services. Other online recruitment platforms compete directly with us for users, including both job seekers and enterprise users. We compete to attract, engage and retain users, to provide more accurate job and candidate matching and to improve and expand our product and service offerings in general. Our competitors may compete with us in a variety of ways, including by leveraging a large user base to engage more job seekers or enterprise users, investing in technologies to improve job and candidate matching efficiencies, conducting brand promotions and other marketing activities, and making acquisitions.

We believe that we can compete effectively with our competitors on the basis of our large and active user base, extensive high quality user data, advanced technology capability, high-quality user experience, ability to enhance efficiency and user satisfaction, as well as our brand recognition. See “Industry Overview—Competitive Landscape Of Online Recruitment Market.” For a discussion of risks relating to competition, see “Risk Factors—Risks Relating to Our Business and Industry—We face significant competition in China’s dynamic online recruitment service market, and potential market entries by established players from other industries may make competition even more fierce. Our market share, financial condition and results of operations may be materially and adversely affected if we are unable to compete effectively.”

### OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

Our focus on corporate social responsibilities, environmental awareness, long-term sustainable development, and ethical conduct is core to our values. We believe our continued growth depends on our integration of ESG values into our corporate strategies and operations.

We have adopted a set of stringent internal policies covering (i) the risk governance on ESG matters; (ii) ESG strategy formation procedures; and (iii) the identification of key performance indicators and the relevant measurements. Such internal policies include Code of Business Conduct and Ethics, the Anti-Corruption Policy, and Risk Investigation manual. Our Board of Directors is responsible for the oversight and management of key ESG risks and issues, and the implementation of ESG management is distributed across departments.

#### Environmental and Social Initiatives

We are committed to bringing about positive changes to society, and we believe our long-standing commitment to social responsibility strengthens our brand reputation.

As a leading recruitment platform, we are dedicated to assisting the disadvantaged group with inclusive and tailored job seeking and recruiting services. Leveraging what we are best at, we have mainly centered our efforts in the recruitment industry:

- We launched Project Inclusive to pursue fairness of the bilateral resource allocation among job seekers and recruiters, which empower traditionally underserved job seekers and enterprise users, especially college students and micro business owners.
- We have also been exploring ways to connect people in impoverished areas to job opportunities leveraging the power of internet. We have helped people from 52 such counties to find jobs.
- We filmed a short documentary Women are Amazing (Women了不起) spotlighting the individual career journeys of women with different experiences, career paths and life stories to help drive the awareness of women's irreplaceable roles in and significant contribution to the society.

Our efforts to empower local communities go beyond the recruitment industry.

- We proactively supported China's nationwide efforts to contain the spread of COVID-19 and made donations to support the communities. We also made donations to communities affected by the Zhengzhou flooding and Sichuan earthquake.
- We are environmentally conscious. We have made donations to the Qinghai Hoh Xil Nature Reserve ecological protection fund, which aims to protect the safety of patrol officers in fighting illegal activities such as poaching and illegal mining.



## BUSINESS

### Green Operation

We uphold our vision and responsibility to actively address climate change and reduce greenhouse gas emissions from our business and operations. We continue implementing a series of environmental protection measures, including energy and water conservation and resource recycling and also working with our suppliers to explore environmental-friendly business models.

Set forth below is a summary of key metrics we established to evaluate and guide our sustainable business operations during the Track Record Period.

	For the Year Ended			For the Six	
	December 31,			Months Ended	
	2019	2020	2021	2021	2022
Total GHG emission (Scopes 1 and 2) <sup>(1)(2)</sup> (Tonne CO <sub>2</sub> )	877	1,014	1,769	1,100	1,582
GHG emission intensity (Scopes 1 and 2) <sup>(1)(2)</sup> (Tonne CO <sub>2</sub> /person)	0.50	0.40	0.39	0.34	0.36
Total GHG emission (Scope 3) <sup>(3)</sup> (Tonne CO <sub>2</sub> )	2,990	8,804	22,246	7,595	18,240
GHG emission intensity (Scope 3) <sup>(3)</sup> (Tonne CO <sub>2</sub> /person)	1.50	3.04	4.52	2.08	3.67
Total energy consumption <sup>(4)</sup> (MWh)	1,139	1,350	2,232	1,481	2,079
Energy consumption intensity <sup>(4)</sup> (MWh/person)	0.65	0.53	0.49	0.45	0.47
Total water consumption <sup>(5)</sup> (m <sup>3</sup> )	48,827	68,569	89,840	41,970	55,586
Water consumption intensity <sup>(5)</sup> (m <sup>3</sup> /person)	24.53	23.71	18.35	11.48	11.31

*Notes:*

- (1) Air emissions of the Company are primarily GHG emissions arising from purchased electricity.
- (2) GHG inventory includes carbon dioxide, methane and nitrous oxide. GHG emissions data during the reporting year is presented in carbon dioxide equivalent. The GHG calculation methodology is based upon the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (“IPCC”), the IPCC Fifth Assessment Report, and the provincial electricity emission factors published by the Ministry of Ecology and Environment of China.
- (3) Due to the nature of our business, Scope 3 carbon emissions primarily include carbon emissions from employee commuting and carbon emissions from the use, production and transportation of our own servers hosted in third-party data centers.
- (4) Total energy consumption is calculated based on our purchased electricity with reference to the coefficients in the national standards of the PRC General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020).
- (5) Water supply mainly comes from the municipal water supply.

***Green workplace***

Our primary energy and resource consumptions are the electricity and water required for our offices. Our material air emissions are greenhouse gas (the “GHG”) emissions arising from purchased electricity. We record and analyze the energy and resources usage, investigate the causes of any abnormalities in water and electricity consumption, and optimize our energy conservation and emission reduction measures based on real-time data. We measure our energy consumption and GHG emissions primarily through the following indicators: (i) GHG emission intensity (Scopes 1 and 2) (Tonne CO<sub>2</sub>/person); and (ii) energy consumption intensity (MWh/person). We measure our water consumption primarily through water consumption intensity (m<sup>3</sup>/person).

In terms of energy conservation, we have implemented a number of measures to rationalize the use of electricity in office areas, including, among others, (i) increasing the use of LED lights and replacing manual switch-controlled lights with automated sound-controlled lights; (ii) arranging routine inspections of office areas to ensure lights are off when not in use; and (iii) adopting a building control system that includes intelligent lighting and air conditioning, which allows us to minimize energy waste by enabling backstage power switches. The environmental management system of our Beijing headquarter has been certified under the ISO 14001 standards. In terms of water conservation, we install water efficient sanitary facilities and accessories. For instance, our Beijing headquarters are installed with automatic sensor faucets that help save water. Reminders for water conservation are posted around the workplace to enhance employees’ awareness. Upon discovering water leakage, we immediately report to property management and arrange timely repairs to reduce water waste. We strive to foster a conservation culture in our Company and will continue to monitor and control energy and water usage level in our daily operation.

***Green data center***

Keeping sustainability in mind, we go to great lengths to ensure our data center service provider is fully competent in carrying out sustainable operations and exerts continuous effort to minimize environmental impact. We have enlisted environmental protection capability as one of our assessment elements when evaluating service suppliers. The supplier’s evaluation metrics include environmental impact, energy and resource utilization, use of renewable energy, and regional climate conditions.

We outsource our data center service to a third-party provider, the selection of which was based on a stringent bidding procedure. For example, we require the third-party provider to submit “Energy Conservation Review Opinion (節能審查意見書)” and “Data Center Green Grading Certificate (數據中心綠色分級證)” for our internal review as a part of the bidding procedure. In addition, we evaluate the environmental performance of our data center from many aspects, including its environmental impact, energy and resource utilization efficiency, use of renewable energy, and regional climate conditions. Our data center service provider is committed to promoting green operations and building green data centers that use renewable energy and energy-saving technologies and protocols that improve energy utilization. To

minimize environmental impact and reduce energy consumption, our data center service provider has introduced solar energy to power its operation. Solar power is a highly developed renewable energy source that does not produce exhaust gases, waste water and other solid pollutants, we believe the use of solar power effectively reduces the consumption of traditional energy sources and lowers emissions that are harmful to the environment.

### **Employee Care**

We care about our team members and support them at work and beyond. We are continuously creating an open, equal, inclusive and healthy work environment where everyone is able to thrive with a rewarding career path.

### ***Diversity and inclusion***

We foster inclusion and equality among employees from all backgrounds. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. Hence, we consider diversity in determining the composition of our personnel. As of June 30, 2022, over 48% of our employees are female.

We have also implemented a series of measures to improve the wellbeing of our employees. We provide family-friendly caring packages to employees in need, such as maternity leaves, pregnancy exam leaves, paternity leaves, nursing leaves, and six-hour workdays along with other benefits. We also respect the religious beliefs and culture of ethnic minority employees and provide them with leave for religious holidays. We respect and unbiasedly recruit persons with disabilities.

### ***Employee training and development***

We are committed to developing customized training programs and personalized training plans for individuals of all levels and departments. We work closely with various business departments to design our courses including courses on corporate culture, professional competency, general skills and leadership development topics for employees to learn the skills they need to grow their careers.

We also combine the online experience with in-person classes to maximize learning outcomes. We have built an online learning platform in place, which allows our employees to access company-level and department-level courses online. As of June 30, 2022, all of our full-time employees had taken our in-house training courses.

### **Health, Work Safety, Social and Environmental Matters**

To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

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During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations and have not had any accident, or claim for personal or property damage made by our employees, that has materially and adversely affected our business, financial condition or results of operations.

### EMPLOYEES

We had a total of 5,379 employees as of June 30, 2022. Substantially all of our employees were based in China. The following table sets forth the numbers of our full-time employees by function as of June 30, 2022.

<b>Function</b>	<b>Number of Employees</b>	<b>Percentage</b>
Sales and marketing	2,525	46.9%
Research and development	1,399	26.0%
Operations	1,186	22.1%
General administration	269	5.0%
<b>Total</b>	<b>5,379</b>	<b>100.0%</b>

Our success depends on our ability to attract, motivate, train and retain qualified employees. As part of our retention strategy, we offer employees competitive salaries, incentive share grants and other incentives. In order to maintain a competitive edge, we will continue to focus on attracting and retaining qualified professionals by providing an incentive-based and market-driven compensation structure that rewards performance and results.

Under PRC law, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based employees, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident fund. We are required under PRC law to make contributions to employee benefit plans occasionally for our PRC-based employees at specified percentages of their salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by local governments in China. We are committed to the education, recruitment, development and advancement our team members. In addition to regular on-the-job training, we have established a comprehensive system for employee development, covering leadership, technology, regulatory, and others. Our comprehensive training program includes corporate culture, employee rights and responsibilities, team building, professional behavior, job performance, management skills, leadership, and administrative decision-making.

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We typically enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics and non-competition with our senior management and core personnel. These contracts typically include a non-competition provision and a confidentiality provisions effective during and after their employment. We believe that we maintain a good working relationship with our employees, and we did not experience any material labor disputes or work stoppages or any difficulty in recruiting staff for our operations during the Track Record Period. Please refer to “Risk Factors—Risks Relating to Doing Business in China—Our business may be negatively affected by the potential obligations if we fail to comply with social insurance and housing provident fund related laws and regulations.”

### FACILITIES

Our headquarters are based in Beijing and we have offices in 52 cities in China. As of the Latest Practicable Date, we did not own any properties. We leased properties in China with a total gross floor area of approximately 84,000 square meters as of the Latest Practicable Date. Our leased properties are mainly used as offices, which are the non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our headquarters and offices. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

As of the Latest Practicable Date, 101 of our lease agreements had not been filed with the local housing administration authorities as required under PRC laws. Our PRC Legal Adviser has advised us that although the non-filing of such lease agreements would not affect the validity of such agreements under PRC laws and regulations, we might be ordered to rectify this non-filing by competent authorities and if we fail to rectify within a prescribed period, an administrative penalty of RMB1,000 to RMB10,000 for each non-filed case may be imposed on us as a result of such non-filing. We might be ordered to rectify the non-compliance by relevant authorities and the aggregate maximum fine in amount of RMB1.0 million may be imposed on us if we fail to rectify within a prescribed period. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties as a result of our failure to file the lease agreements described above.

As of the Latest Practicable Date, (i) for a number of our leased properties, the lessors could not provide relevant title certificates or supporting documents evidencing their right to lease such properties; (ii) for a number of our leased properties, our use of which does not comply with the approved use stipulated in the title certificates of such properties, and the lessors/owners fail to provide any documents required to be obtained by the relevant competent authorities, approving the change of use of such leased properties; and (iii) a number of our leased properties were subject to mortgage when we entered into lease agreements. However, in the event that we are required to relocate from any of these leased properties as a result of the foregoing, given the nature of our operation, we do not believe that any relocation would result in material disruptions to our business. Please refer to “Risk Factors—Risks Relating to Our Business and Industry—We face certain risks related to our leased properties.”

### **RISK MANAGEMENT AND INTERNAL CONTROL**

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continually improving these systems. We continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

#### **Financial Reporting Risk Management**

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

#### **Data and Technology System Risk Management**

We consider the protection of the personal privacy of our users to be of paramount importance. To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data protection program. We gain access to vast amounts of user static and behavioral data through our platform and we encrypt and store the data on our own servers and third-party cloud servers located in mainland China, which are protected by firewalls. We have adopted comprehensive measures to manage third-party vendors that provide cybersecurity and data related services/products. For example, we implement access management which focus on gathering, assessing and evaluating the background information, security related techniques capabilities and qualifications of the vendors, contract management which focus on contract execution and performance process, and personnel and service management. We collect personal information data from users only with their prior consents.

We employ a variety of technical solutions to prevent and detect risks and vulnerabilities in user privacy and data security, such as encryption, firewall, vulnerability scanning and log audit. For instance, we store and transmit all confidential user data in encrypted formats and have a team of professionals who participate in research development and are dedicated to the ongoing review and monitoring of data security practices. We maintain data access logs that record all attempted and successful access to our data and conduct automated monitoring and routine manual verification of large data requests. We also have clear and strict data authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary to their job responsibilities and for limited purposes and are required to verify authorization upon every access attempt. See “Risk Factors—Risks Related to Our Business and Industry—Because we store and process data, some of which contains sensitive personal information, we face concerns over the collection, improper use or disclosure of personal information, which could deter current and potential users from using our services, damage our reputation, result in legal liability, bring regulatory scrutiny, and in turn materially and adversely affect our business, financial condition and results of operations.”

### **Human Resources Risk Management**

We provide regular and specialized training tailored to the needs of our employees in different departments. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our users' needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence, and corruption.

We have in place a code of business conduct and anti-bribery and anti-corruption related policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conducts and our anti-bribery and anti-corruption measures. We make our internal reporting channel open and available for our staff to report any acts of bribery and corruption. Any reported incidents and personnel will be investigated and appropriate measures will be taken.

### **Investment Risk Management**

We invest in or acquire businesses that are complementary to our business, such as businesses that can expand the services we offer and strengthen our research and development capabilities. In general, we intend to hold our investments for the long term.

In our investment projects, our investment team sources investment projects in accordance with our investment strategy and preliminarily assesses the risks and potential of the investment projects. We employ approval and due diligence mechanisms corresponding to the specific circumstances involved in an investment project. Our finance and legal departments cooperate with investment team on deal evaluation, structuring, analysis, communication, execution, risk control, reporting, and post-investment risk management. In addition, our investment team monitors the deal performance on a regular basis. Any material factors will be timely reported to our investment committee, which consists of several members from our senior management team who have extensive experiences in the industry, for further decision.

### **Audit Committee Experience and Qualification and Board Oversight**

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations. The audit committee consists of three members, namely Charles Zhaoxuan Yang, Yonggang Sun and Yusheng Wang. Charles Zhaoxuan Yang, Yonggang Sun and Yusheng Wang are independent directors. For the professional qualifications and experiences of the members of our audit committee, see "Directors and Senior Management—Directors."

We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department members hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified thus are channelled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors if necessary.

### **Internal Control Risk Management**

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal control team works closely with our legal, finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company.

We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our internal control team conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. In particular, we have designed and adopted internal policy on management of licenses and certificates and set up procedures for licenses and certificates application, renewal and cancellation. For example, our responsible department of licenses and certificates timely renew and update licenses and certificates required for conducting our business in accordance with applicable laws and regulations. Our internal control team supervises the overall application, renewal and cancellation process, conduct regular inspections on the status and effectiveness of those licenses and approvals and urge the responsible department to renew and update licenses in a timely manner.

In order to ensure our ongoing compliance with applicable laws and regulations and manage our compliance and legal risk exposures effectively, we have organized professional teams in the Group to enforce our strict internal procedures, which include, among others, monitoring laws and regulations updated from time to time and conducting relevant researches and studies; monitoring notices, instructions and requirements issued by the regulatory authorities and communicating with relevant authorities to obtain further instructions when necessary; collecting external professional opinions on any new laws and regulations; proposing appropriate proposals of compliance for new product. Our legal, compliance, IT, administration and business departments work closely to perform risk assessments and advise risk management strategies according to the latest laws and regulations, especially laws relating to cybersecurity, data protection, ICP license and intellectual property protection. Our legal, compliance, IT, administration and business departments also work together to improve business process efficiency, monitor internal control effectiveness, and promote risk awareness among our employees. Our IT, legal and compliance teams hold weekly meetings to discuss the implication and actions to be taken to comply with the latest regulatory requirements. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our compliance and administration team



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conducts regular reviews to monitor the status and effectiveness of those licenses and approvals. Our compliance and administration department works with relevant business departments to obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines. If potential licenses penalty occurred, the legal team and relevant team will initiate legal response procedure and work closely with external organization and internal department.

We are committed to complying with relevant laws and regulations, protecting third-party intellectual property rights and maintaining a healthy content environment on our platform. All participants on our platform are required to abide by our terms of service and platform regulations, which strictly prohibit inappropriate content across our platform. Our platform regulations, including BOSS Zhipin User Agreement (BOSS直聘用戶協議), BOSS Zhipin Video Interview User Service Agreement (BOSS直聘視頻面試用戶服務協議), BOSS Zhipin Rules for Job Posting Rules (BOSS直聘職位信息發佈規則), BOSS Zhipin Intellectual Property Protection Rules (BOSS直聘知識產權保護規則), set forth in details the types of content and actions prohibited, including among others, content that is false, harmful, coercive, harassing, invasive, defamatory, vulgar, obscene, unethical or objectionable, content that is political sensitive or inflammatory, or content that is otherwise restricted or prohibited by PRC laws, rules, regulations, ordinances, or practices with legal effect. In addition, users can report any violations of our terms of service or other inappropriate behavior via email. We have a designated team that promptly follow up and resolve issues raised.

We have also taken various measures to comply with PRC laws and regulations governing the distribution of information over the internet and the verification of users' identities. We utilize a real-name system to authenticate the identities of our users. We verify user identities through mobile phone numbers users provide when they register with us. We request users to agree to the terms and conditions set forth in the user agreement of our platform. Pursuant to the user agreement, each user undertakes to, among others, (i) use the authentic identity and personal information to register an account to create, publish and distribute information, and (ii) not to upload or distribute content that violates PRC laws or regulations or infringes the intellectual property rights of others. We have implemented a content-monitoring system that consists of a team of dedicated personnel to identify illegal and inappropriate content and algorithm that filters and monitors such content on a continuous basis. Our review team and system monitor content on our platform in real time to detect illegal or inappropriate content. Once illegal or inappropriate content is identified, we promptly take measures to address issues identified, such as banning users from further activities or blocking their accounts.

Prior to our listing on the Nasdaq Global Select Market in June 2021, we had been a private company with insufficient accounting personnel and other resources with which to address our internal control. In connection with the audits of our consolidated financial statements as of and for the years ended December 31, 2019 and 2020, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting as of December 31, 2020. As defined in the standards established by the PCAOB, a "material weakness" is a deficiency, or combination of deficiencies, in internal

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control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified relates to lack of sufficient competent financial reporting and accounting personnel with appropriate understanding of U.S. GAAP to address complex U.S. GAAP technical accounting issues and to prepare and review the consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC, and lack of period-end financial closing policies and procedures for preparation of consolidated financial statements and related disclosures in accordance with U.S. GAAP and financial reporting requirements set forth by the SEC. The material weaknesses, if not timely remedied, may lead to material misstatements in our consolidated financial statements in the future.

We have implemented a number of measures to address material weaknesses that have been identified during the IPO, including: (i) we have hired additional qualified financial and accounting staff with working experience with U.S. GAAP and SEC reporting requirements; (ii) we have established clear roles and responsibilities for accounting and financial reporting staff to address complex accounting and financial reporting issues; (iii) we have clarified reporting requirements and established effective oversight to address complex and non-recurring transactions and related accounting issues; (iv) we have developed and implemented a comprehensive and effective period-end closing process, especially for complex and non-recurring transactions to ensure financial statements and related disclosures are in compliance with U.S. GAAP and SEC reporting requirements; (v) we have established an internal audit team to enhance internal controls and assess the design and effectiveness of our internal controls; and (vi) we are conducting regular U.S. GAAP accounting and financial reporting training programs for accounting and financial reporting personnel.

Although the aforementioned remediation measures were implemented, these measures will require validation and testing of the operating effectiveness of internal controls over a sustained period of financial reporting cycles. And our independent registered public accounting firm didn't conduct an audit of our internal control over financial reporting as of and for the year ended December 31, 2021. As a result, the previously identified material weaknesses still existed as of December 31, 2021. We will continue to implement measures to remediate the material weaknesses.

In anticipation of the Listing, we have engaged an internal control consultant to conduct the internal control review and a follow-up review of the effectiveness of our internal controls associated with our business processes from July 2022 to September 2022. The internal control review and the follow-up review performed by the internal control consultant constituted a Long Form Report engagement pursuant to the relevant technical bullets in AATB1. The selected areas of the internal control review included entity-level controls, which covered the controls relating to the financial reporting competencies, and business process controls, which covered the financial reporting process. As a result of the internal control review, we identified certain areas that require improvements. We have subsequently taken remedial measures in

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response to the findings identified and recommendations provided by our internal control consultant. The internal control consultant also performed a follow-up review on our system of internal controls in September 2022, with regard to the remedial actions taken by us to address the findings of the internal control review. Having completed these follow-up procedures, the internal control consultant did not identify any material deficiencies in our internal control system. The internal control consultant did not have any further recommendations in respect of the internal control review. On this basis, our Directors are of the view that the measures adopted for enhancing our internal control over financial reporting are adequate and effective in this context. Having considered the work done by the Company and the internal control consultant and solely based on the due diligence works performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors' view that the measures adopted for enhancing the Company's internal control over financial reporting are adequate and effective. As of the Latest Practicable Date, there were no material outstanding issues relating to our internal control. Based on the remediation actions performed by the Directors, our Directors are of the view that the enhanced internal control measures over financial reporting are adequate and effective under AATB1.

### INSURANCE

We believe we maintain insurance policies covering risks in line with industry standards. We do not maintain property insurance or business interruption insurance. We also do not maintain insurance policies covering damages to our network infrastructures or information technology systems. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material and adverse effect on our results of operations. See "Risk Factors—Risks Related to Our Business and Industry—We face risks related to natural and other disasters, including severe weather conditions or outbreaks of health epidemics, and other extraordinary events, which could significantly disrupt our operations."

### LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we have been and will be involved in disputes and legal or administrative proceedings in the ordinary course of our business.

We and certain of our officers and directors have been named as defendants in a putative securities class action filed on July 12, 2021 in the U.S. District Court for the District of New Jersey, captioned *Bell v. Kanzhun Limited et al, No. 2:21-cv-13543*. On March 4, 2022, Plaintiff filed the Amended Complaint, purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of their trading in our securities between June 11, 2021 and July 2, 2021, both inclusive. The action alleges that we made false and misleading statements regarding our business, operations and compliance practices in violation of Sections 10(b) and 20(a) of the U.S. Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. Specifically, the complaint alleges that our Registration Statement failed to inform investors that three weeks before the IPO, the CAC found that one of our apps, Dianzhang

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Zhipin, allegedly violated PRC laws relating to cybersecurity and personal privacy, including the unlawful collection of personal information without consent from users. Plaintiff alleges that the undisclosed “risks” associated with this omission materialized on July 5, 2021, when the CAC suspended new user registrations for the Company’s separate app, BOSS Zhipin, pending a cybersecurity review. The complaint seeks unspecified monetary damages under the Exchange Act for alleged losses suffered by members of the putative class as a result of Defendants’ alleged misstatements or omissions in various public disclosures. In May 2022, the Company filed its motion to dismiss the Amended Complaint. Briefing on the motion to dismiss was completed in July 2022, and a decision remains pending. In September 2022, with the aid of a mediator, the parties reached a tentative agreement in principle to settle the case. As a result of such tentative agreement in principle to settle, we recorded a contingent liability in our consolidated statements of profit or loss and consolidated balance sheets for the six months ended and as of June 30, 2022. See Note 17 to our consolidated financial statements included in the Accountant’s Report in Appendix I to this document. On November 10, 2022, the Court granted preliminary approval of the parties’ settlement agreement, pursuant to which, without any admission or finding of any wrongdoing on the part of any of the Defendants, the parties agreed that, in consideration of Kanzhun’s payment of US\$2.25 million, all actual and potential claims and causes of action that have been or could have been alleged against Kanzhun and the individual defendant (including the individuals mentioned above) are resolved and discharged and precluded from being raised again in any future action. Kanzhun’s payment of the settlement amount is due by mid-December 2022 and has been paid. The Court scheduled a fairness hearing for March 2023, after which the Court will decide whether to grant final approval of the settlement. The Company is of the view, with which the Company’s U.S. litigation counsel concurs, that the settlement does not and will not have any material impact on the Company’s financial condition or business operations.

During the Track Record Period and up to the Latest Practicable Date, other than the proceedings disclosed above, we had not been a party to, and were not aware of any threat of, any legal, arbitral or administrative proceeding, which, in our opinion, would likely have a material and adverse effect on our business, financial conditions or results of operation.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incident which, individually or in the aggregate, have had or are reasonably likely to have a material and adverse, financial or operational, impact on the Group. We are not currently subject to any ongoing investigation, nor do we face any unsettled administrative penalty.

**Cybersecurity Review**

Pursuant to an announcement posted by the Cyberspace Administration of China, or the CAC, on July 5, 2021 relating to the cybersecurity review, our BOSS Zhipin app was required to suspend new user registration in China to cooperate with the cybersecurity review and prevent the expansion of risks. We have diligently provided our full cooperation in the national cybersecurity review, rigorously addressed the cybersecurity issues identified in the review process, and have taken comprehensive rectification measures. As approved by the Cybersecurity Review Office of the CAC, we have recommenced new user registration on our BOSS Zhipin app, effective from June 29, 2022. From the date we resumed user registration to August 15, 2022, we recorded more than 10 million newly registered users. Our MAU and average DAU in July 2022 hit record high, with MAU in July increasing by 16% compared to that in June.

**LICENSES, PERMITS AND APPROVALS**

Our PRC Legal Adviser has advised that as of the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for the business operations of our subsidiaries and Consolidated Affiliated Entities, except as the risks and uncertainties described in “Risk Factors—Risks Relating to Our Business and Industry—Any lack of or failure to maintain requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations, and compliance with applicable laws or regulations may require us to obtain additional approvals or licenses or change our business model.” We provide services through our online recruitment platform, including certain live streaming recruitment services, short videos relating to job hunting and recruitment, in-app streaming interview and career development-related video courses, which may be considered as internet audio-visual program services, and the entities providing internet audio-visual programs services must obtain a license for online transmission of audio-visual programs, or Audio-Visual License, or complete the Audio-Visual Filing. However, according to the applicable PRC laws, only companies wholly state-owned or state-controlled are eligible to obtain the Audio-Visual License. As we are not a wholly state-owned or state-controlled entity, we had not obtained the Audio-Visual License as of the Latest Practicable Date. According to the current practice of relevant governmental authorities in the PRC, only companies with 30 million or more daily active users and 100 or more program inspectors, personnel within a company that is responsible for reviewing and vetting the content of the internet audio-visual program, are eligible to make the Audio-Visual Filing. The number of our average daily active users was less than 10 million in each year/period comprising the Track Record Period. The average number of our program inspectors in each year/period comprising the Track Record Period was also less than 100. As we do not satisfy the preconditions, we had not completed the Audio-Visual Filing as of the Latest Practicable Date. The services we provide that may be considered as internet audio-visual program services are immaterial to our business and the revenues generated through the provision of such services accounted for less than 0.1% of our total revenues in each year/period comprising the Track Record Period. In addition, as of the Latest Practicable Date, we had not been subject to any administrative

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penalties imposed by, or any investigations initiated by, the relevant governmental authorities due to the lack of the Audio-Visual License or the failure to complete the Audio-Visual Filing. Based on the above, the failure to obtain the Audio-Visual License or complete the Audio-Visual Filing for our internet audio-visual program services did not and will not have a material adverse effect on our business, financial condition or results of operations. We will actively communicate with the regulatory authorities and apply for the Audio-Visual License or complete the Audio-Visual Filing in a timely manner, once we are allowed to do so. In the opinion of our PRC Legal Adviser, all of our subsidiaries and Consolidated Affiliated Entities in the PRC complied in all material aspects with relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date.

Our PRC Legal Adviser has advised us that our licenses and permits remain in full effect and had not been revoked or canceled as of the Latest Practicable Date. Our PRC Legal Adviser also has advised us that, there is no material legal impediment to renew such licenses and permits, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC laws and regulations.

The following table sets forth details of our material licenses, permits and approvals:

<u>License/Permit</u>	<u>Holder</u>	<u>Issuing Authority</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Value-added Telecommunication Service License (for provision of internet information services)	Beijing Huapin Borui	Beijing Communications Administration	August 31, 2020	August 31, 2025
Human Resource Services License	Beijing Huapin Borui	Beijing Chaoyang District Human Resources and Social Security Bureau	November 22, 2021	November 21, 2026
Human Resource Services License	Beijing Glory Wolf	Beijing Chaoyang District Human Resources and Social Security Bureau	August 2, 2019	August 1, 2024

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### AWARDS AND RECOGNITION

During the Track Record Period, we have received recognition for the quality and popularity of our services. Some of the significant awards and recognition that we have received are set forth below.

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Well-known Internet Platform Award – 2019 Asia Pacific Human Resource Development and Service Expo (知名互聯網平台獎 – 2019亞太人力資源開發與服務博覽會)	2019	Organizing Committee of Asia Pacific Human Resource Development and Service Expo (亞太人力資源開發與服務博覽會組委會)
The first member unit of the Digital Economy Committee of the Asia-Pacific Economic Cooperation (APEC) China Business Council (亞太經合組織(APEC)中國工商理事會數字經濟委員會首屆委員單位)	2020	APEC China Business Council (APEC中國工商理事會)
Most Valuable Platform of 2021 Asia-Pacific Human Resource Development and Service Expo (2021亞太人力資源開發與服務博覽會“最具價值平台”)	2021	Asia Pacific Talent Service Institute (亞太人才服務研究院)
Member Unit of the Internet Industry Social Responsibility Construction Working Committee of the Internet Society of China (中國互聯網協會互聯網行業社會責任建設工作委員會成員單位)	2021	Internet Society of China Internet Industry Social Responsibility Construction Working Committee/Internet Society of China Secretariat (中國互聯網協會互聯網行業社會責任建設工作委員會/中國互聯網協會秘書處)
Excellent Employment Service Partner for 2021 University Graduates (2021年度高校畢業生就業工作-卓越合作夥伴)	2022	Ministry of Education of the People’s Republic of China (教育部)
Executive Director Unit of Internet Society of China (中國互聯網協會常務理事單位)	2022	Internet Society of China (中國互聯網協會)