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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 2023

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 2023, together with comparative figures for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023:

- 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 RMB2,282.2 million in 2023, a 13.5% decrease from RMB2,637.9 million in 2022.
- Gross profit was RMB1,695.7 million in 2023, a 17.2% decrease from RMB2,047.1 million in 2022.
- Net profit was RMB16.6 million in 2023, compared to RMB89.6 million in 2022. Net profit attributable to equity shareholders of the Company was RMB0.8 million in 2023, compared to RMB44.4 million in 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses, amortisation of intangible assets resulting from acquisition and impairment of goodwill) was RMB138.8 million in 2023, compared to RMB230.3 million in 2022. Non-GAAP profit attributable to equity shareholders of the Company (excluding share-based compensation expenses, amortisation of intangible assets resulting from acquisition and impairment of goodwill) was RMB105.8 million in 2023, compared to RMB189.4 million in 2022.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

For the three months ended 31 December 2023:

- 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 RMB630.3 million for the three months ended 31 December 2023, a 0.9% increase from RMB624.8 million for the three months ended 31 December 2022.
- Gross profit was RMB449.2 million for the three months ended 31 December 2023, a 2.9% decrease from RMB462.8 million for the three months ended 31 December 2022.
- Net loss was RMB36.6 million for the three months ended 31 December 2023, compared to RMB221.9 million for the three months ended 31 December 2022. Net loss attributable to equity shareholders of the Company was RMB39.5 million for the three months ended 31 December 2023, compared to RMB212.0 million for the three months ended 31 December 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses, amortisation of intangible assets resulting from acquisition and impairment of goodwill) was RMB25.6 million for the three months ended 31 December 2023, compared to a loss of RMB165.5 million for the three months ended 31 December 2022. Non-GAAP profit attributable to equity shareholders of the Company (excluding share-based compensation expenses, amortisation of intangible assets resulting from acquisition and impairment of goodwill) was RMB13.9 million for the three months ended 31 December 2023, compared to a loss of RMB160.0 million for the three months ended 31 December 2022.

	For the three months ended		For the year ended	
	31 December		31 December	
	2023	2022	2023	2022
	(unaudited)	(unaudited)		
	<i>(in RMB'000)</i>		<i>(in RMB'000)</i>	
Revenue	630,282	624,821	2,282,157	2,637,921
Gross profit	449,173	462,759	1,695,726	2,047,093
Net (loss)/profit	(36,630)	(221,892)	16,630	89,587
Net (loss)/profit attributable to equity shareholders of the Company	(39,543)	(212,029)	750	44,367
Non-GAAP operating profit/(loss) of the Company	25,635	(165,520)	138,789	230,330
Non-GAAP profit/(loss) attributable to equity shareholders of the Company	13,883	(159,979)	105,780	189,361

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, China experienced a gradual recovery in domestic economy and its consumer spending began to rebound. However, the structural contradictions of the recruitment market remained relatively apparent due to challenges such as international turmoil, industrial structure adjustments and limited domestic demand. In the first half of 2023, the market was at the early stage of recovery and recruitment demand for urban service positions increased significantly. Nevertheless, the recovery of positions highly related to corporate strategic development, such as white-collar and gold-collar jobs, remained sluggish, and the mid-to-high-end recruitment market continued to face pressure. Since the third quarter of 2023, the Chinese government introduced various supporting policies to stimulate the economic growth, boosting entrepreneurs' confidence and revitalizing key industries. The recruitment market was also bolstered by the introduction of proactive policies and has gradually been recovering as a whole.

In the meantime, we observed that the recovery of the domestic recruitment market is still quite patchy. From the perspective of cities, benefiting from the spillover effect of first-tier cities and the rapid development of emerging industries, new first-tier cities continued to generate more job demands, attracting a large pool of talents. From the perspective of industries, according to data from our platform, the top three industries with the highest growth rate in new job postings among first-tier industries were energy and chemicals, transportation and logistics, and life services. Some of the pillar industries that occupied a larger proportion of the domestic economy experienced a relatively slow recovery of recruitment demand, while awaiting for the continuous improvement of the macro-environment and further stimulus from policies.

Talents were, in general, relatively active in the recruitment market in 2023. On one hand, more and more talents were attracted by brands, salaries and relatively stable work environments, tending to submit applications to leading companies and state-owned enterprises. On the other hand, some job seekers gradually became tired of intense competition and turned to more flexible forms of employment. In contrast to the more active mass recruitment market, the mid-to-high-end talents remained cautious about career changes, with job security still being a major concern. Since the second half of the year, the willingness and capability of individual users to consume had begun to improve, and talents had become more active in pursuing the enhancement of their competitiveness in the workplace and their personal abilities.

Since 2023, the rapid development of AI technology has had a profound impact on all industries, bringing development opportunities to the recruitment industry as well. We observed that with the continuous maturity of AI technology, companies have changed their criteria for talent selection. In the future, creativity and proficiency in tool mastery will become more critical criteria. Therefore, the core capabilities of recruitment platforms for achieving precise job-person matching will involve a comprehensive understanding of how AI technology transforms various industries, as well as a timely response to changes in the talent demand by companies. Meanwhile, as AI technology is implemented in more scenarios, new emerging job positions have been generated, bringing new opportunities to the recruitment market. In recent years, Liepin has actively explored the application and implementation of AI technology in the field of recruitment, looking forward to continuously providing users with efficient, accurate and personalized recruiting and job-seeking experiences through precise market control and constant product iteration and innovation.

BUSINESS REVIEW

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

	As of 31 December		
	2023	2022	%
Individual Users¹			
Number of accumulative registered individual users (<i>in millions</i>)	95.0	84.4	12.6%
Number of individual paying users for the year ²	102,673	94,593	8.5%
Average of annual salary of registered individual users for the year (<i>in RMB</i>)	191,363	191,470	-0.1%
Business Users and Customers			
Number of accumulative verified business users	1,293,796	1,129,568	14.5%
Number of new verified business users for the year ³	164,228	126,372	30.0%
Number of business customers	72,037	70,678	1.9%
Number of accumulative job postings (<i>in millions</i>)	8.3	8.9	-6.7%
Number of new job postings for the year (<i>in millions</i>) ³	3.81	3.84	-1.0%
Headhunters			
Number of verified headhunters ⁴	211,050	211,772	-0.3%
Number of contacts with registered individual users by our verified headhunters (<i>in millions</i>)	1,086	1,146	-5.3%

Data disclosure adjustments:

1. In previous reports, the data of “individual user” was sourced from Liepin’s recruitment platforms. In order to achieve a more accurate presentation of the total number of individual users of Liepin Group, from this report onwards, the data regarding individual users have been, and will be, consolidated to include figures from both the recruitment platforms and the online professional certification training service (Saiyou) of Liepin.
2. In previous reports, the number of individual paying users was reported on a cumulative basis. In order to provide a clearer representation of the payment behavior of individual users for the year, from this report onwards, the figure has been adjusted to represent the total number of individual paying users of Liepin Group for the year.
3. To facilitate better understanding of our Company operations, from this report onwards, relevant data on the number of new verified business users for the year and the number of new job postings for the year (in millions) will be included.
4. In 2023, our Group conducted its first clean-up of abnormal headhunter accounts. Excluding this proactive measure, the number of verified headhunters in 2023 continued to increase on a year-over-year basis.

Talent Acquisition Services to Business Users

In 2023, despite certain pressures on the domestic mid-to-high-end recruitment market, we continued to attract more business and individual users and headhunters to our platform with our leading R&D capabilities, deeply entrenched brand advantages and flexible and effective marketing strategies, enhancing the activity and user experience across our BHC (Business, Headhunter, Candidate) tripartite interaction. By the end of 2023, our registered business users had grown to 1.29 million, representing a year-on-year increase of 14.5%. The number of new registered business users for the year was over 164,000, representing a year-on-year increase of 30.0%. During the Reporting Period, we deepened the cooperation with cost-effective traffic channels. While improving our marketing efficiency, this increased our exposure among target user groups, thereby achieving a larger scale of user conversion. The growth in registered business users also laid a solid foundation for attracting more paying business users.

In a complex environment, we proactively adjusted our product forms and marketing strategies based on real-time front-end business feedbacks to meet the demand for various customers. We have launched a more convenient and cost-effective lightweight basic service package since the third quarter of 2023. This service package mainly covers standardized online recruitment products, enabling small and medium-sized enterprises with a few mid-to-high-end recruitment needs to quickly connect with high-quality talents, thereby expanding the market penetration of Liepin into such enterprises. The launch of the basic service package in the second half of 2023 significantly increased the number of business users, reversing the downward trend in the number of paying business customers in the first half of the year. The total number of paying business customers turned from a decline to an increase for the year, reaching 72 thousand, representing a year-on-year growth of 1.9%.

For a long time, our Company has prioritized product development and R&D upgrades, actively embracing cutting-edge technologies to improve precision matching efficiency and user experience. The rapid development of AI technology has subtly transformed organizational structures, talent capabilities and recruitment habits. In 2023, based on a long-term accumulation of insights and data of the recruitment industry, we applied large language models for secondary development at the application level, achieving efficient intelligent services such as intelligent analysis of résumés and job positions, automatic generation of talent matching reports and batch AI-driven communication.

On this basis, our incubated AI recruitment consultant product will bring a completely new recruiting and job-seeking experience to our users in the form of a digital-human consultant. On the enterprise side, the AI recruitment consultant supports recruiters in processing core recruitment processes in bulk using natural language input, including job posting, candidate recommendation and talent screening. This new product will provide recruiters with more efficient and accurate candidate recommendations, improving the efficiency of matching. On the talent side, the AI recruitment consultant helps efficiently complete résumés, filter suitable positions and provide personalized job-seeking advices.

Other HR Services to Business Users

The online survey business remains an important part of the Group, securing a leading position in its niche industry over its 18-year development history. By the end of 2023, we had distributed 252 million questionnaires and collected 18.7 billion responses. This business actively embraced AI large language model technology in 2023 by launching new features such as intelligent analysis of survey results and automatic generation of survey reports, enabling users to access survey information more conveniently and intuitively. In the first half of 2023, the business experienced a slight decline in online traffic due to market influences, which exerted pressure on related commercialization channels. In the second half of the year, this business returned to a stable level, resulting from an active adjustment to our traffic strategy and an improvement of our ability to monetize target users precisely. In addition, by leveraging the product and technology advantages of this business and the empowerment of Liepin Group, we led the survey SaaS business years ago. This SaaS business had displayed a rapid growth in 2023, becoming a significant driver of the survey business development.

Benefiting from the recovery of the urban service industries such as catering and hotel tourism, there had been a considerable recovery in the demand for flexible staffing in 2023. During the year, we significantly optimized our management systems covering services, delivery, human resources and settlement processes, and further empowered our internal staff for position and personnel management. A more complete and smooth system also improved the operational efficiency at various operation aspects of flexible staffing, including “enrollment, transfer, reassignment and resignation”, facilitating more convenient management of the entire employee lifecycle. Liepin’s flexible staffing business not only

formed a differentiated advantage through its digitalized operation and delivery capabilities, but it also served as an important complement to its comprehensive coverage of the recruitment market.

Talent Development Services to Individual Users

Liepin provides professional job-seeking services for individual users, including résumé editing, career consulting and interview coaching, addresses challenges encountered during the job-seeking process and assists the job seekers to secure their desired positions more rapidly. In response to the growing number of individual users, we continued to enhance the job-seeking experience and efficiency in 2023, in order to promote more active usage. Our deep understanding of recruitment processes was integrated into our recommendation algorithm, offering personalized recommendations that align with users' recruiting and job-seeking habits. With a comprehensive and scalable recommendation system, we constantly iterated our capabilities across data, user profiling and application aspects to create a more precise job matching system and become a recruitment platform that truly understands job seekers. Thanks to our effective user operation strategies and smarter matching algorithms, Liepin saw record highs in both individual user registrations and activity levels. As of 31 December 2023, the number of accumulative registered individual users reached 95.0 million, a year-over-year increase of 12.6%. In addition, the quality of résumé had also been improved consistently.

Promoting youth employment remained a key national strategic direction in 2023. Liepin actively responded to policy initiatives by vigorously promoting the model of cooperation among government, academia and enterprises to attract young talent, helping them smoothly transition into the workforce. In 2023, we assisted various local governments in organizing "College Graduates Employment Season" events, linking college graduates with job opportunities and providing employment consultation. During the year, a public welfare activity named "The Management Trainee" continued along with the launch of the "New Generation of Technologists" initiative. In August, we introduced the "Global Management Trainee Talent Pool (GMTTP)" project, focusing on identifying and nurturing globally outstanding graduates with management potential. As of 31 December 2023, over 4,300 graduates had participated in the selection process of this project. During the year, we continued to co-organize the "Ministry of Education 24365 Campus Recruitment Activity" and launched the fourth "Innovate Hong Kong - International Talent Carnival". Continuous investment in campus recruitment projects had enabled us to accumulate extensive experience and gained competitive advantages in the field, creating opportunities to meet customer needs and attract a diverse user base.

Similarly, our online professional certification training business for individual users saw a favourable recovery in 2023. Our sustained focus on various fields, such as psychological consultant, coupled with the post-pandemic restoration of personal spending willingness and capacity, enabled us to capture more user demand and market share.

Moreover, through digitalized and refined management, we not only fully unleashed the productivity of experienced staff, but also rapidly brought new personnel up to the standard efficiency levels, as well as effectively meeting the incremental user demand in a complex environment. We will continue integrating our online professional qualification training with recruitment services for better synergy, and providing users with a comprehensive one-stop job-seeking experience.

Strengthened Partnership with Headhunters

Over the past decade and more, Liepin has established mutually beneficial partnerships with headhunters through its innovative business models and abundant resources. By constantly refreshing such models and upgrading technologies, we have continuously enhanced service efficiency within the headhunting industry and increased the online penetration rate of the mid-to-high-end recruitment market, thereby establishing Liepin's differentiated advantages in such market business. Despite the headhunting market in China being worth hundreds of billions, it has always been characterized by industry fragmentation and relatively low matching efficiency. In 2023, the headhunting industry faced challenges such as tightened recruitment demands and increased difficulties in talent delivery. Against this backdrop, Liepin, leveraging its deep insights and long-term close cooperation with the headhunting industry, officially launched the key incubated Duolie Recruiting Cooperation Network (“**Duolie RCN**”) in the third quarter of 2023 with an aim to improve operational and delivery efficiency for headhunting firms.

Since its launch in September 2023, as of 31 December 2023, Duolie RCN had established cooperation with more than 50 headhunting firms, covering more than 1,500 headhunters, with 70% of these headhunting firms already participating in order delivery. In the challenging market environment of 2023, startup headhunting firms faced increasing operational difficulties, and some were forced to seek transformation due to regional and industry constraints. Relying on traditional operating models, such headhunting firms struggled to independently seek job positions and talent simultaneously, leading to slow transformation processes and even operational difficulties. Headhunting firms that joined Duolie RCN could leverage the business development and delivery capabilities of other firms on the platform through demand posting and resource sharing, so as to complete the orders jointly. While amplifying their resource endowments, they also accumulated successful delivery experiences in new domains and gradually expanded incremental business revenue. In 2024, we plan to further optimize our products, achieving innovation in cooperation modes. These initiatives will help headhunting firms within the Duolie RCN network navigate industry cycles smoothly, and establish stronger competitive barriers for Liepin in the mid-to-high-end recruitment market.

FUTURE OUTLOOK AND STRATEGIES

In 2024, within a stabilizing and recovering market environment, we will continue to enhance our user coverage through a diversified product portfolio, and further tap into the mid-to-high-end recruitment needs of medium-sized enterprises to expand our market presence. The launch of Liepin's Duolie RCN product in 2023 has upgraded the business model in the headhunting market. In 2024, we will further expand our coverage of headhunting firms and explore more diverse cooperative models to promote collaboration. This approach will also provide us with opportunities to deeply penetrate the headhunting market.

In terms of product innovation, in the first quarter of 2024, we launched an AI-powered intelligent interview product that enhances the accuracy and efficiency of bulk interview recruitment processes through AI technology. The upgraded intelligent interviewer will match assessment models that cater to corporate needs from over 100 dimensions, analyze resumes and pose precise questions. During the interview process, it can intelligently follow up based on candidates' responses and ultimately conduct a comprehensive evaluation of candidates through speech analysis, large model semantic analysis and image analysis. Such innovative products will not only help us improve recruitment efficiency and user satisfaction but also have the potential to reach a broader customer base, thereby unlocking greater market space. Moving forward, we will continue to roll out more AI recruitment-related products, providing users with a smoother experience and more efficient job-candidate matching. We will also continue to empower the recruitment industry with large model capabilities, breaking down information asymmetry in the recruitment process and establishing a real-time interactive intelligent recruitment field for both enterprises and talents.

In addition to stable business development, we will continue to actively fulfill various social responsibilities, dedicating our efforts to advocate for human rights and equality, promote youth employment and create healthy workplaces through numerous public welfare activities. In the first half of 2023, we organized recruitment events exclusively for hearing disabled people, promoting the employment of disadvantaged groups. During the Reporting Period, we also organized various online and offline public welfare recruitment events for students and professionals, helping to alleviate employment pressure in society. In addition, 2023 marked the ninth year of Liepin hosting the "Extraordinary Employer" event, aiming to help individuals select safer, valuable and happy work environments, and promote harmony among employees, companies and society. In a challenging market environment, we value the continued trust and support from our employees, customers and investors despite market fluctuations. We will seize business opportunities brought by the market recovery, constantly explore and expand our market, and return to a path of rapid and quality development.

FINANCIAL REVIEW

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	2,282,157	2,637,921
Cost of revenue	<u>(586,431)</u>	<u>(590,828)</u>
Gross profit	1,695,726	2,047,093
Other income	160,181	89,533
Sales and marketing expenses	(1,081,768)	(1,306,072)
General and administrative expenses	(379,995)	(344,935)
Research and development expenses	<u>(360,385)</u>	<u>(400,283)</u>
Profit from operations	33,759	85,336
Net finance (cost)/income	(5,470)	21,998
Share of results of associates	<u>1,214</u>	<u>343</u>
Profit before taxation	29,503	107,677
Income tax	<u>(12,873)</u>	<u>(18,090)</u>
Profit for the year	<u>16,630</u>	<u>89,587</u>
Attributable to:		
— Equity shareholders of the Company	750	44,367
— Non-controlling interests	<u>15,880</u>	<u>45,220</u>
Non-GAAP Profit from Operations	<u>138,789</u>	<u>230,330</u>
Non-GAAP Profit attributable to equity shareholders of the Company	105,780	189,361

Revenue

Our revenue was RMB2,282.2 million in 2023, representing a 13.5% decrease from RMB2,637.9 million in 2022. Revenue from talent acquisition and other HR services to our business customers, accounting for 88.6% of our revenue, was RMB2,022.3 million in 2023, a 13.8% decrease from RMB2,346.4 million in 2022, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in 2023. 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 11.3% of our revenue, was RMB258.1 million in 2023, a 11.0% decrease from RMB289.9 million in 2022, primarily due to yet-to-be-recovered consumption willingness. Revenue from talent development services to individual users primarily consisted of providing premium membership services, career coaching, CV advisory and certification training services.

Revenue from rental income from investment properties was RMB1.7 million in 2023 and RMB1.7 million in 2022.

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

	For the year ended 31 December			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Talent acquisition and other				
HR services to business users	2,022,306	88.6	2,346,354	88.9
Talent development services to individual users	258,122	11.3	289,876	11.0
Rental income from investment properties	1,729	0.1	1,691	0.1
Total	<u>2,282,157</u>	<u>100.0</u>	<u>2,637,921</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 RMB586.4 million in 2023, a 0.7% decrease from RMB590.8 million in 2022. The share-based compensation expenses were RMB0.5 million in 2023 (2022: RMB9.6 million). The amortization of intangible assets resulting from acquisition was RMB17.3 million in 2023 (2022: RMB17.3 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB1,695.7 million in 2023, representing a 17.2% decrease from RMB2,047.1 million in 2022. Our gross profit margin was 74.3% in 2023 and 77.6% in 2022 due to mix shift toward more service-intensive products.

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 RMB1,081.8 million in 2023, a 17.2% decrease from RMB1,306.1 million in 2022, which was primarily due to (i) the one-off advertising expenses in the massive marketing campaigns by collaborating with CCTV during the FIFA World Cup games occurred in the fourth quarter of 2022 which did not repeat this year; (ii) the continuous enhancement in sales efficiency; (iii) the decrease of the share-based compensation expenses, which were RMB9.1 million (2022: RMB25.6 million), and (iv) the decrease of the amortization of intangible assets resulting from acquisition, which was RMB1.2 million (2022: RMB31.4 million). Our sales and marketing expenses as a percentage of revenue decreased from 49.5% in 2022 to 47.4% in 2023.

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 RMB380.0 million in 2023, a 10.2% increase from RMB344.9 million in 2022, which was primarily due to (i) the one-off increase in the share-based compensation expenses from RMB37.7 million in 2022 to RMB48.6 million in 2023, as a portion of one-time RSU was granted in 2023; and (ii) the increase in impairment of goodwill as a result of changes in the education

industry since the investment in Beijing Saiyou Education Technology Co. Ltd. (“**Beijing Saiyou**”, 北京賽優職教育科技有限公司). Our general and administrative expenses as a percentage of revenue increased from 13.1% in 2022 to 16.7% in 2023.

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 RMB360.4 million in 2023, a 10.0% decrease from RMB400.3 million in 2022, primarily due to the saving of the R&D personnel cost. Among which, the share-based compensation expenses decreased from RMB23.4 million in 2022 to RMB12.8 million in 2023. Our R&D expenses as a percentage of revenue increased from 15.2% in 2022 to 15.8% in 2023.

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 78.9% from RMB89.5 million in 2022 to RMB160.2 million in 2023, primarily as a result of the increase of interest income from bank deposits due to optimizing investment in financial products, and the fair value changes of financial assets at fair value through profit.

Profit from Operations

As a result of the foregoing, our profit from operations was RMB33.8 million in 2023, compared to RMB85.3 million in 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

Net Finance (Cost)/Income

Net finance (cost)/income 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 cost was RMB5.5 million in 2023, compared to a finance income of RMB22.0 million in 2022, primarily as a result of the decrease in foreign currency exchange gain due to the narrow appreciation of USD against RMB in 2023.

Profit before Taxation

As a result of the foregoing, profit before taxation was RMB29.5 million in 2023, compared to RMB107.7 million in 2022.

Income Tax

Income tax credit were RMB12.9 million in 2023, compared to RMB18.1 million in 2022.

Profit for the Year

As a result of the aforementioned factors, profit for the year was RMB16.6 million in 2023, compared to RMB89.6 million in 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

Three Months Ended 31 December 2023 Compared to Three Months Ended 31 December 2022

	For the three months ended	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue	630,282	624,821
Cost of revenue	<u>(181,109)</u>	<u>(162,062)</u>
Gross profit	449,173	462,759
Other net income/(losses)	41,931	(2,346)
Sales and marketing expenses	(278,864)	(454,942)
General and administrative expenses	(138,289)	(104,702)
Research and development expenses	<u>(101,742)</u>	<u>(118,339)</u>
Loss from operations	(27,791)	(217,570)
Net finance cost	(6,841)	(8,211)
Share of results of associates	<u>825</u>	<u>(151)</u>
Loss before taxation	(33,807)	(225,932)
Income tax	<u>(2,823)</u>	<u>4,040</u>
Loss for the period	<u>(36,630)</u>	<u>(221,892)</u>
Attributable to:		
— Equity shareholders of the Company	(39,543)	(212,029)
— Non-controlling interests	<u>2,913</u>	<u>(9,863)</u>
Non-GAAP Profit/(Loss) from Operations	<u>25,635</u>	<u>(165,520)</u>
Non-GAAP Profit/(Loss) attributable to equity shareholders of the Company	13,883	(159,979)

Revenue

Our revenue was RMB630.3 million in the three months ended 31 December 2023, a 0.9% increase from RMB624.8 million in the three months ended 31 December 2022. Revenue from talent acquisition and other HR services to our business customers, accounting for 86.9% of our revenue, was RMB547.9 million in the three months ended 31 December 2023, a 2.8% decrease from RMB563.7 million in the three months ended 31 December 2022, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in 2023.

Revenue from talent development services to individual users, accounting for 13.0% of our revenue, was RMB81.9 million in the three months ended 31 December 2023, a 34.9% increase from RMB60.7 million in the three months ended 31 December 2022, primarily due to the gradually recovered consumption willingness in the fourth quarter in 2023.

Revenue from rental income from investment properties was RMB0.4 million in the three months ended 31 December 2023 and RMB0.4 million in the three months ended 31 December 2022.

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

	For the three months ended 31 December			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Talent acquisition and other				
HR services to business users	547,906	86.9	563,660	90.2
Talent development services to individual users	81,944	13.0	60,728	9.7
Rental income from investment properties	432	0.1	433	0.1
Total	<u>630,282</u>	<u>100.0</u>	<u>624,821</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 RMB181.1 million in the three months ended 31 December 2023, a 11.8% increase from RMB162.1 million in the three months ended 31 December 2022. The amortization of intangible assets resulting from acquisition was RMB4.3 million in the three months ended 31 December 2023, as compared to RMB4.3 million in the three months ended 31 December 2022. The share-based compensation expenses were RMB0.2 million in the three months ended 31 December 2023, as compared to RMB9.4 million the three months ended 31 December 2022.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB449.2 million in the three months ended 31 December 2023, a 2.9% decrease from RMB462.8 million in the three months ended 31 December 2022. Gross profit margin decreased to 71.3% in the three months ended 31 December 2023 from 74.1% in the three months ended 31 December 2022 due to mix shift toward more service-intensive products.

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 RMB278.9 million in the three months ended 31 December 2023, a 38.7% decrease from RMB454.9 million in the three months ended 31 December 2022. The share-based compensation expenses were RMB0 million in the three months ended 31 December 2023 as compared to RMB17.3 million in the three months ended 31 December 2022. The amortisation of intangible assets resulting from acquisition was RMB0.3 million in the three months ended 31 December 2023 as compared to RMB7.9 million in the three months ended 31 December 2022. Our sales and marketing expenses as a percentage of revenue decreased from 72.8% in the three months ended 31 December 2022 to 44.2% in the three months ended 31 December 2023, primarily due to (i) the one-off advertising expenses in the massive marketing campaigns by collaborating with CCTV during the FIFA World Cup games occurred in the fourth quarter of 2022 did not repeat this year; and (ii) the continuous enhancement in sales efficiency.

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 RMB138.3 million in the three months ended 31 December 2023, a 32.1% increase from RMB104.7 million in the three months ended 31 December 2022, which was primarily due to (i) the one-off increase in the share-based compensation expenses from RMB9.8 million in the three months ended 31 December 2022 to RMB31.1 million in the three months ended 31 December 2023, as a portion of one-time RSU was granted in the fourth quarter of 2023; and (ii) the increase in impairment of goodwill as a result of changes in the education industry since the investment in Beijing Saiyou. Our general and administrative expenses as a percentage of revenue increased from 16.8% in the three months ended 31 December 2022 to 21.9% in the three months ended 31 December 2023.

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 RMB101.7 million in the three months ended 31 December 2023, a 14.0% decrease from RMB118.3 million in the three months ended 31 December 2022. The share-based compensation expenses decreased from RMB3.4 million in the three months ended 31 December 2022 to RMB2.0 million in the three months ended 31 December 2023. Our R&D expenses as a percentage of revenue decreased from 18.9% in the three months ended 31 December 2022 to 16.1% in the three months ended 31 December 2023, primarily due to the saving of the R&D personnel cost.

Other net income/(losses)

Our other income was RMB41.9 million in the three months ended 31 December 2023, compared to other net losses of RMB2.3 million in the three months ended 31 December 2022, primarily due to the increase of interest income from bank deposits due to optimizing investment in financial products, and the fair value changes of financial assets at fair value through profit.

Loss from Operations

As a result of the foregoing, our loss from operations was RMB27.8 million in the three months ended 31 December 2023, compared to RMB217.6 million in the three months ended 31 December 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

Net Finance Cost

Our finance cost was RMB6.8 million in the three months ended 31 December 2023, compared to RMB8.2 million in the three months ended 31 December 2022.

Loss before Taxation

As a result of the foregoing, loss before taxation was RMB33.8 million in the three months ended 31 December 2023, compared to RMB225.9 million in the three months ended 31 December 2022.

Income Tax

Income tax credit were RMB2.8 million in the three months ended 31 December 2023, compared to income tax expenses RMB4.0 million in the three months ended 31 December 2022.

Loss for the Period

As a result of the aforementioned factors, loss for the period was RMB36.6 million in the three months ended 31 December 2023, compared to RMB221.9 million in the three months ended 31 December 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with the IFRS and to enable the shareholders of the Company and potential investors to make an informed assessment of the Group's performance, non-GAAP profit attributable to equity shareholders of the Company (excluding share-based compensation expenses, amortization of intangible assets resulting from acquisition and impairment of goodwill) 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	
	2023	2022	2023	2022
	(unaudited)	(unaudited)		
	<i>(in RMB'000)</i>		<i>(in RMB'000)</i>	
A. NON-GAAP PROFIT/(LOSS) FROM OPERATIONS				
Profit/(Loss) from Operations	(27,791)	(217,570)	33,759	85,336
Share-based compensation expenses	33,322	39,879	71,036	96,312
Amortization of intangible assets resulting from acquisition	4,630	12,171	18,520	48,682
Impairment of goodwill	15,474	—	15,474	—
Non-GAAP Profit/(Loss) from Operations	25,635	(165,520)	138,789	230,330
B. NON-GAAP (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY				
Net (loss)/profit attributable to equity shareholders of the Company	(39,543)	(212,029)	750	44,367
Share-based compensation expenses	33,322	39,879	71,036	96,312
Amortization of intangible assets resulting from acquisition	4,630	12,171	18,520	48,682
Impairment of goodwill	15,474	—	15,474	—
Non-GAAP (loss)/profit attributable to equity shareholders of the Company	13,883	(159,979)	105,780	189,361

Total Comprehensive Income

As a result of the foregoing, total comprehensive income attributable to the owners of the Company and non-controlling interests was RMB36.9 million in 2023, compared to RMB222.9 million in 2022.

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 RMB476.5 million and RMB666.7 million at 31 December 2022 and 2023 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	
	2023	2022
	(RMB'000)	(RMB'000)
Net cash generated from operating activities	18,326	143,102
Net cash generated from investing activities	514,891	60,676
Net cash used in financing activities	(343,332)	(226,482)
Net increase/(decrease) in cash and cash equivalents	189,885	(22,704)
Effect of foreign exchange rate changes	368	3,407
Cash and cash equivalents at 1 January	476,481	495,778
Cash and cash equivalents at 31 December	666,734	476,481

Net Cash Generated from Operating Activities

In 2023, net cash generated from operating activities was RMB18.3 million, compared to RMB143.1 million in 2022, primarily due to the decreased payment collection.

Net Cash Generated from Investing Activities

In 2023, net cash generated from investing activities was RMB514.9 million, compared to RMB60.7 million in 2022, primarily due to the net proceeds from maturity of time deposits with banks.

Net Cash Used in Financing Activities

In 2023, net cash used in financing activities was RMB343.3 million, compared to RMB226.5 million in 2022, primarily due to shares held for the Company's restricted share unit scheme and payment for the purchase of own shares.

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	
	2023	2022
	(RMB'000)	(RMB'000)
Payment for property, plant and equipment and intangible assets	12,539	24,811
Payment for the purchase of equity securities (including investment in associate)	9,500	54,000
Payment for business acquisition net of cash acquired	—	10,050
Total capital expenditures and long-term investments	<u>22,039</u>	<u>88,861</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. Our capital expenditures and long-term investments decreased to RMB22.0 million in 2023 from RMB88.9 million in 2022, primarily due to the more rigorous external investment strategy implemented by the Company.

GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/capital) of the Company as at 31 December 2023 was 0.45% (31 December 2022: 0.18%).

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 2023, the Company had four bank loans with total principal amount of RMB20.2 million with fixed interest rate from 3.35% to 5.50% p.a. which will be due within a year. All bank loans were secured, among which RMB3.2 million was secured by trade receivables.

Save as disclosed above, (i) the Company had no bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at 31 December 2023.

EMPLOYEES AND REMUNERATION

As at 31 December 2023, 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 2023, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK

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

We had foreign currency exchange gain (both realized and unrealized) of RMB31.9 million and RMB4.7 million in 2022 and 2023, recognized as net finance (cost)/income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain 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 2023.

LIQUIDITY RISK

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

SIGNIFICANT INVESTMENTS HELD

On 17 October 2023, the Company subscribed for a principal-guaranteed with fixed income wealth management product 1-Year CGMFL Fixed Rate Note (the “**Note**”) in the amount of US\$50,000,000 issued by Citigroup Global Markets Holdings Inc. from Citigroup Global Markets Limited (花旗環球金融公司) with annualised interest rate of 5.80%. The issue date of the Note is 24 October 2023 and the maturity date of the Note is 24 October 2024. The Subscription was funded by the Group's surplus cash reserve. The Company intends to hold the Note to maturity.

Information of the Note as at 31 December 2023 is as follow:

Unrealised gain accrued based on the fixed interest rate as agreed for the year ended 31 December 2023	Fair value as at 31 December 2023	Size of fair value relative to total assets of the Group as at 31 December 2023
US\$548,219	US\$49,985,500	7.8%

The Board is of the view that the investment in the Note is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In the future, the Company will take into account of its circumstances and, where appropriate, invest in wealth management products with low-risk exposure which are conducive to enhancing the utilization of capital and increasing income from idle funds of the Group.

Saved as disclosed above and our investments in its subsidiaries, there was no significant investment held by the Group as at 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies as at 31 December 2023.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,552.5 million out of the net proceeds have been utilized as at 31 December 2023 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 2023, the unutilized net proceeds was in the amount of approximately HKD252.1 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 2023 (Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
Revenue	2	2,282,157	2,637,921
Cost of revenue		<u>(586,431)</u>	<u>(590,828)</u>
Gross profit		1,695,726	2,047,093
Other income	3	160,181	89,533
Sales and marketing expenses		(1,081,768)	(1,306,072)
General and administrative expenses		(379,995)	(344,935)
Research and development expenses		(360,385)	(400,283)
Profit from operations		33,759	85,336
Net finance (cost)/income		(5,470)	21,998
Share of results of associates		1,214	343
Profit before taxation		29,503	107,677
Income tax	4	<u>(12,873)</u>	<u>(18,090)</u>
Profit for the year		<u>16,630</u>	<u>89,587</u>
Attributable to:			
— Equity shareholders of the Company		750	44,367
— Non-controlling interests		15,880	45,220
Profit for the year		<u>16,630</u>	<u>89,587</u>
Earnings per share	8		
Basic (RMB Cent)		0.16	8.84
Diluted (RMB Cent)		0.16	8.80

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2023
(Expressed in RMB)

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>16,630</u>	<u>89,587</u>
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>20,273</u>	<u>133,301</u>
Other comprehensive income for the year	<u>20,273</u>	<u>133,301</u>
Total comprehensive income for the year	<u><u>36,903</u></u>	<u><u>222,888</u></u>
Attributable to:		
Equity shareholders of the Company	21,023	177,668
Non-controlling interests	<u>15,880</u>	<u>45,220</u>
Total comprehensive income for the year	<u><u>36,903</u></u>	<u><u>222,888</u></u>

Consolidated statement of financial position

(Expressed in RMB)

		31 December 2023	31 December 2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		154,627	233,116
Investment properties		22,915	23,945
Intangible assets		104,280	125,427
Goodwill		840,177	855,651
Interests in associate		12,923	9,009
Other equity investments		201,493	195,479
Deferred tax assets		15,633	17,577
Other non-current assets		13,641	12,205
Time deposits with banks		201,672	233,287
		1,567,361	1,705,696
Current assets			
Trade receivables	5	146,290	160,730
Prepayments and other receivables		132,244	110,583
Receivables from related parties		2,309	2,237
Other current assets		726,182	801,351
Time deposits with banks		1,287,604	1,667,132
Cash and cash equivalents		666,734	476,481
		2,961,363	3,218,514
Current liabilities			
Trade and other payables	6	414,099	542,658
Contract liabilities		796,443	829,204
Interest-bearing borrowings		20,224	8,710
Lease liabilities	7	59,879	64,682
Current taxation		3,335	9,173
		1,293,980	1,454,427

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

		31 December 2023	31 December 2022
	<i>Note</i>	RMB'000	RMB'000
Net current assets		<u>1,667,383</u>	<u>1,764,087</u>
Total assets less current liabilities		<u>3,234,744</u>	<u>3,469,783</u>
Non-current liabilities			
Lease liabilities	7	53,880	104,773
Deferred tax liabilities		<u>11,343</u>	<u>18,848</u>
		<u>65,223</u>	<u>123,621</u>
NET ASSETS		<u>3,169,521</u>	<u>3,346,162</u>
CAPITAL AND RESERVES			
Share capital		339	342
Reserves		<u>2,892,448</u>	<u>3,074,098</u>
Total equity attributable to equity shareholders of the Company		2,892,787	3,074,440
Non-controlling interests		<u>276,734</u>	<u>271,722</u>
TOTAL EQUITY		<u>3,169,521</u>	<u>3,346,162</u>

Consolidated cash flow statement
for the year ended 31 December 2023
(Expressed in RMB)

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities		
Profit before taxation	29,503	107,677
Adjustments for:		
Expected credit losses on trade receivables and other receivables	14,817	13,277
Impairment loss on goodwill	15,474	—
Depreciation of property, plant and equipment and investment property	29,752	23,676
Depreciation of right-of-use assets	67,914	68,492
Amortisation of intangible assets	21,196	51,682
Gains on disposal of property, plant and equipment	(664)	(264)
Finance cost/(income) excluding bank charges	3,607	(23,535)
Investment income from wealth management products	(25,540)	(25,130)
Investment income from fixed rate notes	(3,863)	—
Dividend income	(12,840)	(16,327)
Share of results of associates	(1,214)	(343)
Change of financial assets at fair value through profit or loss	(5,605)	43,145
Share-based compensation expenses	71,036	96,312
Changes in working capital:		
Increase in trade receivables	(2,049)	(82,485)
Decrease in prepayments and other receivables and other current assets	1,271	35,774
Decrease in contract liabilities	(32,761)	(159,414)
(Decrease)/increase in trade and other payables	(127,436)	56,759
Cash generated from operations	42,598	189,296
Income tax paid	(24,272)	(46,194)
Net cash generated from operating activities	18,326	143,102

Consolidated cash flow statement *(continued)*
for the year ended 31 December 2023
(Expressed in RMB)

	2023	2022
	RMB'000	RMB'000
Investing activities		
Proceeds from sale of property, plant and equipment	67	583
Investment income from wealth management products received	25,683	27,418
Proceeds from maturity of wealth management products	754,938	826,000
Proceeds from maturity of time deposits with banks	4,839,743	1,841,929
Dividend received	13,117	16,477
Proceeds from sale of equity investments	5,000	—
Payment for the purchase of property, plant and equipment and intangible assets	(12,539)	(24,811)
Payment for the purchase of wealth management products	(326,000)	(754,938)
Payment for the purchase of fixed rate notes	(358,930)	—
Payment for the equity investments (including investment in associate)	(9,500)	(54,000)
Payment for business acquisitions net of cash acquired	—	(10,050)
Placement of time deposits with banks	(4,416,688)	(1,807,932)
	<hr/>	<hr/>
Net cash generated from investing activities	514,891	60,676

Consolidated cash flow statement *(continued)*
for the year ended 31 December 2023
(Expressed in RMB)

	2023	2022
	RMB'000	RMB'000
Financing activities		
Capital injection from non-controlling owners	—	152
Proceeds from share issued under share option scheme	9,535	2,304
Proceeds from interest-bearing borrowings	107,372	60,303
Payment for the purchase of non-controlling interests	—	(176)
Shares held for RSU scheme	(188,500)	(135,830)
Payment for the purchase of own shares	(94,899)	—
Repayment from interest-bearing borrowings	(95,858)	(51,598)
Interest paid	(915)	(1,808)
Interest element of lease rentals paid	(7,346)	(6,602)
Capital element of lease rentals paid	(62,005)	(71,279)
Dividend paid to non-controlling owners	(10,716)	(21,948)
	<hr/>	<hr/>
Net cash used in financing activities	(343,332)	(226,482)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	189,885	(22,704)
Cash and cash equivalents at the beginning of the year	476,481	495,778
Effect of foreign exchange rate changes	368	3,407
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	666,734	476,481
	<hr/>	<hr/>

Notes to the financial statements

(Expressed in RMB unless otherwise indicated)

1 Changes in accounting policies

New and amended IFRSs

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The above amendments to IFRSs effective for the financial year beginning on 1 January 2023 do not have a material impact on the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Services to business customers	2,022,306	2,346,354
Services to individual paying users	258,122	289,876
	2,280,428	2,636,230
Revenue from other sources		
Rental income from investment property	1,729	1,691
	2,282,157	2,637,921

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue in 2023.

3 Other income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income from bank deposits	78,199	37,744
Investment income from wealth management products	25,540	25,130
Investment income from fixed rate notes	3,863	—
Government grant	26,737	40,438
Additional deduction for value added tax	6,992	12,369
Fair value changes of financial assets at fair value through profit or loss	5,605	(43,145)
Dividend income	12,840	16,327
Others	405	670
	<u>160,181</u>	<u>89,533</u>

4 Income tax in the consolidated statement of profit or loss

Taxation in the consolidated statement of profit or loss:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
Provision for the year	18,103	31,859
Under/(over)-provision in respect of prior years	331	(9,522)
	<u>18,434</u>	<u>22,337</u>
Deferred tax		
Origination and reversal of temporary differences	(5,561)	(4,247)
	<u>12,873</u>	<u>18,090</u>

5 Trade receivables

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade receivables — measured at amortised cost	<u>146,290</u>	<u>160,730</u>

Ageing analysis

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

	2023 RMB'000	2022 RMB'000
Within 60 days	146,251	159,196
60 days to 1 year	39	1,534
	<u>146,290</u>	<u>160,730</u>

6 Trade and other payables

	31 December 2023 RMB'000	31 December 2022 RMB'000
Trade payables to third parties	82,748	136,108
Salary and welfare payable	243,284	269,457
Other tax payables	23,205	58,991
Other payables	64,862	78,102
	<u>414,099</u>	<u>542,658</u>

Ageing analysis

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

	31 December 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	61,204	91,508
30 days to 1 year	21,544	44,600
	<u>82,748</u>	<u>136,108</u>

7 Lease liabilities

At 31 December 2023, the lease liabilities were repayable are follows:

	As at 31 December, 2023		As at 31 December, 2022	
	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	<u>59,879</u>	<u>61,247</u>	<u>64,682</u>	<u>66,423</u>
After 1 year but within 2 years	37,751	40,557	51,309	55,268
After 2 years but within 5 years	<u>16,129</u>	<u>18,502</u>	<u>53,464</u>	<u>62,062</u>
	<u>53,880</u>	<u>59,059</u>	<u>104,773</u>	<u>117,330</u>
	<u>113,759</u>	<u>120,306</u>	<u>169,455</u>	<u>183,753</u>
Less: total future interest expenses		<u>(6,547)</u>		<u>(14,298)</u>
Present value of lease obligations		<u>113,759</u>		<u>169,455</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 RMB750 thousand (2022: the profit of RMB44,367 thousand) and the weighted average number of 479,391 thousand ordinary shares in issue during the year (2022: 501,934 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 RMB750 thousand (2022: the profit of RMB44,367 thousand) and the weighted average number of ordinary shares of 481,848 thousand shares (2022: 504,078 thousand shares).

9 Dividends

The board of directors of the Company has resolved not to declare dividend for the year ended 31 December 2023 (2022: 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 C1 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 2023, 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 C3 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 2023.

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

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2023, the Company repurchased a total of 11,357,000 shares of the Company on the Stock Exchange for an aggregate consideration of approximately HKD105.5 million before expenses. Particulars of the shares repurchased are as follows:

Month of Repurchase	No. of Shares Aggregate Repurchased	Price Paid per Share		Aggregate Consideration (HKD)
		Highest (HKD)	Lowest (HKD)	
April 2023	4,292,400	11.18	9.80	44,542,788
May 2023	522,000	8.79	8.31	4,448,276
June 2023	3,686,200	9.58	8.42	33,798,226
July 2023	1,883,800	9.23	7.41	15,540,714
August 2023	497,600	7.78	7.03	3,691,354
September 2023	475,000	7.53	6.89	3,433,686
Total	<u>11,357,000</u>			<u>105,455,044</u>

Subsequent to the Reporting Period, the Company did not repurchase the shares of the Company on the Stock Exchange.

Save as disclosed above, during the year ended 31 December 2023 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The audit committee of the Company (the "Audit Committee") has three members, being Ms. Fan Xinpeng (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 2023 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 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Change in Board Composition

Passing Away of A Director

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

Appointment of An Independent Non-executive Director

To fill the vacancy left by Mr. Choi Onward, Ms. Fan Xinpeng has been appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Remuneration Committee, with effect from 12 September 2023. Following the appointment of Ms. Fan as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Remuneration Committee, the Company has complied with the requirements under Rules 3.10(1), 3.10(2), 3.11, 3.21 and 3.23 of the Listing Rules. For details, please refer to the announcement made by the Company on 12 September 2023.

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 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on the preliminary announcement.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 2 January 2024, 31 January 2024 and 1 March 2024, the Company through its certain subsidiaries subscribed the structured deposit products of Xiamen International Bank Co., Ltd (廈門國際銀行股份有限公司) (the “**Subscriptions**”) constituting discloseable transactions of the Company under Chapter 14 of the Listing Rules. For details of the Subscriptions, please refer the announcements of the Company dated 2 January 2024, 31 January 2024 and 4 March 2024.

Saved as disclosed above, from 1 January 2024 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 2023.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**AGM**”) of the Company will be held on Thursday, 6 June 2024. 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, 3 June 2024 to Thursday, 6 June 2024, 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 Friday, 31 May 2024.

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 2023 containing all the information required by Appendix D2 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE FIFTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes (a) certain amendments to the current articles of association of the Company (the “**Articles of Association**”) for the purpose of, inter alia, (i) bringing the Articles of Association in line with the amendments to the Listing Rules which mandate the electronic dissemination of corporate communications by listed issuers to their securities holders from 31 December 2023 onwards; (ii) make other house-keeping amendments to clarify, update and/or modify certain provisions of the Articles of Association in accordance with, or to better align with the applicable laws (collectively, the “**Proposed Articles Amendments**”); and (b) to adopt the Fifth Amended and Restated Memorandum and Articles of Association incorporating and consolidating all the Proposed Articles Amendments.

The Proposed Articles Amendments and the adoption of the Fifth Amended and Restated Memorandum and Articles of Association are subject to the approval of the shareholders by way of a special resolution at the AGM or any adjourned meeting. A circular of the Company containing, inter alia, further details on the aforesaid subject matters, together with a notice of the AGM, will be despatched to the shareholders in accordance with the requirements of the Listing Rules 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, 22 March 2024

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 Ms. FAN Xinpeng.