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Tongdao Liepin Group

同道獵聘集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6100)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of Tongdao Liepin Group (the “**Company**” or “**our Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”, “**Liepin Group**”, “**our Group**”, “**we**”, “**us**”, or “**our**”) for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

- Revenue primarily generated from providing talent acquisition and other Human Resource (“**HR**”) services to our business customers and providing talent development services to individual users was RMB2,637.9 million in 2022, a 0.5% decrease from RMB2,651.5 million in 2021.
- Gross profit was RMB2,047.1 million in 2022, a 1.0% decrease from RMB2,067.1 million in 2021.
- Net profit was RMB89.6 million in 2022, a 53.2% decrease from RMB191.4 million in 2021. Net profit attributable to equity shareholders of the Company was RMB44.4 million in 2022, a 67.0% decrease from RMB134.4 million in 2021, primarily due to the one-off massive marketing campaigns by collaborating with China Central Television (“**CCTV**”) during the Fédération Internationale de Football Association (“**FIFA**”) World Cup games in the fourth quarter of 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB230.3 million in 2022, a 38.2% decrease from RMB372.8 million in 2021. Non-GAAP profit attributable to equity shareholders of the Company (excluding share-based compensation expenses and amortisation of intangible assets resulting from acquisition) was RMB189.4 million in 2022, a 31.5% decrease from RMB276.5 million in 2021.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2022.

	For the three months ended 31 December		For the year ended 31 December	
	2022 (unaudited) (in RMB'000)	2021 (unaudited)	2022	2021
Revenue	624,821	771,253	2,637,921	2,651,468
Gross profit	462,759	585,632	2,047,093	2,067,132
Net (loss)/profit	(221,892)	23,290	89,587	191,429
Net (loss)/profit attributable to equity shareholders of the Company	(212,029)	6,259	44,367	134,425
Non-GAAP operating (loss)/profit of the Company	(165,520)	65,302	230,330	372,771
Non-GAAP (loss)/profit attributable to equity shareholders of the Company	(159,979)	37,490	189,361	276,490

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The PRC Talent Acquisition and Other HR Services Market

The unprecedented macro-environment imposed challenges and brought opportunities to our business throughout the year of 2022. The constant recurrence of the pandemic continuously impacted economic activities, industrial production and residential life. The macro conditions shattered enterprise and resident confidence, causing unstable recruitment demand and slow execution of recruitment decisions, which resulted in an ascending national surveyed urban unemployment rate. Despite this, the mid-to high-end market for recruitment remained relatively resilient due to the scarcity of talent and the importance of these positions. But as enterprises were under continuous pressure, it was inevitable that, the employment of the mid-to high-end segment was impacted. As enterprises lowered their recruitment demands and were more conscious about cost efficiency, we observed a tendency of deepening online penetration of a wider range of talent services. The trend brought us a great opportunity to cater the diverse needs of our customers, leveraging our diversified product mix, so as to enhance our relationship with customers.

From a macroeconomic perspective, China still firmly follows the pace of talent and industrial upgrading despite a stressful environment as a whole. The 20th National Congress of the Communist Party of China reaffirmed that China will move faster to boost its strength in human resource development and nurturing high-quality talents. The Outline of the Strategic Plan for Expanding Domestic Demand (2022–2035) issued in December 2022 also calls for “inspiring the innovation vitality of talents and nurturing more world-class leading talents”, setting medium-term goals for building a talent echelon. Meanwhile, local governments have also introduced measures, including talent subsidies and support for entrepreneurship to attract and retain talents and boost regional development. As a rich supply of human resources remains to be China’s notable strength, China is in the course of gaining talent dividend. In such context, serving the development of high-quality talents and providing accurate matching between talents and suitable positions are the urgent needs to be met.

With respect to industries, as 2022 was the second year of the *14th Five-Year Plan*, China was more determined to develop and expand strategic emerging industries and introduced more explicit supporting policies. Therefore, even when the overall macro-environment and certain industries such as Real-Estate and Media & Entertainment were under pressure, emerging industries still showed strong resilience and grew against the headwind in respect of recruitment demand. According to the data from our platform, the top three industries in terms of the increasing rate of the number of new job postings in 2022 are Energy & Chemicals, Automotive & Manufacturing and Electronic Communications. Such enterprises generally have a high entry threshold for key positions which need a large number of knowledgeable and high-quality talents who are relatively scarce, resulting in a noticeable mismatch between talent supply and job demand. Therefore, promoting the job market effectiveness and assisting industry development remained as a key responsibility for professional service providers. Through forward-looking industry judgment and the accumulation of recruitment know-how, we have already accumulated rich experiences and built advantages in serving these emerging industries, and have successfully established deep relationship with many emerging enterprises. Against the backdrop of national industrial transformation, we look forward to helping more enterprises with their organizational development and business expansion by matching suitable talents to appropriate positions.

The PRC Talent Development Services Market

The talent development services market in 2022 was sluggish due to the pandemic, resulting in fewer job opportunities and greater caution in career changes. Those between jobs had a longer time tolerance for locating an ideal job due to the low market sentiment, while employed individuals had fewer opportunities and willingness to make career changes. As a result, the overall recruitment market’s mobility was partially subdued, with these conditions persisting throughout the year and worsening during the pandemic’s spread. Moving into 2023, as the macro-environment started to rebound, the market sentiment also recovered remarkably in terms of talents’ activeness in job searching.

As mentioned above, our nation's talent upgrade has begun to bear fruit. The rising gross enrollment rate in China and the historic high number of college graduates in recent years accelerated the accumulation of highly knowledgeable talents. More notably, talents were more receptive to cross-industrial career choices with fewer limitations on enterprise scales and stages. With such an adjustment of talents' mindset, we leveraged our advantages in providing recruitment services across full industries and to all types of enterprises, actively helping more high-quality talents with their career development.

In 2022, the demand for professional skillset enhancement and qualification training reached a trough due to weak market conditions, low willingness, and ability of individuals to pay. However, the national support for professional education and skillsets training is mounting, and our national talent construction plan still places the highest priority on the promotion of talent's diversified development path and the cultivation of specialized talents. As short-term volatility gradually declines and market recovery gathers steam, we believe that professional education will continue to develop in a broad market in the long term.

BUSINESS REVIEW

Overall Performance and Highlights

Our business model continued to demonstrate its effectiveness amidst a very challenging market condition in 2022. As we pioneered the online talent service platform in China that focuses on mid-to high-end talent acquisition services, the users we serve are generally more resilient, and the recruitment demands for higher-end talents are more sustainable. Therefore, cyclical fluctuations alongside the macro-economic changes can be partially smoothed out, leading to a healthier and more stable financial performance. As a result, our total revenue and gross profit for the year 2022 amounted to RMB2,637.9 million and RMB2,047.1 million, respectively, representing a decrease of 0.5% and 1.0% compared to 2021. Specifically, the revenue generated from talent acquisition and other HR services to our business customers was RMB2,346.4 million, a 1.6% increase from RMB2,309.0 million in 2021. Although some of the recruitment demands were postponed due to the pandemic resurgence, our high quality customer base, our enriching product matrix (i.e. online recruitment, transaction-based talent acquisition services) and effective business development measures secured us from significant adverse impacts. Along with the deepened online penetration of the mid-to high-end recruitment market, the number of our verified business users increased by 12.6%, reaching 1,129,568 as of 31 December 2022. While most enterprises stringently managed their expenses under a soft market condition, recruitment processes were prolonged and recruitment budgets were decided prudently. As a result, the number of our business customers slightly decreased by 2.6%, amounting to 70,678 as of 31 December 2022.

On the other end, our revenue from talent development services to individual users was RMB289.9 million in 2022, a 15.0% decrease from RMB341.1 million in 2021, primarily due to the lower willingness to pay among mid-to high-end talents and the postponement of the examination dates of certain certifications, as a result of the resurgence of the pandemic in 2022. Nevertheless, based on our strong brand recognition, the number of registered individual users on our platforms increased from 73.9 million as of 31 December 2021 to 83.5 million as of 31 December 2022, representing a year-on-year increase of 12.9%.

In 2022, we continued to cement our well-established headhunter ecosystem in the Chinese market. We kept attracting more headhunters to our platforms with our diversified products and unique resources while keeping the registration requirements as strict as always. The number of our verified headhunters increased from 197,357 as of 31 December 2021 to 211,772 as of 31 December 2022. The total number of contacts with registered individual users by our verified headhunters increased from 1.08 billion to 1.15 billion over the same period. The involvement of quality headhunters significantly boosted the level of activity and engagement of the registered individual users.

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

	As of 31 December		
	2022	2021	%
Individual Users			
Number of registered individual users (<i>in millions</i>)	83.5	73.9	12.9
Number of individual paying users (<i>accumulative</i>)	495,980	451,718	9.8
Average annual salary of registered individual users (<i>in RMB</i>)	191,470	188,156	1.8
Business Users and Customers			
Number of verified business users	1,129,568	1,003,196	12.6
Number of business customers	70,678	72,554	-2.6
Number of job postings (<i>in millions</i>)	8.9	9.2	-2.7
Headhunters			
Number of verified headhunters	211,772	197,357	7.3
Number of contacts with registered individual users by our verified headhunters (<i>in millions</i>)	1,146.0	1,084.7	5.6

During the year 2022, we continued to implement our long-term growth strategy of “building a technology and big data-driven one-stop talent service platform” and actively penetrate the talent service market. Set forth below is a summary of major developments of our business in 2022.

Talent Acquisition Services to Business Users

In 2022, we upgraded our products, services, and market strategies under the “Platform + SaaS + Service” strategy. We spent the year constantly refining our products to not only support intelligent and efficient job matching, but could also alleviate the pain points of recruiters during recruitment process. In 2022, practical functions like administrative data dashboard, collaborative CV evaluation modules, and job-position internal sharing were launched and well-recognized by our users. By enhancing collaboration between different recruitment roles, optimizing communication functions and interfaces, and streamlining recruitment process, we facilitate the digitalization of both talent acquisition process, strengthen the activity level and product experience of both talents and recruiters, thus achieving stronger user stickiness and value creation.

In 2022, the volatile macro-environment led to a changing market condition. Against this backdrop, we made timely adjustments to our sales tactics since the second quarter of 2022, focusing on “targeted expansion” and “demand”, providing us with strong risk resilience and long-term growth potentials. To execute our “targeted expansion” tactic, we focused on specific emerging industry clusters across different cities. Riding the tailwind of China’s industrial upgrade, we supported the development of these fast-growing enterprises by precisely matching their recruitment needs with suitable talents. Specifically, we established deep partnerships with a large number of emerging enterprises by co-hosting recruitment activities with local government departments in emerging industry parks. Through interactive channels such as live-streaming, we presented high-quality jobs at scale under various themes. Moreover, we provided enterprises with a number of professional and suitable talents by penetrating targeted universities. In terms of the “demand digging” tactic, we continued to deepen our understanding of our existing customers and meet their deep-seated needs by leveraging our rich array of products. Our well-rounded product spectrum enables us to meet the changes in customers’ recruitment habits as their needs migrate, and to offer flexible packages to serve different types of business customers.

Coupled with our adaptive sales strategies, we keep optimizing our professional service mechanism. In the mid-to high-end recruitment market that emphasizes more on the effective integration of products and services, we always strive for leveraging our technological capabilities to provide scalable and standardized services to our customers, hence improving their recruitment efficiency. In 2022, we further improved our digital service capabilities. Our user-friendly back-office operational system and data visualization center can automatically detect the using condition of our customers in various segments for sales and service teams and intelligently recommend guidelines and suitable solutions, allowing us to improve sales and service efficiency while delivering a superior customer experience. Additionally, to increasingly cater to our customers' diverse needs, in 2022, enterprises were opened to different administrative authorities depended on their verticals and scales. Resources were, therefore, allocated and managed more effectively, while various types of customers could experience the most suitable product and service matrix.

Despite a challenging market environment, we remained committed to technology development, including the upgrade of our information technology (“IT”) infrastructure, innovation of new functions and new products, and the incubation of game-changing business models. Specifically, we persist in putting great effort in reinforcing our precise matching capabilities. In the mid-to high-end segment where information is complicated and implicit, industry-specialized data modeling and natural language process capabilities are essential to achieving precise job-talent matching. During the year, we further improved our labeling system, so as to deepen our algorithm's natural language understanding. We then digitalized and integrated these capabilities to form a high-quality recruitment industry knowledge map, enhancing our understanding of talent profiles and job requirements. By responding to tailored questions, our users experience more precise matching results.

In addition, we pay continuous attention to our internal algorithm infrastructure establishment and cyber security protection. In 2022, we completed the construction of our algorithm center by extracting and modularizing a batch of frequent-used algorithm toolkits. All our developers can then make trials and launch new functions in almost all usage scenarios in a low-code mode, therefore reduce development expenses for each product upgrade. The algorithm center is also a vital foundation of our long-term algorithm architecture. Regarding cyber security, cultivating a trusted and reliable community for all users is our long-term endeavor. We focused on enhancing the risk identification and upfront abnormal account examination capabilities through better user segmentation in 2022. Our internal information distribution mechanism was significantly optimized, leading to a higher reviewing efficiency and a further-solidified safety system. With tireless efforts of our team, our “Information Recommendation Algorithm” and “Information Search Algorithm” have passed the internet information service algorithm records that were published by the Cyberspace Administration of China in August and October in 2022, respectively.

Other HR Services to Business Users

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

Flexible Staffing

From the *14th Five-Year Plan* to the *Report on the Work of the Government for 2022*, policies such as promoting the multi-channel flexible employment mechanism, enhancing the inclusiveness of the labor market, and improving social security for flexible employment have been repeatedly emphasized, which demonstrates the importance of the flexible staffing among China's future employment types. According to a third-party research report, the scale of flexible staffing in China continues to rise. In the meantime, as a large number of enterprises are in demand of operational refinement and individuals' needs for flexible working hours continue to climb, there is still considerable room for growth in China's flexible labor market.

With the gradual recovery of the market environment, certain industries that were adversely impacted are showing a stronger rebound, hence have more urgent demands for massive labor. By shifting our resources to serving recovering industries, we are reaching a wider range of labor and gaining a longer-term business advantages. As an internet-based flexible staffing business, we quickly seize opportunities as signs of market movement are detected. Agile market strategies also improve the risk resilience and growth potential of our flexible staffing business.

Survey Services

Our survey SaaS service provider, Wenjuanxing (問卷星), maintained its leading position in the online survey industry. By the end of 2022, the number of total survey samples collected by our platform was over 15.6 billion, and distributed over 206 million surveys. Despite the softening demand in the advertising industry, which posed challenges to the advertisement segment of our survey services, we continued to refine our user labelling system and improve our user profiling capability. By doing so, we were able to improve advertising effectiveness and conversion rates, ultimately enhancing user stickiness and customer relations.

On the other hand, our survey SaaS business has harvested more significant growth. Based on 17 years' experience of product refinement and brand recognition, our survey SaaS product can rapidly gain customers' trusts and penetrate deeply into their business operations, creating a strong connection with customers. Looking forward, we will also continue to expand our customer base and particularly explore diversified channels for business opportunities. We will also insist on high-quality services for our existing customers to establish a more long-term growth mechanism.

Training and Assessment

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

Talent Development Services to Individual Users

We continue to offer products and services for free to our registered individual users, including CV Analysis, Interview Preparation, Job Application Analysis and Career Examination. On top of the aforesaid free basic services, we also provide value-added packages under different pricing plans in which individual users can subscribe to access a variety of enhanced functions and tools. By leveraging our ecosystem partners, we are able to provide personalized career services at a large scale and, thus, to help our individual users pursue their ideal careers.

In 2022, while the number of our individual users kept increasing amidst an uncertain macro-environment, we remained committed to pouring effort into activating existing talents on our platform. Especially during the fourth quarter of 2022, as physical restrictions related to the pandemic eased and supporting policies stepped in, we put forward multiple measures to boost the vitality of our users, so as to prepare talents for future market recovery. In addition to accurately identifying users' needs and increasing their platform activity through product feature upgrades and technical capability enhancement, we adopted a more active approach to guiding users to return to the platform and remain active. We classified our users based on characteristics and preferences through an intelligent algorithm. Personalized activation programs were rolled out via a combination of various channels. Effectiveness, efficiency and user experience being our top considerations. As a result, the returning ratio and activity level of our existing users significantly improved along with the market recovery in 2023.

As users return to our platforms, we provide detailed and attractive instructions to help them update their career information. The artificial intelligence (“AI”) assistant that we introduced in 2022 can identify and modify abnormal data inputs and provide suggestions through our intelligent resume adjustment system, effectively preventing conflicts or ambiguity of information. With such measures and the increasing ratio of completed resumes on our platform, the variety, accuracy and authenticity of individual information have been further enhanced.

Our online certification training business provides talents with professional and high-quality courses via online platforms to help with their professional skills enhancement and help raise their career competitiveness in the face of dynamic workplace requirements. In 2022, due to the reoccurrence of the pandemic, several tests related to the certification training that we provided were further postponed, resulting in a delay in course enrollment and revenue recognition. Also, talents’ enthusiasms in pursuing career transformation and willingness to pay for long-term development were partially subdued, bringing a certain pressure to our business expansion. Against this backdrop, we focused more on improving teaching standards and optimizing course materials, preparing ourselves more fully for an accelerated recovery in the near future.

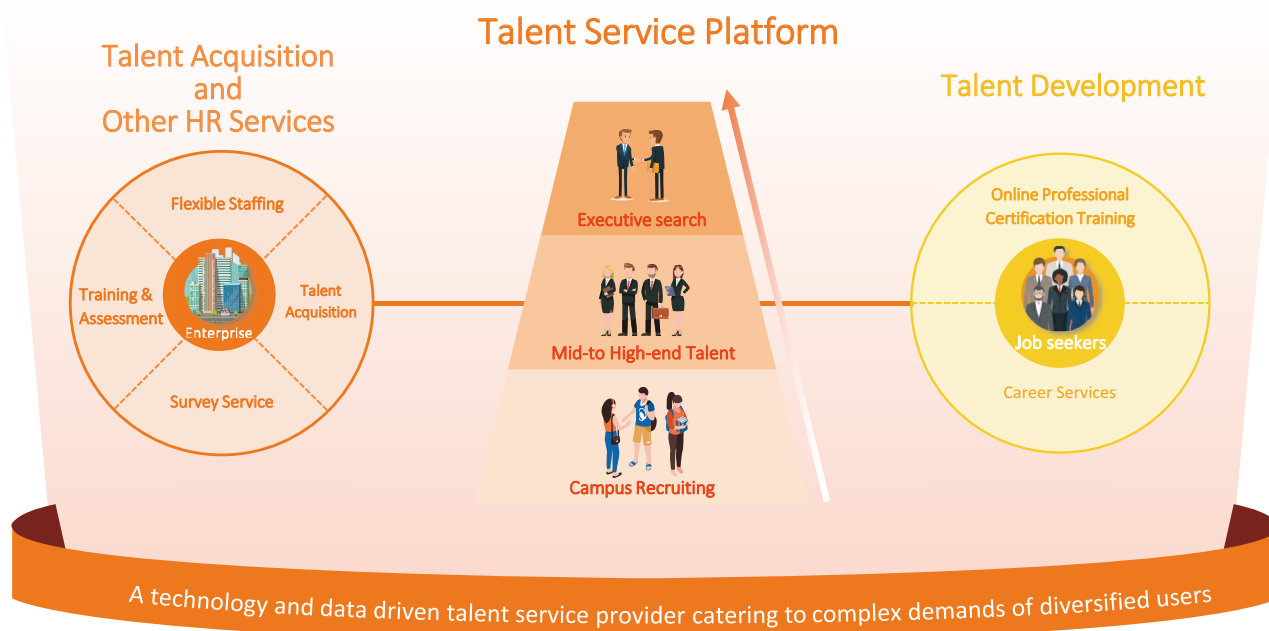
Strengthened Partnership with Headhunters

Headhunters are an indispensable part of our ecosystem, playing an irreplaceable role in the mid-to high-end talent acquisition market. They serve as a crucial link between talented individuals and business users. Since talents are relatively more passive in the mid-to high-end segment, headhunters usually proactively connect with individual users to provide professional knowledge and customized career advises. This process activates talents, boosts the vitality of our platform, and facilitates the recruitment process. Headhunters also play a vital role in enriching job postings on our platform, expanding job types and enlarging the job pool. More talents will, therefore, be attracted to our platform, and in turn, business users’ job postings will be exposed to more quality talents. The healthy circulation of resources under our BHC model initiates and keeps the flywheel running.

Fundamentally different from any other online recruiting platforms, we provide free access for headhunters to source candidates and manage their sourcing process in customized ways. We offer a SaaS-based headhunter platform that streamline and optimize the whole service process for headhunters, from job postings, CV management to candidates’ interaction and interviews. We also offer closed-loop transaction opportunities to headhunters who are proven to be trustworthy on our platform. Once a recruiter places a hiring order on our platform, we will recommend the most suitable headhunter to take the order by virtue of our AI technology and algorithm. The entire recruitment process is conducted online under our stringent supervision and management. Headhunters are attracted to our platform for a massive amount of active talents with urgent job-seeking demands and incremental transaction opportunities from our business customers. The network effect with headhunters’

involvement has created a unique barrier and a competitive advantage for us in the mid-to-high-end segment.

For the past 12 years, we have deepened our understanding of the headhunting service market and guided the digitalization of the industry. Our BHC model has created a strong network effect that attracted a significant group of trustworthy headhunters to our platform. Building on a matured ecosystem with headhunters, we pioneered in establishing a unique headhunter-assisting closed-looped recruitment business model years ago, and we have been constantly exploring better recruitment solutions through in-depth cooperation with headhunters. As the Chinese headhunter market is still fast developing, we believe that with our well-established ecosystem and abundant resources, we can continue to take leads in proposing game-changing business models and strengthening the market position of headhunting collaboration ecosystem.



FUTURE OUTLOOK AND STRATEGIES

During the fourth quarter of 2022, we have rolled out a massive marketing campaigns by collaborating with CCTV during the FIFA World Cup games, aiming to reinforce our brand recognition as a professional talent acquisition service provider and capture market share as recovery kicks in. Marching, into 2023 the market sentiment has rebounded significantly, and we have observed a gradual recovery in the market vibe, as well as a surge in individuals' activity levels. As enterprises' confidence level is recovering, a great number of recruitment initiatives and annual recruitment budgets were being considered and planned. Post-Chinese Spring Festival, there has been a recovery of market vitality and a significant increase in the talent activity level. While there are still uncertainties in the macro-environment both domestically and internationally, market sentiment has been gradually recovered.

In this context, we will proactively capture opportunities that are brought by market recoveries and continue to strengthen our core online recruitment business under the “Platform + SaaS + Service” strategy. We aim to further expand our market share by serving more high-quality enterprises and individual users. Specifically, we will prudently expand our regional coverage to cities that have great potential. By penetrating into more areas with professional teams, a wider range of customers will gain a more profound understanding of our products and experience more tailored services. Meanwhile, we will also seize opportunities in recovering verticals and emerging industries that are policy supportive, grasping short-term incremental marketplace while also incubating long-term strength. Besides the above expansion measures, our attention to business development among state-owned enterprises and government bodies will persist as high-quality talents are being increasingly valued alongside the national talent upgrade.

We always believe that sustainable growth is inseparable from an effective operation mechanism and refined operation ability. Therefore, we will continue to focus on the improvement in operational efficiency and the in-depth implementation of expense control. In terms of research and development, we will upgrade our operational indicator system to enhance the efficiency and coverage of the talent-to-job matching on our platforms. This will also improve user experience and stickiness. Furthermore, we will continue to upgrade our underlying IT infrastructure to support faster and more flexible product testing. In terms of business development efficiency, our sales personnel efficiency has improved rapidly in recent years. Looking forward, with the continuous upgrade of our sales organizational structure, improvement of our digital sales capabilities, and accumulation of customer trust, our sales efficiency is expected to be further optimized. Meanwhile, we will continue to follow precise marketing strategies to reinforce our brand image as a professional recruitment application to more enterprises and individuals through diversified and adaptive channels. Lastly, combining the effect of operating leverage, our fortifying corporate governance and strengthening internal management will make room for our mid-to-long term governance and administrative expenses ratio.

As the national development is marching into a new stage, employment remains as the cornerstone of people’s livelihood. The employment-first strategy was emphasized repetitively during the Press Conference for the First Session of the 14th National People’s Congress. Moving forward, along with the market recovery, we fully acknowledge our responsibilities in facilitating the activation of the domestic employment market, and promoting sustainable growth of the talent acquisition industry. It is also our endeavor to support more enterprises and talents in constructing new patterns in national development.

FINANCIAL REVIEW

Year Ended 31 December 2022 Compared to Year Ended 31 December 2021

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	2,637,921	2,651,468
Cost of revenue	<u>(590,828)</u>	<u>(584,336)</u>
Gross profit	2,047,093	2,067,132
Other income	89,533	80,102
Sales and marketing expenses	(1,306,072)	(1,224,534)
General and administrative expenses	(344,935)	(355,044)
Research and development expenses	<u>(400,283)</u>	<u>(336,950)</u>
Profit from operations	85,336	230,706
Net finance income/(cost)	21,998	(17,297)
Share of results of associates	<u>343</u>	<u>1,154</u>
Profit before taxation	107,677	214,563
Income tax	<u>(18,090)</u>	<u>(23,134)</u>
Profit for the year	<u>89,587</u>	<u>191,429</u>
Attributable to:		
— Equity shareholders of the Company	44,367	134,425
— Non-controlling interests	45,220	57,004
Non-GAAP Profit from Operations	230,330	372,771
Non-GAAP Profit attributable to equity shareholders of the Company	189,361	276,490

Revenue

Our revenue was RMB2,637.9 million in 2022, representing a 0.5% decrease from RMB2,651.5 million in 2021. Revenue from talent acquisition and other HR services to our business customers, accounting for 88.9% of our revenue, was RMB2,346.4 million in 2022, a 1.6% increase from RMB2,309.0 million in 2021, primarily due to the increase of average revenue per user, driven by our business development tactic of “demand digging”, partially offset by the decrease in the number of paying customers because of the resurgence of the pandemic in 2022. Revenue from talent acquisition and other HR services to our business customers mainly comprised (1) customized subscription packages that include various talent services charging various fixed rates and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones.

Revenue from talent development services to individual users, accounting for 11.0% of our revenue, was RMB289.9 million in 2022, a 15.0% decrease from RMB341.1 million in 2021, primarily due to the lower willingness to pay among mid-to high-end talents and the postponement of the examination dates of certain certifications, as a result of the resurgence of the pandemic in 2022. Revenue from talent development services to individual users primarily consisted of providing premium membership services, career coaching, CV advisory and certification training services.

Revenue from rental income from investment properties was RMB1.7 million in 2022 and RMB1.3 million in 2021.

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

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Talent acquisition and other HR services to business users	2,346,354	88.9	2,309,003	87.1
Talent development services to individual users	289,876	11.0	341,124	12.8
Rental income from investment properties	1,691	0.1	1,341	0.1
Total	<u>2,637,921</u>	<u>100.0</u>	<u>2,651,468</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue primarily comprised service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB590.8 million in 2022, a 1.1% increase from RMB584.3 million in 2021. The share-based compensation expenses were RMB9.6 million in 2022 (2021: RMB1.2 million). The amortization of intangible assets resulting from acquisition was RMB17.3 million in 2022 (2021: RMB17.3 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB2,047.1 million in 2022, representing a 1.0% decrease from RMB2,067.1 million in 2021. Our gross profit margin was 77.6% in 2022 and 78.0% in 2021.

Sales and Marketing Expenses

Our sales and marketing expenses mainly consisted of salaries and benefits (including share-based compensation expenses) for sales and sales support. Advertising and promotion expenses, marketing personnel expenses and other expenses associated with our sales and marketing activities filled the rest. Our sales and marketing expenses were RMB1,306.1 million in 2022, a 6.7% increase from RMB1,224.5 million in 2021. The share-based compensation expenses were RMB25.6 million (2021: RMB13.7 million), and the amortization of intangible assets resulting from acquisition was RMB31.4 million (2021: RMB31.4 million). Our sales and marketing expenses as a percentage of revenue increased from 46.2% in 2021 to 49.5% in 2022, which was primarily due to the massive marketing campaigns by collaborating with CCTV during the FIFA World Cup games in the fourth quarter of 2022, aiming to reinforce our brand recognition as a professional talent acquisition service provider and capture market share as recovery kicks in.

General and Administrative Expenses

Our general and administrative expenses primarily comprised salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expenses) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB344.9 million in 2022, a 2.8% decrease from RMB355.0 million in 2021, which was primarily due to the decrease in the share-based compensation expenses from RMB56.7 million in 2021 to RMB37.7 million in 2022. Our general and administrative expenses as a percentage of revenue decreased from 13.4% in 2021 to 13.1% in 2022, which was primarily due to the increase in efficiency of our management team.

Research and Development (“R&D”) Expenses

Our R&D expenses primarily comprised salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB400.3 million in 2022, a 18.8% increase from RMB337.0 million in 2021. The share-based compensation expenses increased from RMB21.8 million in 2021 to RMB23.4 million in 2022. Our R&D expenses as a percentage of revenue increased from 12.7% in 2021 to 15.2% in 2022, as we continued to invest in R&D to incubate new business, optimize our matching algorithm, launch innovative functions, strengthen the data security capability and improve our IT infrastructures.

Other Income

Other income primarily comprised interest income from bank deposits, investment income from wealth management products, government grant, and fair value changes of financial assets at fair value through profit or loss. Our other income increased by 11.8% from RMB80.1 million in 2021 to RMB89.5 million in 2022, primarily as a result of the increase of government grant and investment income from wealth management products, partially offset by the fair value changes of financial assets at fair value through profit or loss, as a result of the sluggish market conditions in 2022.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB85.3 million in 2022, compared to RMB230.7 million in 2021, primarily attributable to (i) the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022 and (ii) the increase in R&D expenses to incubate new business, optimize our matching algorithm, launch innovative functions, strengthen the data security capability and improve our IT infrastructures.

Net Finance Income/(Cost)

Net finance income/(cost) primarily comprised foreign currency exchange gain due to the fluctuation of USD against RMB, interest expenses on bank loans, interest on lease liabilities rising from the adoption of IFRS 16, and bank charges. Our net finance income was RMB22.0 million in 2022, compared to a finance cost of RMB17.3 million in 2021, primarily as a result of the increase in foreign currency exchange gain due to appreciation of USD against RMB.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB107.7 million in 2022, a 49.8% decrease from RMB214.6 million in 2021, primarily attributable to (i) the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022; and (ii) the increase in R&D expenses to incubate new business, optimize our matching algorithm, launch innovative functions, strengthen the data security capability and improve our IT infrastructures.

Income Tax

Income tax expenses were RMB18.1 million in 2022, a 21.8% decrease from RMB23.1 million in 2021, since the segment with lower effective tax rate, our online talent services, suffered a lower profit margin because of the incremental marketing expenses during the FIFA World Cup games in the fourth quarter of 2022.

Profit for the Year

As a result of the aforementioned factors, profit for the year was RMB89.6 million in 2022, a 53.2% decrease from RMB191.4 million in 2021, primarily attributable to (i) the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022 and (ii) the increase in R&D expenses to incubate new business, optimize our matching algorithm, launch innovative functions, strengthen the data security capability and improve our IT infrastructures.

Three Months Ended 31 December 2022 Compared to Three Months Ended 31 December 2021

	For the three months ended	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	624,821	771,253
Cost of revenue	<u>(162,062)</u>	<u>(185,621)</u>
Gross profit	<u>462,759</u>	<u>585,632</u>
Other net (losses)/income	(2,346)	20,061
Sales and marketing expenses	(454,942)	(357,602)
General and administrative expenses	(104,702)	(105,536)
Research and development expenses	<u>(118,339)</u>	<u>(108,484)</u>
(Loss)/Profit from operations	(217,570)	34,071
Finance cost	(8,211)	(8,854)
Share of results of associates	(151)	863
(Loss)/Profit before taxation	(225,932)	26,080
Income tax	<u>4,040</u>	<u>(2,790)</u>
(Loss)/Profit for the period	<u>(221,892)</u>	<u>23,290</u>
Attributable to:		
— Equity shareholders of the Company	(212,029)	6,259
— Non-controlling interests	(9,863)	17,031
Non-GAAP (Loss)/Profit from Operations	(165,520)	65,302
Non-GAAP (Loss)/Profit attributable to equity shareholders of the Company	(159,979)	37,490

Revenue

Our revenue was RMB624.8 million in the three months ended 31 December 2022, a 19.0% decrease from RMB771.3 million in the three months ended 31 December 2021. Revenue from talent acquisition and other HR services to our business customers, accounting for 90.2% of our revenue, was RMB563.7 million in the three months ended 31 December 2022, a 19.0% decrease from RMB695.7 million in the three months ended 31 December 2021, primarily due to the falling recruitment demand because of the resurgence of the pandemic in the fourth quarter of 2022.

Revenue from talent development services to individual users, accounting for 9.7% of our revenue, was RMB60.7 million in the three months ended 31 December 2022, a 19.4% decrease from RMB75.4 million in the three months ended 31 December 2021, primarily due to the lower willingness to pay among mid-to high-end talents and the postponement of the examination dates of certain certifications, as a result of the resurgence of the pandemic in the fourth quarter of 2022.

Revenue from rental income from investment properties was RMB0.4 million in the three months ended 31 December 2022 and RMB0.2 million in the three months ended 31 December 2021.

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

	For the three months ended 31 December			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	563,660	90.2	695,680	90.2
Talent development services to individual paying users	60,728	9.7	75,379	9.8
Rental income from investment properties	433	0.1	194	0.0
Total	<u>624,821</u>	<u>100.0</u>	<u>771,253</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue primarily comprised service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB162.1 million in the three months ended 31 December 2022, a 12.7% decrease from RMB185.6 million in the three months ended 31 December 2021. The amortization of intangible assets resulting from acquisition was RMB4.3 million in the three months ended 31 December 2022, as compared to RMB4.3 million in the three months ended 31 December 2021. The share-based compensation expenses were RMB9.4 million in the three months ended 31 December 2022, as compared to RMB0.2 million the three months ended 31 December 2021.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB462.8 million in the three months ended 31 December 2022, a 21.0% decrease from RMB585.6 million in the three months ended 31 December 2021. Gross profit margin decreased to 74.1% in the three months ended 31 December 2022 from 75.9% in the three months ended 31 December 2021 due to the change in product mix for catering the diverse recruitment needs of our business customers.

Sales and Marketing Expenses

Our sales and marketing expenses primarily consisted of salaries and benefits (including share-based compensation expenses) for sales and sales support. Advertising and promotion expenses, marketing personnel expenses and other expenses associated with our sales and marketing activities filled the rest. Our sales and marketing expenses were RMB454.9 million in the three months ended 31 December 2022, a 27.2% increase from RMB357.6 million in the three months ended 31 December 2021. The share-based compensation expenses were RMB17.3 million in the three months ended 31 December 2022 as compared to RMB3.3 million in the three months ended 31 December 2021. The amortisation of intangible assets resulting from acquisition was RMB7.9 million in the three months ended 31 December 2022 as compared to RMB7.9 million in the three months ended 31 December 2021. Our sales and marketing expenses as a percentage of revenue increased from 46.4% in the three months ended 31 December 2021 to 72.8% in the three months ended 31 December 2022, primarily due to decreased employee-related expenses because of the increase in sales efficiency, offset by increased advertising expenses in the massive marketing campaigns by collaborating with CCTV during the FIFA World Cup games in the fourth quarter of 2022, aiming to reinforce our brand recognition as a professional talent acquisition service provider and capture market share as recovery kicks in.

General and Administrative Expenses

Our general and administrative expenses primarily comprised salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expenses) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB104.7 million in the three months ended 31 December 2022, a 0.8% decrease from RMB105.5 million in the three months ended 31 December 2021, mainly due to the decrease in loss allowance for expected credit losses as a result of better control which led to higher recoverability of trade receivables. The share-based compensation expenses were RMB9.8 million in the three months ended 31 December 2022 as compared to RMB9.8 million in the three months ended 31 December 2021. Our general and administrative expenses as a percentage of revenue increased from 13.7% in the three months ended 31 December 2021 to 16.8% in the three months ended 31 December 2022, which was primarily due to the decline in revenue because of resurgence of the pandemic in the fourth quarter of 2022.

Research and Development Expenses

Our R&D expenses primarily comprised salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB118.3 million in the three months ended 31 December 2022, a 9.1% increase from RMB108.5 million in the three months ended 31 December 2021. The share-based compensation expenses decreased from RMB5.8 million in the three months ended 31 December 2021 to RMB3.4 million in the three months ended 31 December 2022. Our R&D expenses as a percentage of revenue increased from 14.1% in the three months ended 31 December 2021 to 18.9% in the three months ended 31 December 2022, as we continued to invest in R&D to incubate new business, optimize our matching algorithm, strengthen the data security capability and improve our IT infrastructures.

Other Net (Losses)/Income

Our other net losses was RMB2.3 million in the three months ended 31 December 2022, compared to other net income of RMB20.1 million in the three months ended 31 December 2021, primarily due to the fair value changes of financial assets at fair value through profit or loss mainly as a result of the sluggish market conditions, partially offset by dividend income and interest income from bank deposits.

(Loss)/Profit from Operations

As a result of the foregoing, our loss from operations was RMB217.6 million in the three months ended 31 December 2022, compared to a profit from operations of RMB34.1 million in the three months ended 31 December 2021, primarily attributable to (i) the decrease in revenue because of the resurgence of the pandemic in the fourth quarter of 2022 and (ii) the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022.

Finance Cost

Our finance cost was RMB8.2 million in the three months ended 31 December 2022, compared to RMB8.9 million in the three months ended 31 December 2021.

(Loss)/Profit before Taxation

As a result of the foregoing, loss before taxation was RMB225.9 million in the three months ended 31 December 2022, compared to a profit before taxation of RMB26.1 million in the three months ended 31 December 2021, primarily attributable to (i) the decrease in revenue because of the resurgence of the pandemic in the fourth quarter of 2022 and (ii) the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022.

Income Tax

Income tax credit were RMB4.0 million in the three months ended 31 December 2022, compared to income tax expenses RMB2.8 million in the three months ended 31 December 2021.

(Loss)/Profit for the Period

As a result of the aforementioned factors, loss for the period was RMB221.9 million in the three months ended 31 December 2022, compared to a profit for the period of RMB23.3 million in the three months ended 31 December 2021, primarily attributable to (i) the decrease in revenue because of the resurgence of the pandemic in the fourth quarter of 2022 and (ii) the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022.

Non-GAAP Financial Measures

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

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

	For the three months ended 31 December		For the year ended 31 December	
	2022	2021	2022	2021
	(unaudited)	(unaudited)		
	<i>(in RMB'000)</i>		<i>(in RMB'000)</i>	
A. NON-GAAP (LOSS)/PROFIT FROM OPERATIONS				
(Loss)/Profit from Operations	(217,570)	34,071	85,336	230,706
Share-based compensation expenses	39,879	19,060	96,312	93,383
Amortization of intangible assets resulting from acquisition	12,171	12,171	48,682	48,682
Non-GAAP (Loss)/Profit from Operations	(165,520)	65,302	230,330	372,771
B. NON-GAAP (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY				
(Loss)/Profit attributable to equity shareholders of the Company	(212,029)	6,259	44,367	134,425
Share-based compensation expenses	39,879	19,060	96,312	93,383
Amortization of intangible assets resulting from acquisition	12,171	12,171	48,682	48,682
Non-GAAP (Loss)/Profit attributable to equity shareholders of the Company	(159,979)	37,490	189,361	276,490

Total Comprehensive Income

As a result of the foregoing, total comprehensive income attributable to the owners of the Company and non-controlling interests was RMB222.9 million in 2022, compared to RMB151.5 million in 2021.

LIQUIDITY AND FINANCIAL RESOURCES

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

We had cash and cash equivalents of RMB495.8 million and RMB476.5 million in 2021 and 2022 respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

	For the year ended	
	31 December	
	2022	2021
	(RMB'000)	(RMB'000)
Net cash generated from operating activities	143,102	697,319
Net cash generated from/(used in) investing activities	60,676	(551,206)
Net cash used in financing activities	(226,482)	(166,376)
Net decrease in cash and cash equivalents	(22,704)	(20,263)
Effect of foreign exchange rate changes	3,407	(903)
Cash and cash equivalents at the beginning of the Reporting Period	495,778	516,944
Cash and cash equivalents at the end of the Reporting Period	476,481	495,778

Net Cash Generated from Operating Activities

In 2022, net cash generated from operating activities was RMB143.1 million, compared to RMB697.3 million in 2021, primarily due to the delayed payment collection as a result the COVID-19 resurgence and the increase in marketing expenses during the FIFA World Cup games in the fourth quarter of 2022.

Net Cash Generated from/(Used in) Investing Activities

In 2022, net cash generated from investing activities was RMB60.7 million, compared to net cash used in investing activities of RMB551.2 million in 2021, primarily due to the net proceeds from maturity of wealth management products.

Net Cash Used in Financing Activities

In 2022, net cash used in financing activities was RMB226.5 million, compared to net cash used in financing activities of RMB166.4 million in 2021, primarily due to shares held for the Company's restricted share unit scheme.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

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

	For the year ended	
	31 December	
	2022	2021
	(RMB'000)	(RMB'000)
Payment for property, plant and equipment and intangible assets	24,811	35,568
Payment for the purchase of equity securities (including investment in associate)	54,000	27,000
Payment for business acquisition net of cash acquired	10,050	56,637
Total capital expenditures and long-term investments	<u>88,861</u>	<u>119,205</u>

Our capital expenditures and long-term investment primarily included payment for property, plant and equipment and intangible assets, payment for the purchase of equity securities and payment for business acquisition net of cash acquired. In 2020, we have invested in Beijing Saiyou Education Technology Co. Ltd. (北京賽優職教育科技有限公司), a technology-driven education company which provides online training for professional certification and skills, of which the payment was RMB54.3 million paid in 2021 and RMB8.1 million paid in 2022.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 31 December 2022 was 0.18% (31 December 2021: nil).

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

INVENTORIES

Due to the nature of our business being an online platform for talent services, we have no inventories to be disclosed.

INDEBTEDNESS AND CHARGE ON ASSETS

As at 31 December 2022, the Company had one bank loans with principal amount of RMB8.7 million secured by trade receivables with fixed interest rate of 4.3% due on 13 September 2023.

Save as disclosed above, (i) the Company had no bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at 31 December 2022.

EMPLOYEES AND REMUNERATION

As at 31 December 2022, the Company had a total of 5,165 employees. We provide regular in-house and external education and training to our employees to improve their skills, industry knowledge and understanding of our products and services. Our Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Remuneration of the Group's employees includes salaries, wages and other benefits, contribution retirement plan and long-term incentives such as share options and restricted share units within approved schemes.

CONTINGENT LIABILITIES

As of 31 December 2022, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

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

We had foreign currency exchange loss (both realized and unrealized) of RMB7.5 million in 2021 and foreign currency exchange gain (both realized and unrealized) of RMB31.9 million in 2022, recognized as net finance (cost)/income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain in 2022 was mainly attributable to the appreciation of USD against RMB.

CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 31 December 2022.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies as at 31 December 2022.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,542.0 million out of the net proceeds have been utilized as at 31 December 2022 in the manner consistent with that disclosed in the prospectus of the Company dated 19 June 2018 under the section headed "Future Plans and Use of Proceeds". As at 31 December 2022, the unutilized net proceeds was in the amount of approximately HKD262.6 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

ANNUAL RESULTS

Consolidated statement of profit or loss
for the year ended 31 December 2022
(Expressed in RMB)

	<i>Note</i>	2022 RMB'000	2021 RMB'000
Revenue	2	2,637,921	2,651,468
Cost of revenue		<u>(590,828)</u>	<u>(584,336)</u>
Gross profit		2,047,093	2,067,132
Other income	3	89,533	80,102
Sales and marketing expenses		(1,306,072)	(1,224,534)
General and administrative expenses		(344,935)	(355,044)
Research and development expenses		(400,283)	(336,950)
Profit from operations		85,336	230,706
Net finance income/(cost)		21,998	(17,297)
Share of results of associates		343	1,154
Profit before taxation		107,677	214,563
Income tax	4	(18,090)	(23,134)
Profit for the year		89,587	191,429
Attributable to:			
— Equity shareholders of the Company		44,367	134,425
— Non-controlling interests		45,220	57,004
Profit for the year		89,587	191,429
Earnings per share	8		
Basic (RMB Cent)		8.84	26.33
Diluted (RMB Cent)		8.80	26.07

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2022
(Expressed in RMB)

	2022	2021
<i>Note</i>	RMB'000	RMB'000
Profit for the year	89,587	191,429
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas group entities	<u>133,301</u>	<u>(39,907)</u>
Other comprehensive income for the year	<u>133,301</u>	<u>(39,907)</u>
Total comprehensive income for the year	<u><u>222,888</u></u>	<u><u>151,522</u></u>
Attributable to:		
Equity shareholders of the Company	177,668	94,518
Non-controlling interests	<u>45,220</u>	<u>57,004</u>
Total comprehensive income for the year	<u><u>222,888</u></u>	<u><u>151,522</u></u>

Consolidated statement of financial position

(Expressed in RMB)

		31 December 2022	31 December 2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		233,116	205,757
Investment properties		23,945	24,975
Intangible assets		125,427	177,083
Goodwill		855,651	855,651
Prepayments for investments		—	2,500
Interests in associate		9,009	8,815
Other financial assets		195,479	178,699
Deferred tax assets		17,577	20,858
Other non-current assets		12,205	5,005
Time deposits with banks		233,287	1,678,722
		1,705,696	3,158,065
Current assets			
Trade receivables	5	160,730	93,539
Prepayments and other receivables		110,583	147,945
Receivables from related parties		2,237	7,008
Other current assets		801,351	876,107
Time deposits with banks		1,667,132	107,482
Cash and cash equivalents		476,481	495,778
		3,218,514	1,727,859
Current liabilities			
Trade and other payables	6	542,658	495,541
Contract liabilities		829,204	988,618
Interest-bearing borrowings		8,710	—
Lease liabilities	7	64,682	66,718
Current taxation		9,173	33,030
		1,454,427	1,583,907

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

		31 December 2022	31 December 2021
	<i>Note</i>	RMB'000	RMB'000
Net current assets		<u>1,764,087</u>	<u>143,952</u>
Total assets less current liabilities		<u>3,469,783</u>	<u>3,302,017</u>
Non-current liabilities			
Lease liabilities	7	104,773	80,210
Deferred tax liabilities		18,848	26,376
		<u>123,621</u>	<u>106,586</u>
NET ASSETS		<u><u>3,346,162</u></u>	<u><u>3,195,431</u></u>
CAPITAL AND RESERVES			
Share capital		342	341
Reserves		3,074,098	2,982,223
Total equity attributable to equity shareholders of the Company		3,074,440	2,982,564
Non-controlling interests		<u>271,722</u>	<u>212,867</u>
TOTAL EQUITY		<u><u>3,346,162</u></u>	<u><u>3,195,431</u></u>

Consolidated cash flow statement
for the year ended 31 December 2022
(Expressed in RMB)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Operating activities		
Profit before taxation	107,677	214,563
Adjustments for:		
Expected credit losses on trade receivables and other receivables	13,277	14,795
Depreciation of property, plant and equipment and investment property	23,676	23,256
Depreciation of right-of-use assets	68,492	61,462
Amortisation of intangible assets	51,682	53,329
(Gains)/losses on disposal of property, plant and equipment	(264)	348
Finance (income)/cost excluding bank charges	(23,535)	14,416
Investment income from wealth management products	(25,130)	(12,946)
Dividend income	(16,327)	(6,714)
Share of results of associates	(343)	(1,154)
Change of financial assets at fair value through profit or loss	43,145	2,954
Share-based compensation expenses	96,312	93,383
Changes in working capital:		
Increase in trade receivables	(82,485)	(13,011)
Decrease/(increase) in prepayments and other receivables and other current assets	35,774	(29,890)
(Decrease)/increase in contract liabilities	(159,414)	138,423
Increase in trade and other payables	56,759	182,536
Cash generated from operations	189,296	735,750
Income tax paid	(46,194)	(38,431)
Net cash generated from operating activities	143,102	697,319

Consolidated cash flow statement *(continued)*
for the year ended 31 December 2022
(Expressed in RMB)

	2022	2021
	RMB'000	RMB'000
Investing activities		
Proceeds from sale of property, plant and equipment	583	99
Investment income from wealth management products received	27,418	8,881
Proceeds from maturity of wealth management products	826,000	309,622
Proceeds from maturity of time deposits with banks	1,841,929	1,998,005
Dividend received	16,477	7,014
Loan to related parties	—	3,858
Payment for the purchase of property, plant and equipment and intangible assets	(24,811)	(35,568)
Payment for the purchase of wealth management products	(754,938)	(826,000)
Payment for the purchase of equity securities (including investment in associate)	(54,000)	(27,000)
Payment for business acquisitions net of cash acquired	(10,050)	(56,637)
Placement of time deposits with banks	(1,807,932)	(1,933,480)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	60,676	(551,206)
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Consolidated cash flow statement *(continued)*
for the year ended 31 December 2022
(Expressed in RMB)

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Financing activities		
Capital injection from non-controlling owners	152	1,945
Proceeds from share issued under share option scheme	2,304	5,505
Capital withdrew by non-controlling owners	—	(147)
Proceeds from interest-bearing borrowings	60,303	3,005
Payment for the purchase of non-controlling interests	(176)	(7,525)
Shares held for RSU scheme	(135,830)	(86,074)
Repayment from interest-bearing borrowings	(51,598)	(3,000)
Interest paid	(1,808)	(62)
Interest element of lease rentals paid	(6,602)	(6,882)
Capital element of lease rentals paid	(71,279)	(60,004)
Dividend paid to non-controlling owners	(21,948)	(13,137)
	<hr/>	<hr/>
Net cash used in financing activities	(226,482)	(166,376)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(22,704)	(20,263)
Cash and cash equivalents at the beginning of the year	495,778	516,944
Effect of foreign exchange rate changes	3,407	(903)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	476,481	495,778
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

(Expressed in RMB unless otherwise indicated)

1 Changes in accounting policies

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

- Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The above amendments to IFRSs effective for the financial year beginning on 1 January 2022 do not have a material impact on the Group.

2 Revenue

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

Disaggregation of revenue

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Services to business customers	2,346,354	2,309,003
Services to individual paying users	289,876	341,124
	2,636,230	2,650,127
Revenue from other sources		
Rental income from investment property	1,691	1,341
	<u>2,637,921</u>	<u>2,651,468</u>

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue in 2022.

3 Other income

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income from bank deposits	37,744	35,515
Investment income from wealth management products	25,130	12,946
Government grant	40,438	13,145
Additional deduction for value added tax	12,369	13,734
Fair value changes of financial assets at fair value through profit or loss	(43,145)	(2,954)
Dividend income	16,327	6,714
Others	670	1,002
	<u>89,533</u>	<u>80,102</u>

4 Income tax in the consolidated statement of profit or loss

Taxation in the consolidated statement of profit or loss:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Provision for the year	31,859	51,137
Over-provision in respect of prior years	(9,522)	(11,696)
	<u>22,337</u>	<u>39,441</u>
Deferred tax		
Origination and reversal of temporary differences	(4,247)	(16,307)
	<u>18,090</u>	<u>23,134</u>

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

5 Trade receivables

	31 December 2022 RMB'000	31 December 2021 RMB'000
Trade receivables — measured at amortised cost	<u>160,730</u>	<u>93,539</u>

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

Ageing analysis

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

	2022 RMB'000	2021 RMB'000
Within 60 days	159,196	91,556
60 days to 1 year	<u>1,534</u>	<u>1,983</u>
	<u>160,730</u>	<u>93,539</u>

6 Trade and other payables

	31 December 2022 RMB'000	31 December 2021 RMB'000
Trade payables to third parties	136,108	54,042
Salary and welfare payable	269,457	314,897
Other tax payables	58,991	80,787
Other payables	<u>78,102</u>	<u>45,815</u>
	<u>542,658</u>	<u>495,541</u>

Ageing analysis

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

	31 December 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	91,508	48,717
30 days to 1 year	44,600	5,325
	<u>136,108</u>	<u>54,042</u>

7 Lease liabilities

At 31 December 2022, the lease liabilities were repayable are follows:

	As at 31 December, 2022		As at 31 December, 2021	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year	64,682	66,423	66,718	68,624
After 1 year but within 2 years	51,309	55,268	39,887	43,172
After 2 years but within 5 years	53,464	62,062	40,323	46,997
	<u>104,773</u>	<u>117,330</u>	80,210	90,169
	<u>169,455</u>	<u>183,753</u>	<u>146,928</u>	<u>158,793</u>
Less: total future interest expenses		<u>(14,298)</u>		<u>(11,865)</u>
Present value of lease obligations		<u>169,455</u>		<u>146,928</u>

8 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB44,367 thousand (2021: the profit of RMB134,425 thousand) and the weighted average number of 501,934 thousand ordinary shares in issue during the year (2021: 510,547 thousand ordinary shares in issue during the year).

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB44,367 thousand (2021: the profit of RMB134,425 thousand) and the weighted average number of ordinary shares of 504,078 thousand shares (2021: 515,646 thousand shares).

9 Dividends

The board of directors of the Company has resolved not to declare dividend for the year ended 31 December 2022 (2021: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices and has complied with the code provisions in the CG Code during the year ended 31 December 2022, save for the deviation from code provision C.2.1 as disclosed below.

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

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code during the year ended 31 December 2022.

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2022.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) has three members, being Mr. Choi Onward (chairman), Mr. Ye Yaming and Mr. Zhang Ximeng, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the consolidated results for the year ended 31 December 2022 of the Group and the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor’s Procedures Performed on this Announcement

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on the preliminary announcement.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “AGM”) of the Company will be held on Thursday, 1 June 2023. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed share transfer forms accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong Share Registrar and Transfer Office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 25 May 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

By Order of the Board
Tongdao Liepin Group
Dai Kebin
Chairman

PRC, 31 March 2023

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