

INTERIM REPORT 2022



ManpowerGroup®

万宝盛华大中华有限公司

MANPOWERGROUP GREATER CHINA LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock code: 2180

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Corporate Profile

ManpowerGroup Greater China Limited (“Manpower GRC” or the “Company” and together with its subsidiaries, the “Group”) provides comprehensive workforce solutions and other human resource (“HR”) services to clients located in each market in Greater China, namely, the People’s Republic of China (“PRC” or “China” or “Mainland China”), Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan (collectively referred as “Greater China Region”). The Group’s largest stakeholder, ManpowerGroup Inc. (“MAN”), is a New York Stock Exchange-listed world leader in workforce solutions and services, which first tapped into the Greater China Region in 1997, when it commenced operations in Hong Kong and Taiwan and subsequently entered Mainland China in 2003 and Macau in 2007. As at 30 June 2022, the Group served a broad range of corporate and government clients in over 240 cities in the Greater China markets, operating in 39 offices.

Inheriting MAN’s global reputation, the Group, with over two decades of dedicated work, developed deep connections with both multinational clients and local clients doing business in the Greater China Region and achieved prominent brand recognition. During the six months period ended 30 June 2022 (the “Period”), the Group had served over 280 Fortune 500 companies and prominent local public and private employers.

Over the years, the Group has sustained a good financial performance and generated reasonable returns for its shareholders. On 10 July 2019, Manpower GRC was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with the stock code 2180 (the “Listing”). Having strong support from MAN, Manpower GRC keeps on providing tailored solutions to its clients and expanding its business scale and market share and is well positioned to capture the robust growth potential in the HR services market.

Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. CUI Zhihui

Non-executive Directors

Mr. Darryl E GREEN (*Chairman*)

Mr. John Thomas MCGINNIS

Mr. ZHANG Yinghao

Mr. ZHAI Feng

Independent Non-executive Directors

Mr. Thomas YEOH Eng Leong

Ms. WONG Man Lai Stevie

Mr. Victor HUANG

AUDIT COMMITTEE

Mr. Victor HUANG (*Chairman*)

Mr. John Thomas MCGINNIS

Mr. ZHAI Feng

Mr. Thomas YEOH Eng Leong

Ms. WONG Man Lai Stevie

REMUNERATION COMMITTEE

Mr. Thomas YEOH Eng Leong (*Chairman*)

Mr. Darryl E GREEN

Mr. ZHANG Yinghao

Ms. WONG Man Lai Stevie

Mr. Victor HUANG

NOMINATION COMMITTEE

Ms. WONG Man Lai Stevie (*Chairman*)

Mr. Darryl E GREEN

Mr. ZHANG Yinghao

Mr. Thomas YEOH Eng Leong

Mr. Victor HUANG

INVESTMENT COMMITTEE

Mr. John Thomas MCGINNIS (*Chairman*)

Mr. ZHANG Yinghao

Mr. CUI Zhihui

AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

35/F, One Pacific Place

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Hong Kong

LEGAL ADVISORS

CFN Lawyers in association with Broad & Bright

Maples and Calder (Hong Kong) LLP

JOINT COMPANY SECRETARIES

Ms. TSUI Sum Yi

Ms. GAO Xingyue

AUTHORISED REPRESENTATIVES

Mr. CUI Zhihui

Ms. TSUI Sum Yi

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STOCK CODE

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Financial Highlights

The below table sets out the key financial highlights of the Group during the six months ended 30 June 2022:

	Six months ended 30 June		Change in percentage %
	2022 (RMB'000)	2021 (RMB'000)	
Revenue	2,228,329	1,870,961	19.1%*
Profit attributable to owners of the Company	54,591	64,296	(15.1%)
Adjusted profit attributable to owners of the Company	59,484	66,599	(10.7%)
Net cash generated from (used in) operating activities	43,127	(17,117)	352.0%
The number of full time employee	1,370	1,098	24.8%

* Revenue of Mainland China flexible staffing increased by approximately 28% in the first half of 2022 compared with the same period last year

Management Discussion and Analysis

BUSINESS REVIEW

During the first half of 2022, COVID-19 continued to pose significant challenges for the Group with a three-month lockdown in Shanghai, where the Group's headquarters locates and over one third of the employees are based. The unprecedented disruption caused by tightening of travel restrictions and quarantine requirements in major cities in Mainland China, increasing geopolitical tension, and weak economic growth have continued to affect our business negatively.

Despite the ongoing challenges, the Group has been able to keep up the fast-growing momentum in its flexible staffing business in Mainland China and has turned around its business in Hong Kong. The recruitment solutions segment, which had rebounded significantly in 2021 was severely impacted by the lockdowns in Shanghai and other major cities in China during the second quarter but still realised a minor revenue growth.

For the first half of 2022, the Group achieved a total revenue of RMB2,228.3 million, representing a growth of approximately 19.1% compared to the same period of 2021. Revenue generated from the flexible staffing business segment grew by approximately 20.8% on a year over year basis to RMB2,101.3 million, of which the flexible staffing revenue from Mainland China recorded an increase of approximately 28% compared with the same period last year. Revenue generated from the recruitment solutions segment increased slightly to RMB117.1 million, up to 1.2% on a year over year basis from the same period last year mainly due to the negative impact of lockdowns of cities in the second quarter. During the Period, profit attributable to owners of the Company decreased to RMB54.6 million, representing a negative growth of approximately 15.1% year over year. Adjusted profit attributable to owners of the Company, after taking into account of the stock option and restricted share units expenses, decreased to RMB59.5 million by approximately 10.7% on a year over year basis.

In addition, the Group continued to expand its service offerings in Mainland China during the first half of 2022, particularly in the flexible staffing business with new State-Owned Enterprises (SOE) clients and clients from the financial sector. In line with the use of proceeds stated in the prospectus of the Company dated 27 June 2019 (the "Prospectus"), the Group has further expanded the scale of its flexible staffing business during the Period. The total number of associates placed during the Period increased by approximately 22.0% from approximately 25,000 as of 30 June 2021 to approximately 30,500 as of 30 June 2022.

In a view of accelerating expansion into the under-penetrated regions in southern, central, and western China, the Group has increased its team capacity in Wuhan and Chengdu, while at the same time expanded its teams in Shanghai and Guangzhou as well to bolster its strong market position in tier-one cities. The total number of employees has increased by approximately 24.8% to 1,370 from 1,098 at the end of June 2021. In addition, the Group remained committed to growing its existing accounts, with revenue contribution from its top 5 clients increasing by approximately 26.8% and accounting for approximately 40.0% of its total revenue for the Period. Moreover, net cashflow from operating activities improved significantly from cash outflow of RMB17.1 million to cash inflow of RMB43.1 million while the turnover days of trade receivable increased to 53.9 days from 50.2 days of the last year due to prolonged payment cycles as a result of the lockdown in Shanghai.

To implement its strategic initiatives of digitalisation, the Group has been transforming the workforce technology platform and upgrading the internal technological infrastructure for the higher operational efficiency, optimising the working procedures of the middle office to achieve better cost effectiveness, and integrating the technological systems of Hong Kong, Taiwan and Macau with those of Mainland China to realise better collaboration between teams from different regions.

BUSINESS REVIEW (Continued)

By the end of June 2022, the Group's recruiting service product (天天U才) had recorded around 48,000 Monthly Active User (MAU) with approximately 7,300 positions posted; the collaborative platform (天天U單) had posted around 9,000 positions during the Period; the Group's employee value-adding platform (天天U福) had registered over 31,000 members. As of the end of June 2022, the Group's talent pool has reached a total number of around 5.8 million.

The Group's efforts in providing customised and professional services to its clients in the Greater China region have been recognised with a number of awards, including "2022 Top100 Human Resources Service Organization" ("2022人力資源服務機構100強") by TopHR, "2021 Best HR (human resources) Service Provider" ("2021年度最佳人力資源服務機構") by HRroot, and "2021 Annual Human Resources Technology Innovation Product Award" ("2021年度人力資源科技創新產品獎") by HR Tech China.

OUTLOOK & STRATEGY

Remain Cautious for the Rest of the Year

The Group remains cautious for the rest of 2022 mainly due to external uncertainties. Possible disruptions of more lockdowns due to COVID-19 especially when approaching winter, potential escalation of regional geopolitical conflicts, together with weak economic growth momentum could cast further uncertainties on our business growth. With that said, the Group is confident about the resilience of its people, the robustness of the business model, and the diversification within the business.

In terms of business performance in different regions, the Group expects continuous stable growth momentum in flexible staffing business in Mainland China with extended product portfolios. The outlook of Taiwan market will be neutral and could be impacted by the pace of recovery of western economies. Hong Kong market has picked its growth momentum and showed further signs of recovery with relaxation of COVID-19 restrictions in the region. In addition, the outdoor marketing/promotion business in Hong Kong is expected to contribute more profit to the region's performance in the medium term.

Flexible Staffing Remains Our Strategic Focus in 2022

The Group's strategic focus in the second half of 2022 will remain on flexible staffing in Mainland China driven by the extension of its product portfolio into the IT Outsourcing (ITO) business and high-volume businesses. The Group believes that it will continue to benefit from the industry growth momentum on the back of a strong global brand and leading market position.

On the organic growth front, the Group has been actively expanding its team capacity, promoting business development in the high-volume sector, and accelerating expansion into under-penetrated regions in southern, central, and western China while at the same time shoring up its market leading position in tier-one cities to gain more market share and achieve greater economies of scale. Furthermore, the Group is proactively expanding its client base into the SOE sector and financial services sector, and further widen its business offerings to increase its market share in Mainland China.

The Group's strategic investment in associate companies across Mainland China has made impressive progress in the last 2 years. The cooperation with regional and local leading human resources companies and leaders has been helping the Group broaden its market reach, expand client base and take advantage of the synergy between the parties. For the second half of 2022, the Group will actively consider opportunities of strategic acquisition and cooperation in order to strengthen its leadership position in the workforce solutions market.

OUTLOOK & STRATEGY (Continued)

Optimisation of the Workforce Technology Platform

For the second half of 2022, the Group will continue to optimise its workforce technology platform (“職場+”科技平台) with focus on the collaborative recruiting platform (天天U單) to increase the volume of orders and number of suppliers in order to enhance productivity and improve cross-selling between different business lines.

By expanding team capacity and strengthening business development of suppliers, the Group aims to improve the diversity of its technology platform users and develop more suppliers of enterprise clients. Through leveraging the Group’s leading market position, it could integrate resources in the industry and take full advantage of capabilities of its coalitions to achieve higher revenue growth and more value creation.

Key operating metrics

The Group provides comprehensive workforce solutions under three business lines, namely (i) flexible staffing; (ii) recruitment solutions (including headhunting and recruitment process outsourcing (the “RPO”) services); and (iii) other HR services, serving corporate and government clients across the Greater China Region. The following table sets forth the Group’s key operating metrics for the periods or as at the dates indicated:

	Six months ended 30 June		
	2022	2021	Change in %
Flexible staffing			
Number of associates placed during the period (approximately)	30,500	25,000	22.0%
Number of candidates in flexible talent database (in thousands)	1,900	1,700	11.8%
Recruitment solutions			
Number of placements during the period (approximately)	2,865	3,500	(18.1%)
Number of candidates in recruitment services database (in thousands)	3,250	3,687	(11.9%)
Number of recruiters (approximately)	312	283	10.2%
Overall			
Number of full time employees (approximately)	1,370	1,098	24.8%

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2022, the Group derived its revenue primarily from (i) workforce solution services, including flexible staffing, and recruitment solutions, including headhunting and RPO and (ii) other HR services, including HR consultancy services, training and development, career transition, payroll services as well as government solutions. The following table sets out a breakdown of the Group's revenue by business line for the periods indicated:

	Six months ended 30 June		Change in percentage %
	2022 (RMB'000)	2021 (RMB'000)	
Revenue			
Workforce solution services			
Flexible staffing	2,101,305	1,739,341	20.8%
Recruitment solutions	117,111	115,751	1.2%
Other HR services	9,913	15,869	(37.5%)
Total	2,228,329	1,870,961	19.1%

The revenue of the Group increased by approximately 19.1% from RMB1,871.0 million for the six months ended 30 June 2021 to RMB2,228.3 million for the six months ended 30 June 2022. This increase was mainly attributable to the following:

- (i) the increase in revenue generated from flexible staffing by approximately 20.8% from RMB1,739.3 million for the six months ended 30 June 2021 to RMB2,101.3 million for the six months ended 30 June 2022, primarily due to the increase in number of associates placed during the Period in the PRC, Hong Kong and Taiwan; and
- (ii) the increase in revenue generated from recruitment solutions by approximately 1.2% from RMB115.8 million for the six months ended 30 June 2021 to RMB117.1 million for the six months ended 30 June 2022, primarily due to the increase in billable remuneration of candidates during the Period.

Such increase was partially offset by the decrease in revenue generated from other HR services by approximately by 37.5% from RMB15.9 million for the six months ended 30 June 2021 to RMB9.9 million for the six months ended 30 June 2022, primarily due to the decrease in revenue generated from HR consultancy services of Right Management and government solution services as a result of the outbreak of COVID-19 in several major cities in China.

FINANCIAL REVIEW (Continued)

Revenue (Continued)

During the six months ended 30 June 2022, the Group operated in the Greater China Region, including the PRC, Hong Kong, Macau and Taiwan with the PRC contributing the largest part of the Group's total revenue during the Period. The following table sets out a breakdown of the Group's revenue by geographic location for the periods indicated:

	Six months ended 30 June		Change in percentage %
	2022 (RMB'000)	2021 (RMB'000)	
Revenue			
The PRC	1,437,771	1,153,556	24.6%
Hong Kong and Macau	298,584	284,186	5.1%
Taiwan	491,974	433,219	13.6%
Total	2,228,329	1,870,961	19.1%

Cost of services

The Group's cost of services increased by approximately 22.0% from RMB1,583.0 million for the six months ended 30 June 2021 to RMB1,931.0 million for the six months ended 30 June 2022. This increase was generally in line with the Group's flexible staffing revenue growth, which business accounted most of the cost.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. The Group's gross profit increased by approximately 3.3% from RMB287.9 million for the six months ended 30 June 2021 to RMB297.3 million for the six months ended 30 June 2022.

The Group's gross profit margin decreased from approximately 15.4% for the six months ended 30 June 2021 to approximately 13.3% for the six months ended 30 June 2022, primarily due to the increase in proportion of revenue generated from flexible staffing.

The following table sets out the Group's gross profit margin by business line for the periods indicated:

	Six months ended 30 June		Change (%)
	2022 (%)	2021 (%)	
Workforce solution services			
Flexible staffing	8.8	10.0	(1.2)
Recruitment solutions	90.2	88.4	1.8
Other HR services	65.9	70.1	(4.2)
Overall	13.3	15.4	(2.1)

FINANCIAL REVIEW (Continued)

Selling and administrative expenses

The Group's selling and administrative expenses primarily include (i) salaries and benefits; (ii) office expenses; and (iii) others, including training, travelling, marketing and advertising expenses.

The Group's selling expenses increased by approximately 11.3% from RMB167.0 million for the six months ended 30 June 2021 to RMB185.8 million for the six months ended 30 June 2022, primarily due to the increase of staff cost as a result of the expansion of the Group's business and increase in investment of human capital.

The Group's administrative expenses increased by approximately 14.4% from RMB35.4 million for the six months ended 30 June 2021 to RMB40.5 million for the six months ended 30 June 2022, primarily due to: (i) share options expense and restricted share units expenses; and (ii) investment in information technology; (iii) investment in the staff training and development.

The Group's selling expenses accounted for approximately 8.9% and 8.3% of its total revenue for the six months ended 30 June 2021 and 2022, respectively, while the Group's administrative expenses accounted for approximately 1.9% and 1.8% of its total revenue for the six months ended 30 June 2021 and 2022, respectively.

Other income

The Group's other income primarily includes interest income on bank deposits and dividend income from equity instruments. The Group's other income increased by approximately 42.1% from RMB3.8 million for the six months ended 30 June 2021 to RMB5.4 million for the six months ended 30 June 2022, which was primarily attributable to the increase in interest income on bank deposits.

Other gains and losses

The Group's other gains and losses consist of net exchange gains and losses and the change in fair value of the Group's structured deposits, which was presented as financial assets at fair value through profit or loss in the Group's condensed consolidated statement of financial position. The Group's other gains and losses increased by approximately 580% from RMB1.0 million for the six months ended 30 June 2021 to RMB6.8 million for the six months ended 30 June 2022, which was primarily attributable to the increase in net exchange gains.

Share of profit of associates

The Group's share of profit of associates amounted to RMB0.6 million for the six months ended 30 June 2021 and RMB2.2 million for the six months ended 30 June 2022.

Income tax expense

The Group's income tax expense primarily consists of China enterprise income tax payable, Hong Kong profits tax payable, Macau complementary tax payable and Taiwan income tax payable by its subsidiaries in the respective locations.

The Group's income tax expense was RMB16.8 million for the six months ended 30 June 2021 and RMB16.7 million for the six months ended 30 June 2022, respectively.

The Group's effective income tax rate for the six months ended 30 June 2022 was approximately 20.1%, compared to approximately 19.2% for the six months ended 30 June 2021.

FINANCIAL REVIEW (Continued)

Profit for the period attributable to owners of the Company

As a result of the foregoing, the Group's profit for the period attributable to owners of the Company decreased by approximately 15.1% from RMB64.3 million for the six months ended 30 June 2021 to RMB54.6 million for the six months ended 30 June 2022.

Adjusted profit for the period attributable to owners of the Company

The Group's adjusted profit for the period attributable to owners of the Company from continuing operations excluding expenses in relation to stock options and restricted share units granted decreased by approximately 10.7% from RMB66.6 million for the six months ended 30 June 2021 to RMB59.5 million for the six months ended 30 June 2022.

Non-GAAP (Generally-accepted accounting principles) financial measure

Adjusted profit attributable to owners of the Company is a non-GAAP measure used by the management of the Group to provide additional information on its operating performance and is not a standard measure under International Financial Reporting Standards ("IFRSs"). Adjusted profit attributable to owners of the Company takes out the impact of expense in relation to stock options and restricted share units granted during the Period, which is not an indicator for evaluating the actual performance of the Group's business. The management of the Group believes that such a non-GAAP measure provides additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as the management of the Group. The following table sets forth a reconciliation between the profit for the Period and the adjusted profit for the Period:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	54,591	64,296
Adjustment for:		
Expense in relation to stock options and restricted share units granted	4,893	2,303
Adjusted profit for the period attributable to owners of the Company	59,484	66,599

The definitions of adjusted profit should not be considered in isolation or be construed as an alternative to profit for the period or any other standard measure under IFRSs or as an indicator of operating performance. Adjusted profit of the Group may not be comparable to similarly titled measures used by other companies.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the Listing and cash generated from operations. The Group currently does not have any plans for material additional external debt or equity financing and will continue to evaluate potential financing opportunities based on its need for capital resources and market conditions.

Net current assets

As at 30 June 2022, the Group's net current assets amounted to RMB1,161.4 million (31 December 2021: RMB1,112.2 million). Specifically, the Group's total current assets increased from RMB1,731.6 million as at 31 December 2021 to RMB1,826.2 million as at 30 June 2022. The Group's total current liabilities increased from RMB619.4 million as at 31 December 2021 to RMB664.8 million as at 30 June 2022. The increase in net current assets was primarily due to the increase in trade receivables as a result of the Group's revenue growth.

Cash position

As at 30 June 2022, the Group had bank balances and cash, together with its restricted bank deposits, time deposits with original maturity over three months and structured deposits (presented as financial assets at fair value through profit or loss) of RMB1,102.2 million (31 December 2021: RMB1,054.3 million). The increase in bank balances and cash was primarily due to the cash inflow from business operations owing to the Group's solid cash management, even at the hard times during the outbreak of COVID-19 in several major cities in China.

Indebtedness

As at 30 June 2022, the Group had lease liabilities of RMB39.2 million (31 December 2021: RMB45.0 million). The Group had no bank loans or convertible loans during the Period and as at 30 June 2022 (31 December 2021: Nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 30 June 2022 was not calculated (31 December 2021: Nil).

Pledge of assets

As disclosed under the section headed "Contingent Liabilities", as at 30 June 2022, the Group had pledged its time deposit in an amount of RMB9.3 million.

Financial risks

The Group's activities expose it to a variety of financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management and has not used any derivatives and other instruments for hedging purposes.

Currency risk

The inter-company balances of the Company and certain subsidiaries are denominated in US\$ which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Group will closely monitor its foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to fair value interest rate risks relates primarily to the Group's fixed-rate time deposits with original maturity over three months and lease liabilities. The Group also exposes to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances. The Group has not used derivative financial instruments to hedge any interest rate risks. The Group manages its interest rate exposures by assessing the potential impact arising from interest rate movements based on the current interest rate level and outlook.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Financial risks (Continued)

Credit risk

The Group's exposure to credit risks relates primarily to time deposits with original maturity over three months, restricted bank deposits, bank balances, trade and other receivables, and amounts due from fellow subsidiaries and a non-controlling shareholder and arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk by customer/counterparty within the Group. The directors of the Company (each, a "Director") believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets.

Liquidity risk

The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

KEY FINANCIAL RATIO

As at 30 June 2022, the current ratio (calculated as total current assets divided by the total current liabilities) of the Group was 2.7 times (31 December 2021: 2.8 times).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had outstanding surety bonds of RMB9.3 million (31 December 2021: RMB8.9 million), for which restricted bank deposits were pledged as required by certain clients of the Group.

COMMITMENTS

As at 30 June 2022, the Group did not have any significant capital and other commitments, long-term obligations or guarantee (31 December 2021: Nil).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Period, there were no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

The Group had no significant investments with a value of 5% or above of the Group's total assets as at 30 June 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has no concrete plan for future investments or acquisition of capital assets in place as at the date of this interim report.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the Listing (including the exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately RMB458.2 million. Up to the date of this report, the net proceeds received from the Listing have been used and will continue to be used, in a manner consistent with the proposed allocation in the Prospectus. According to the announcement of the Company on 30 March 2021, the Board has resolved to postpone the timeline of the unutilised net proceeds to 31 December 2022. The Group will continue to utilise the proceeds according to the expected timeline as set out below.

The table below sets forth the utilisation of the net proceeds up to 30 June 2022:

Categories	Specific Plans	Expected timeline as stated in the Prospectus ^(Note)	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds from the exercise of over-allotment option	Unutilised proceeds as at 1 January 2022	Proceeds		Unutilised net proceeds as at 30 June 2022	Expected timeline for fully utilising the remaining proceeds ^(Note)
			RMB'000		utilised during the six months ended 30 June 2022	Actual use of net proceeds up to 30 June 2022		
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Business expansion	Expand our business scale and market share	12 to 24 months from 10 July 2019 (the "Listing Date")	137,451 (30% of total net proceeds)	27,135	22,194	132,510	4,941	On or before 31 December 2022
Research and development	Invest in a digital workforce platform	12 to 24 months from the Listing Date	137,451 (30% of total net proceeds)	97,091	4,711	45,071	92,380	On or before 31 December 2022
Future investments, strategic mergers and acquisitions	Pursue strategic acquisition and investment opportunities	12 to 24 months from the Listing Date	114,527 (25% of total net proceeds)	87,177	6,900	34,250	80,277	On or before 31 December 2022
Brand building and digital marketing	Investment in offline brand building and digital marketing to increase brand awareness	12 to 24 months from the Listing Date	22,924 (5% of total net proceeds)	12,361	1,988	12,551	10,373	On or before 31 December 2022
Working capital	Working capital and other general corporate purposes	-	45,847 (10% of total net proceeds)	-	-	45,847	-	
Total			458,200 (100% of total net proceeds)	223,764	35,793	270,229	187,971	

Note: The expected timeline for the application of the unutilised net proceeds is based on the best estimate of the future market conditions made by the Group. The Directors will reassess the Group's business objectives and use of proceeds from time to time, and may revise or amend such plans where necessary, to ensure it aligns with the Group's business strategies factoring in the changing market conditions and the impact of the outbreak of COVID-19 pandemic.

As at the date of this report, with regional resumption of business travel and activities on the horizon, the Directors are not aware of any material change to the proposed allocation and expected utilisation timeline of the net proceeds.

EMPLOYEE AND REMUNERATION POLICY

The Group's employees include its own employees and associates. Own employees refer to the employees for the Group's operations, including finance and information technology and excluding those for flexible staffing assignments. Associates refer to those who are assigned to work on client premises, typically under client instruction and supervision during the term of deployment. As at 30 June 2022, the Group employed approximately 1,370 own employees and approximately 30,500 associates.

The Group offers its own employees remuneration packages that include salary and bonuses, and determines employee remuneration based on factors such as qualifications and years of experience. The Group's own employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. The Group has established labor unions in the PRC to protect employees' rights, help the Group achieve its economic goals and encourage employees to participate in its management decisions.

The Group's associates, who are employed on a contract basis, are cross-trained in multiple aspects of staffing as the Group provides relevant training to help associates adapt to clients' positions quickly, including trainings on computer skills and other soft skills. Such training equips the associates with the ability to assist the Group's clients in different positions and departments, and helps them find better positions through talent upskill.

The Company adopted a share option scheme on 5 June 2019 as an incentive for eligible employees and Directors of the Group, details of which are set out in the section headed "D. Other Information – 1. Share Option Scheme" in Appendix IV to the Prospectus.

The Company has adopted a restricted share unit scheme on 10 June 2021 ("RSU Scheme") to recognise and reward the eligible participants for their contributions to the Group and attract, retain or otherwise maintain an on-going business relationship with the participants whose contributions are or will be beneficial to the long-term growth of the Group. For details of the RSU Scheme, please see the paragraph headed "Restricted Share Units Scheme" below.

EVENTS AFTER THE REPORTING PERIOD

There were no material events undertaken by the Group subsequent to 30 June 2022 up to the date of this report.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the “Shareholders”) of the shares (the “Shares”) of the Company and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “Corporate Governance Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code on corporate governance since the Listing.

The Company has complied with the Corporate Governance Code during the six months ended 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “Model Code”) as the guidelines for the Directors’ dealings in the securities of the Company since the Listing.

Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2022.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme on 5 June 2019 (the “Share Option Scheme”). The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The purpose of the Share Option Scheme is to motivate the participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain an on-going business relationship with the participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants

Any individual, being a full-time or part-time employee, executive, officer, or director (including non-executive director and independent non-executive director) of the Group who the board of Directors (the “Board”) or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 20,000,000 Shares.

SHARE OPTION SCHEME (Continued)

Details of the Share Option Scheme (Continued)

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) Time of acceptance and exercise of option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(6) Subscription price for Shares

The subscription price per Share under the Share Option Scheme will be a price determined by the Board in its absolute discretion, but must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option; and
- (iii) the nominal value of a Share.

(7) The duration of the Share Option Scheme

The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the date of its adoption. The remaining life of the Share Option Scheme is approximately six years and nine months as at the date of this report.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – D. Other information – 1. Share Option Scheme" in Appendix IV to the Prospectus.

SHARE OPTION SCHEME (Continued)**Details of the share option granted**

The following table sets forth the particulars of the movements of share options granted under the Share Option Scheme during the six months ended 30 June 2022:

Grantees	Date of grant	Exercise price per Share (HK\$)	Exercise period	Outstanding as at 1 January 2022	Changes during the six months ended 30 June 2022			Outstanding as at 30 June 2022
					Granted	Exercised	Lapsed/ Forfeited	
Mr. CUI Zhihui (Executive Director)	20 Sep 2019 (Note b)	10.94	20 Sep 2022 – 20 Sep 2025	200,000	–	–	–	200,000
	8 April 2020 (Note c)	8.76	8 April 2022 – 8 April 2025	150,000	–	–	(18,750)	131,250
	8 April 2020 (Note c)	8.76	8 April 2023 – 8 April 2026	150,000	–	–	–	150,000
	9 April 2021 (Note d)	10.00	9 April 2022 – 9 April 2025	200,000	–	–	(25,000)	175,000
	9 April 2021 (Note d)	10.00	9 April 2023 – 9 April 2026	200,000	–	–	–	200,000
	31 March 2022 (Note e)	8.61	31 March 2023 – 31 March 2026	–	200,000	–	–	200,000
	31 March 2022 (Note e)	8.61	31 March 2024 – 31 March 2027	–	200,000	–	–	200,000
Other Employees	20 Sep 2019 (Note b)	10.94	20 Sep 2022 – 20 Sep 2025	2,238,000	–	–	(100,000)	2,138,000
	8 April 2020 (Note c)	8.76	8 April 2022 – 8 April 2025	1,261,500	–	(3,500)	(396,125)	861,875
	8 April 2020 (Note c)	8.76	8 April 2023 – 8 April 2026	1,261,500	–	–	(85,000)	1,176,500
	9 April 2021 (Note d)	10.00	9 April 2022 – 9 April 2025	1,650,000	–	–	(518,500)	1,131,500
	9 April 2021 (Note d)	10.00	9 April 2023 – 9 April 2026	1,650,000	–	–	(108,000)	1,542,000
	31 March 2022 (Note e)	8.61	31 March 2023 – 31 March 2026	–	1,765,000	–	–	1,765,000
	31 March 2022 (Note e)	8.61	31 March 2024 – 31 March 2027	–	1,765,000	–	–	1,765,000
Total				8,961,000	3,930,000	(3,500)	(1,251,375)	11,636,125

SHARE OPTION SCHEME (Continued)

Details of the share option granted (Continued)

Notes:

- a. The closing price of the Shares immediately before the date on which the options were granted on 31 March 2022 was HK\$8.36 per Share; and the closing price of the Shares immediately before the date the options were granted on 20 September 2019, and 8 April 2020 and 9 April 2021 was HK\$10.68 per Share, HK\$8.8 per Share and HK\$10.0 per Share respectively.
- b. The options shall be vested on 20 September 2022 conditional upon fulfilment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit.
- c. The 50% of options shall be vested on 7 April 2022 and another 50% of options shall be vested on 7 April 2023 conditional upon fulfilment of the revised performance targets resolved by the Board on 9 April 2021.
- d. The options shall be vested in two tranches. The 50% of the options (the "Tranche 1 options") shall be vested on 8 April 2022 and another 50% of the options (the "Tranche 2 options") shall be vested on 8 April 2023. The 25% of Tranche 1 options and Tranche 2 options shall be vested with no performance targets and 75% of Tranche 1 options and Tranche 2 options shall be vested conditional upon fulfilment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit.
- e. The options shall be vested in two tranches. The 50% of the options (the "Tranche 1 options") shall be vested on 30 March 2023 and another 50% of the options (the "Tranche 2 options") shall be vested on 30 March 2024. The 25% of Tranche 1 options and Tranche 2 options shall be vested with no performance targets and 75% of Tranche 1 options and Tranche 2 options shall be vested conditional upon fulfilment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit. The estimated fair values of the options granted on 31 March 2022 are approximately RMB5.2 million (equivalent to approximately HK\$6.2 million). For the model used in determining the value of the options, please refer to note 18 of the Notes to the Condensed Consolidated Financial Statements on page 50 of this interim report.
- f. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

Save as disclosed above, no share options were granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2022.

RESTRICTED SHARE UNITS SCHEME

Details of the Restricted Share Unites Scheme

The Company has adopted the RSU Scheme on 10 June 2021 (the “Adoption Date”) with the major terms and details set out below:

(1) Purpose

The purpose of the RSU Scheme is to recognise and reward the participants for their contributions to the Group and attract, retain or otherwise maintain an on-going business relationship with the participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Eligibility

Participants of the RSU Scheme include any full-time or part-time employee, director (including any executive or non-executive director) and officer of any member of the Group but excluding any excluded participant.

(3) Term

Subject to any early termination as may be determined by the Board pursuant to the terms of the RSU Scheme, the RSU Scheme shall be valid and effective for ten (10) years commencing on the Adoption Date. The remaining life of the RSU Scheme is approximately eight years and nine months.

(4) Appointment of the Trustee

The Company has entered into the trust deed dated 10 June 2021 (the “Trust Deed”) to appoint Unity Trust Limited as the trustee (the “Trustee”) to assist with the administration of the RSU Scheme and the vesting of awards to be granted pursuant to the RSU Scheme. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Trustee is an independent third party.

Subject to compliance with the terms of the RSU Scheme, the Listing Rules, the memorandum and articles of association of the Company and other applicable laws, rules and regulations, the Company may at any time at its sole and absolute discretion (i) instruct the Trustee to purchase existing Shares (either on-market or off-market); and/or (ii) allot and issue new Shares to the Trustee for the purpose of satisfying the restricted share unit(s) (“RSU(s)”) that are vested under the RSU Scheme. The Trustee shall hold any Shares so allotted, issued or purchased until such Shares are transferred to the grantees or to the nominee account in accordance with the terms of the RSU Scheme and the Trust Deed.

The Company shall procure that sufficient funds are provided to the Trustee to enable the Trustee to satisfy its obligation in connection with the administration of the RSU Scheme.

(5) Grant and acceptance

On and subject to the terms of the RSU Scheme and the Listing Rules, the Board may at any time during the term of the RSU Scheme make an offer of the grant of award to any participant of such number of RSUs as the Board may in its absolute discretion determine. The Board will notify any selected participant and specify in the grant letter (i) the name of the selected participant; (ii) the manner of acceptance of the award; (iii) the number of RSUs granted and the number of underlying Shares represented by such RSUs; (iv) the vesting schedule and vesting conditions (if any); and (v) such other terms and conditions of the grant as the Board shall determine.

A selected participant may accept an offer of grant of RSUs in such manner and within such period as set out in the grant letter. Upon acceptance of an offer, the selected participant would become a grantee under the RSU Scheme.

RESTRICTED SHARE UNITS SCHEME (Continued)

Details of the Restricted Share Unites Scheme (Continued)

(6) Vesting

Subject to the terms of the RSU Scheme, the Board has the sole discretion to determine the vesting schedule and vesting conditions (including, without limitation, conditions as to performance criteria to be satisfied by the participant and/or the Group) for any grant of award to any participant, which shall be stated in the grant letter.

Within a reasonable time after the vesting conditions (if any) and schedule have been fulfilled or waived, the Board shall send a vesting notice to the relevant grantee setting out, inter alia, (a) the extent to which the vesting conditions (if any) and schedule have been fulfilled or waived; (b) the number of Shares (and, if so clearly specified in the grant letter by the Board in its entire discretion, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) the grantee will receive; (c) any trust arrangement of the Shares to be obtained by the grantee (if applicable); and (d) the lock-up arrangement or other restrictions for such Shares (if applicable).

Subject to the terms of the RSU Scheme and the grant letter, the RSUs which have vested shall be satisfied, within a reasonable period from the vesting date of such RSUs, by the Board directing and procuring the Trustee to transfer the Shares underlying the award (and, if so clearly specified in the grant letter by the Board in its entire discretion, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the grantee or to the nominee account.

(7) Maximum number of underlying Shares

No RSU shall be granted pursuant to the RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares underlying all grants made pursuant to the RSU Scheme (excluding RSUs that have lapsed or been cancelled in accordance with the terms of the RSU Scheme) will exceed 2.5% of the number of Shares in issue from time to time.

(8) Rights attached to Awards

Neither the grantee nor the Trustee shall enjoy any right of a Shareholder by virtue of a grant of RSUs pursuant to the RSU Scheme, unless and until such Shares underlying the RSUs are actually issued or transferred to the grantee or the nominee account operated by the Trustee on behalf of the grantees (as the case may be) upon the vesting of the RSUs. The Board shall have the sole and absolute discretion to determine whether or not a grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs.

For further details of the RSU Scheme, please refer to the announcements of the Company dated 10 June 2021 and 16 June 2021.

RESTRICTED SHARE UNITS SCHEME (Continued)**Details of the Restricted Share Units granted during the Period**

On 31 March 2022, the Board approved the grant of an aggregate of 1,031,000 RSUs (the “2022 RSU Awards”) (representing 1,031,000 underlying Shares and amounting to approximately 0.5% of the issued share capital of the Company) to selected participants (the “2022 Grantees”) in accordance with the terms of the RSU Scheme as at the date of this report. The 2022 Grantees are not required to make any payment in respect of the 2022 RSU Awards.

Among the 2022 RSU Awards, (i) 200,000 RSUs (representing 200,000 underlying Shares) were granted to Mr. CUI Zhihui, the executive Director; and (ii) 13,000 RSUs (representing 13,000 underlying Shares) were granted to each of Mr. Darryl E GREEN, Mr. John Thomas MCGINNIS, Mr. ZHANG Yinghao and Mr. ZHAI Feng, non-executive Directors; (iii) 13,000 RSUs (representing 13,000 underlying Shares) were granted to each of Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG, independent non-executive Directors and (iv) an aggregate of 338,000 RSUs (representing 338,000 underlying Shares) were granted to nine selected participants, each of whom is a director of the subsidiaries of the Company.

The 2022 RSU Awards will be satisfied, upon the satisfaction or waiver (as the case may be) of all the relevant vesting conditions, by existing Shares to be acquired by the Trustee through on-market purchases. The Trustee purchased 413,750 Shares during the Period.

Details of the RSUs granted and outstanding are as follows:

Name of grantees of RSUs	Date of Grant	Date of Vesting	Number of RSUs	Granted during the Period	Forfeited during the Period	Number of RSUs
			outstanding as of 1 January 2022			outstanding as of 30 June 2022
Mr. CUI Zhihui (Executive Director)	10 June 2021 31 March 2022	10 June 2024 31 March 2025	130,000 –	– 200,000	– –	130,000 200,000
Mr. Darryl E GREEN (Non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Mr. John Thomas MCGINNIS (Non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Mr. ZHANG Yinghao (Non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Mr. ZHAI Feng (Non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Mr. Thomas YEOH Eng Leong (Independent non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Ms. WONG Man Lai Stevie (Independent non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Mr. Victor HUANG (Independent non-executive Director)	9 September 2021 31 March 2022	9 September 2024 31 March 2025	13,015 –	– 13,000	– –	13,015 13,000
Employees	10 June 2021 31 March 2022	10 June 2024 31 March 2025	637,000 –	– 740,000	– –	572,000 740,000
			858,105	1,031,000	(65,000)	1,824,105

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests or short positions of the Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") or required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares ⁽¹⁾	Approximate percentage of shareholding
Mr. CUI Zhihui	Beneficial owner ⁽²⁾	1,630,000 (L)	0.79%
Mr. Darryl E GREEN	Beneficial owner ⁽³⁾	26,015 (L)	0.01%
Mr. John Thomas MCGINNIS	Beneficial owner ⁽⁴⁾	26,015 (L)	0.01%
Mr. ZHANG Yinghao	Beneficial owner ⁽⁵⁾	26,015 (L)	0.01%
Mr. ZHAI Feng	Beneficial owner ⁽⁶⁾	26,015 (L)	0.01%
Mr. Thomas YEOH Eng Leong	Beneficial owner ⁽⁷⁾	26,015 (L)	0.01%
Ms. WONG Man Lai Stevie	Beneficial owner ⁽⁸⁾	26,015 (L)	0.01%
Mr. Victor HUANG	Beneficial owner ⁽⁹⁾	26,015 (L)	0.01%

Notes:

- (1) As at 30 June 2022, the Company issued 207,503,500 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Represents Mr. CUI Zhihui's entitlement to receive up to 1,630,000 Shares pursuant to the exercise of options and the vesting of the awards granted to him under the Share Option Scheme and RSU Scheme, subject to the vesting schedule and conditions of those options and awards.
- (3) Represents Mr. Darryl E GREEN's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.
- (4) Represents Mr. John Thomas MCGINNIS's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.
- (5) Represents Mr. ZHANG Yinghao's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.
- (6) Represents Mr. ZHAI Feng's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.
- (7) Represents Mr. Thomas YEOH Eng Leong's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.
- (8) Represents Ms. WONG Man Lai Stevie's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to her under the RSU Scheme, subject to the vesting schedule and conditions of those awards.
- (9) Represents Mr. Victor HUANG's entitlement to receive up to 26,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, so far as is known to the Company, as recorded in the register required to be kept by the Company under section 336 of SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Manpower Holdings, Inc.	Beneficial owner	41,539,168 (L)	20.02%
Manpower Nominees Inc.	Beneficial owner	34,960,220 (L)	16.85%
ManpowerGroup Inc. ^(Note 2)	Interest in controlled corporations	76,499,388 (L)	36.87%
CM Phoenix Tree Limited	Beneficial owner	64,015,263 (L)	30.85%
CM Phoenix Tree II Limited ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CPEChina Fund II, L.P. ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC PE Associates II, L.P. ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC PE Funds II Limited ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITICPE Holdings Limited ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CLSA Global Investments Management Limited ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CLSA B.V. ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC Securities International Company Limited ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC Securities Company Limited ^(Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
FIL Limited ^(Note 4)	Interest in controlled corporation	16,744,000 (L)	8.07%
Pandanus Associates Inc. ^(Note 4)	Interest in controlled corporation	16,744,000 (L)	8.07%
Pandanus Partners L.P. ^(Note 4)	Interest in controlled corporation	16,744,000 (L)	8.07%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Notes:

- (1) As at 30 June 2022, the Company issued 207,503,500 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Manpower Holdings, Inc. and Manpower Nominees Inc. are wholly owned by ManpowerGroup Inc. and therefore ManpowerGroup Inc. is deemed to be interested in the Shares held by Manpower Holdings, Inc. and Manpower Nominees Inc.
- (3) CM Phoenix Tree Limited is owned as to approximately 91.17% by CM Phoenix Tree II Limited. CM Phoenix Tree II Limited is owned as to approximately 86.33% by CPEChina Fund II, L.P.. The general partner of CPEChina Fund II, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly owned by CITICPE Holdings Limited, which is held as to 35% by CLSA Global Investments Management Limited. CLSA Global Investments Management Limited is wholly owned by CLSA B.V., which is wholly owned by CITIC Securities International Company Limited, which in turn is wholly owned by CITIC Securities Company Limited, a company listed on both the Stock Exchange and the Shanghai Stock Exchange. Therefore, each of CM Phoenix II Limited, CPEChina Fund II, L.P., CITIC PE Associates II, L.P., CITIC PE Funds II Limited, CITICPE Holdings Limited, CLSA Global Investments Management Limited, CLSA B.V., CITIC Securities International Company Limited and CITIC Securities Company Limited is deemed to be interested in the Shares held by CM Phoenix Tree Limited.
- (4) As the Company is aware, FIL Limited was deemed to be interested in 16,744,000 Shares held by its controlled entities/corporations. Pandanus Partners L.P. owned 37.01% of the equity interest in FIL Limited. Pandanus Partners L.P. is wholly owned by Pandanus Associates Inc. Accordingly, Pandanus Partners L.P. and Pandanus Associates Inc. were also deemed to be interested in the aforesaid 16,744,000 Shares.
- (5) Pursuant to Section 336 of the SFO, if certain conditions are met, the Shareholders are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed above, as at 30 June 2022, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

INTERIM DIVIDEND

The Board has evaluated the cash position of the Company and has resolved the payment of an interim dividend of HK\$1.60 per Share (equivalent to RMB1.37 per Share) amounting to a total of HK\$332 million (equivalent to RMB283.9 million) for the six months ended 30 June 2022 (the "2022 Interim Dividend"). The 2022 Interim Dividend will be paid in Hong Kong dollars to the Shareholders on Thursday, 29 September 2022.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

For determining the entitlement to the 2022 Interim Dividend

The register of members of the Company will be closed from Thursday, 15 September 2022 to Tuesday, 20 September 2022, both days inclusive, during which period no transfer of Shares will be effected.

In order to qualify for the 2022 Interim Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 14 September 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, the trustee of the RSU Scheme purchased on the market an aggregate of 413,750 Shares, at prices ranging from HK\$8.69 to HK\$9.29 per Share for an aggregate consideration of approximately RMB3,198,000.

Save as disclosed above, the Group did not purchase, sell or redeem any of the listed securities of the Company during the Period.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 5 June 2019 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3 of the Corporate Governance Code. The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board.

The Audit Committee consists of five members, including two non-executive Directors, namely Mr. John Thomas MCGINNIS and Mr. ZHAI Feng and three independent non-executive Directors, namely Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. The chairman of the Audit Committee is Mr. Victor HUANG, who possesses appropriate professional qualifications. The Audit Committee had reviewed the interim report and the interim results for the six months ended 30 June 2022. The condensed consolidated financial statements for the six months ended 30 June 2022 has not been audited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

- Ms. WONG Man Lai Stevie has been appointed as global brand president L'Oreal Group, a world leader in the Beauty Industry, with effect from 1 September 2022.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

On behalf of the Board
ManpowerGroup Greater China Limited
CUI Zihui
Executive Director and Chief Executive Officer

Hong Kong, 30 August 2022

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF MANPOWERGROUP GREATER CHINA LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of ManpowerGroup Greater China Limited (the “Company”) and its subsidiaries set out on pages 29 to 54, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation on these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	2,228,329	1,870,961
Cost of services		(1,931,015)	(1,583,024)
Gross profit		297,314	287,937
Selling expenses		(185,755)	(167,023)
Administrative expenses		(40,469)	(35,400)
Other income	4	5,354	3,813
Impairment losses under expected credit loss ("ECL") model, net of reversal	13	(1,458)	(2,200)
Other gains and losses	5	6,754	1,014
Finance costs	6	(1,101)	(1,497)
Share of profit of associates		2,233	647
Profit before tax		82,872	87,291
Income tax expense	7	(16,683)	(16,789)
Profit for the period	8	66,189	70,502
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Actuarial gains from remeasurement of defined benefit obligations, net of tax		128	74
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		30,642	(8,046)
Other comprehensive income (expense) for the period, net of tax		30,770	(7,972)
Total comprehensive income for the period		96,959	62,530

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	NOTE	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		54,591	64,296
Non-controlling interests		11,598	6,206
		66,189	70,502
Total comprehensive income for the period attributable to:			
Owners of the Company		85,772	56,650
Non-controlling interests		11,187	5,880
		96,959	62,530
Earnings per share	10		
Basic (RMB)		0.26	0.31
Diluted (RMB)		0.26	0.31

Condensed Consolidated Statement of Financial Position

At 30 June 2022

		At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	11	14,981	14,573
Right-of-use assets	11	38,862	43,364
Goodwill	11	54,016	51,510
Other intangible assets		71,394	67,783
Interests in associates	12	28,139	25,906
Equity instruments at fair value through other comprehensive income ("FVTOCI")		9,705	9,705
Deferred tax assets		8,558	7,510
Consideration receivables	13	9,784	9,558
Deposits	13	18,632	18,930
Restricted bank deposits		–	8,657
Retirement benefit assets		568	440
		254,639	257,936
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	13	716,048	685,470
Amounts due from fellow subsidiaries	14	602	495
Amount due from a non-controlling shareholder	14	7,335	–
Restricted bank deposits		9,280	230
Time deposits with original maturity over three months		406,055	250,076
Bank balances and cash		686,902	795,349
		1,826,222	1,731,620
CURRENT LIABILITIES			
Trade and other payables	15	571,063	520,473
Contract liabilities	16	43,443	33,331
Lease liabilities		20,155	25,715
Amount due to ultimate holding company	14	9,705	10,208
Amounts due to fellow subsidiaries	14	479	465
Tax payables		19,980	29,208
		664,825	619,400

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	<i>NOTE</i>	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
NET CURRENT ASSETS		1,161,397	1,112,220
TOTAL ASSETS LESS CURRENT LIABILITIES		1,416,036	1,370,156
NON-CURRENT LIABILITIES			
Deferred tax liabilities		23,647	21,127
Lease liabilities		19,054	19,255
		42,701	40,382
NET ASSETS		1,373,335	1,329,774
CAPITAL AND RESERVES			
Share capital	17	1,830	1,830
Reserves		1,277,791	1,252,550
Equity attributable to owners of the Company		1,279,621	1,254,380
Non-controlling interests		93,714	75,394
TOTAL EQUITY		1,373,335	1,329,774

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Share-based payments reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 <i>(note)</i>	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (audited)	1,830	816,342	-	2,469	(41,080)	38,919	372,712	1,191,192	65,213	1,256,405
Profit for the period	-	-	-	-	-	-	64,296	64,296	6,206	70,502
Actuarial gains from remeasurement of defined benefit obligations	-	-	-	-	-	-	44	44	30	74
Exchange differences arising on translation of foreign operations	-	-	-	-	(7,690)	-	-	(7,690)	(356)	(8,046)
Total comprehensive (expense) income for the period	-	-	-	-	(7,690)	-	64,340	56,650	5,880	62,530
Recognition of equity-settled share-based payments (Note 18)	-	-	-	2,303	-	-	-	2,303	-	2,303
Dividends recognised as distribution (Note 9)	-	(56,035)	-	-	-	-	-	(56,035)	-	(56,035)
At 30 June 2021 (unaudited)	1,830	760,307	-	4,772	(48,770)	38,919	437,052	1,194,110	71,093	1,265,203
At 1 January 2022 (audited)	1,830	760,307	(6,792)	8,986	(60,752)	43,909	506,892	1,254,380	75,394	1,329,774
Profit for the period	-	-	-	-	-	-	54,591	54,591	11,598	66,189
Actuarial gains from remeasurement of defined benefit obligations	-	-	-	-	-	-	77	77	51	128
Exchange differences arising on translation of foreign operations	-	-	-	-	31,104	-	-	31,104	(462)	30,642
Total comprehensive income for the period	-	-	-	-	31,104	-	54,668	85,772	11,187	96,959
Acquisition of a non-wholly owned subsidiary (Note 11)	-	-	-	-	-	-	-	-	7,133	7,133
Purchase of shares under RSU Scheme (Note 18(i))	-	-	(3,198)	-	-	-	-	(3,198)	-	(3,198)
Recognition of equity-settled share-based payments (Note 18)	-	-	-	4,893	-	-	-	4,893	-	4,893
Exercise of share options	-*	31	-	(6)	-	-	-	25	-	25
Dividends recognised as distribution (Note 9)	-	(62,251)	-	-	-	-	-	(62,251)	-	(62,251)
At 30 June 2022 (unaudited)	1,830	698,087	(9,990)	13,873	(29,648)	43,909	561,560	1,279,621	93,714	1,373,335

Note: Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the statutory reserve. The statutory reserve is discretionary when the reserve balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary.

Pursuant to the relevant laws in Taiwan, Taiwan companies shall set aside 10% of their statutory net income each year for the statutory reserve, until the reserve balance has reached the paid-in share capital amount.

These above-mentioned reserves cannot be used for purposes other than those for which they were created and are not distributable as cash dividends.

* Less than RMB1,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	43,127	(17,117)
INVESTING ACTIVITIES		
Interest received	4,666	3,127
Dividend received	585	585
Purchases of property and equipment	(3,330)	(1,721)
Placement of structured deposits	–	(150,402)
Settlement of structured deposits	–	181,911
Placement of time deposits	(442,285)	(78,654)
Withdrawal of time deposits	301,868	307,584
Settlement of consideration receivables from disposal of subsidiaries	989	1,298
Net cash inflow on acquisition of a subsidiary	20	–
Development costs paid	(5,211)	(5,697)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(142,698)	258,031
FINANCING ACTIVITIES		
Interest paid	(1,101)	(1,497)
Proceeds from exercise of share options	25	–
Repayment of lease liabilities	(18,539)	(15,403)
Payments on repurchase of shares	(3,198)	–
NET CASH USED IN FINANCING ACTIVITIES	(22,813)	(16,900)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(122,384)	224,014
CASH AND CASH EQUIVALENTS AT 1 JANUARY	795,349	677,908
Effect of foreign exchange rate changes	13,937	(4,455)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	686,902	897,467

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. GENERAL AND BASIS OF PREPARATION

ManpowerGroup Greater China Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 26 September 2014. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 July 2019. The addresses of the Company’s registered office and principal place of business in the PRC are PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and 36/F, Xin Mei Union Square, No. 999, Pudong Road (S), Pudong District, Shanghai, PRC, respectively.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in the provision of a comprehensive range of workforce solutions and services in the PRC, Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan (collectively referred as “Greater China Region”).

The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Segment information

Information reported to the Chief Executive Officer, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

1. Workforce Solutions – the Group provides the following services to its customers:
 - Flexible staffing service for which the Group helps to provide contingent workers for customers who wish to manage their own headcount or only require workers for limited time or a specific project. The Group provides contingent workers contracted with the Group that it finds suitable for the job descriptions and assign them to the customers.
 - Recruitment solutions services include recruitment process outsourcing management services and recruitment services. The Group assists customers’ hiring process, which include candidate assessments, screening, conducting candidate interviews and recommending suitable candidates for job vacancies, providing sourcing technology, and providing the Group’s marketing and recruiting expertise.
2. Other Human Resource (“HR”) Services – the Group provides HR services to customers who need assistance in outplacement, leadership development, career management, talent assessment, and training and development services.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segment:

Six months ended 30 June 2022

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue	2,218,416	9,913	2,228,329
Segment profit	290,784	6,530	297,314
Unallocated:			
Selling expenses			(185,755)
Administrative expenses			(40,469)
Other income			5,354
Impairment losses under ECL model, net of reversal			(1,458)
Other gains and losses			6,754
Finance costs			(1,101)
Share of profit of associates			2,233
Profit before tax			82,872

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment revenue and results (Continued)****Six months ended 30 June 2021**

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue	1,855,092	15,869	1,870,961
Segment profit	276,820	11,117	287,937
Unallocated:			
Selling expenses			(167,023)
Administrative expenses			(35,400)
Other income			3,813
Impairment losses under ECL model, net of reversal			(2,200)
Other gains and losses			1,014
Finance costs			(1,497)
Share of profit of associates			647
Profit before tax			87,291

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations of customers.

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
The PRC	1,437,771	1,153,556
Hong Kong and Macau	298,584	284,186
Taiwan	491,974	433,219
	2,228,329	1,870,961

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the gross profit earned by each segment without allocation of selling expenses, administrative expenses, other income, impairment losses under ECL model, net of reversal, other gains and losses, finance costs and share of profit of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both periods.

Segment assets and liabilities

Information reported to the CODM for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

3. REVENUE AND SEGMENT INFORMATION (Continued)**Disaggregation of revenue****Six months ended 30 June 2022**

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of service			
Flexible staffing	2,101,305	–	2,101,305
Recruitment solutions	117,111	–	117,111
Others	–	9,913	9,913
	2,218,416	9,913	2,228,329
Timing of revenue recognition			
A point in time	110,630	–	110,630
Over time	2,107,786	9,913	2,117,699
	2,218,416	9,913	2,228,329

Six months ended 30 June 2021

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of service			
Flexible staffing	1,739,341	–	1,739,341
Recruitment solutions	115,751	–	115,751
Others	–	15,869	15,869
	1,855,092	15,869	1,870,961
Timing of revenue recognition			
A point in time	109,472	–	109,472
Over time	1,745,620	15,869	1,761,489
	1,855,092	15,869	1,870,961

3. REVENUE AND SEGMENT INFORMATION (Continued)**Information about customer types**

The Group's customers mainly consist (i) multinational corporations and local enterprises and (ii) government bodies in Greater China Region. Revenue analysis by customer type is as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Multinational corporations and local enterprises	2,135,648	1,782,652
Government bodies	92,681	88,309
	2,228,329	1,870,961

4. OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest income	4,356	3,127
Dividend income from equity instruments at FVTOCI	585	585
Others	413	101
	5,354	3,813

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Net exchange gains (losses)	6,754	(438)
Gain from changes in fair value of financial assets designated as at fair value through profit or loss	—	1,452
	6,754	1,014

6. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest on lease liabilities	1,101	1,497

7. INCOME TAX EXPENSE

During the six months ended 30 June 2022, the Group had recognised current tax expense of approximately RMB15,785,000 (six months ended 30 June 2021: RMB15,900,000) and deferred tax expense of approximately RMB898,000 (six months ended 30 June 2021: RMB889,000).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2022 and 2021. The Group's subsidiaries that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% for those non-PRC tax resident immediate holding companies registered in Hong Kong, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

Certain PRC subsidiaries of the Group were qualified as Small Low-Profit Enterprise, under the relevant tax regulations in the PRC, which were entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime for the six months ended 30 June 2022 and 2021. Under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 2.5% (six months ended 30 June 2021: 2.5%), and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 5% (six months ended 30 June 2021: 10%).

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2022 and 2021.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollar ("HK\$") 2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

Macau Complementary Tax is calculated at progressive rate ranging from 3% to 9% on the estimated assessable profit below or equal to Macau Pataca ("MOP") 300,000 and at 12% on the estimated assessable profits above MOP300,000 for the six months ended 30 June 2022 and 2021. In addition, a special complementary tax incentive was provided to the effect that the tax-free income threshold was increased from MOP32,000 to MOP600,000 with the estimated assessable profit above MOP600,000 being taxed at 12% for the six months ended 30 June 2022 and 2021.

Taiwan Income Tax is calculated at 20% of the estimated assessable profit when such amount is above New Taiwan dollar 120,000 for the six months ended 30 June 2022 and 2021. Under the relevant regulations in Taiwan, unappropriated earnings of subsidiaries in Taiwan is subject to a corporate surtax of 5%. Withholding tax of 21% is imposed on dividends declared in respect of profits earned by Taiwan subsidiaries that are received by non-Taiwan resident entities.

7. INCOME TAX EXPENSE (Continued)

The Company incorporated in Cayman Islands is not subject to income tax or capital gain tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The group entities established in the British Virgin Islands (“BVI”) are not subject to income tax or capital gain tax under the law of BVI.

Under the EIT Law of the PRC and relevant laws and regulations in Taiwan, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards and Taiwan subsidiaries, that are received by non-local resident entities. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries and Taiwan subsidiaries in aggregate amounting to approximately RMB255.2 million (31 December 2021: RMB229.6 million) as at 30 June 2022, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments		
Fees	300	300
Salaries, allowances and other benefits	1,649	2,663
Retirement benefit scheme contributions	49	73
Performance related bonus	618	1,569
Equity-settled share based expense	797	155
	3,413	4,760
Depreciation of property and equipment	2,916	2,649
Depreciation of right-of-use assets	17,221	15,004
Expenses related to short-term leases	577	327
Amortisation of intangible assets	2,996	1,280
Research and development costs recognised as an expense	–	25

During the six months ended 30 June 2022, the Group recognised government grants by deducting from the related expenses in respect of COVID-19-related subsidies which mainly related to Employment Support Scheme provided by the Hong Kong government.

9. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2021 of HK\$0.37 per ordinary share, in an aggregate amount of approximately HK\$76.8 million (equivalent to approximately RMB62.3 million), has been proposed by the directors of the Company and approved by the shareholders of the Company. The dividend was paid in July 2022.

During the six months ended 30 June 2021, a final dividend in respect of the year ended 31 December 2020 of HK\$0.32 per ordinary share, in an aggregate amount of approximately HK\$66.4 million (equivalent to approximately RMB56 million) was declared and paid to the owners of the Company.

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK\$1.60 per ordinary share in respect of the six months ended 30 June 2022, in an aggregate amount of approximately HK\$332 million (equivalent to approximately RMB283.9 million), will be paid to owners of the Company whose names appear in the register of members of the Company as at the close of business on 20 September 2022.

No interim dividend was proposed or paid in respect of the six months ended 30 June 2021.

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	54,591	64,296

Number of shares

	Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	206,543,646	207,500,000
Effect of dilutive potential ordinary shares:		
Unvested restricted share units	112,128	–
Share options issued by the Company	–	138,005
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	206,655,774	207,638,005

10. EARNINGS PER SHARE (Continued)**Number of shares (Continued)**

During the six months ended 30 June 2022, the weighted average numbers of ordinary shares for the calculation of basic and diluted earnings per share have been adjusted for the effect of certain shares held by the trustee pursuant to the RSU Scheme.

The computation of diluted earnings per share for the six months ended 30 June 2022 did not assume the exercise of share options granted by the Company because the exercise prices of those options were higher than the average market prices for shares of the Company for the six months ended 30 June 2022.

The computation of diluted earnings per share for the six months ended 30 June 2021 did not assume the exercise of certain share options granted by the Company because the exercise prices of those options were higher than the average market prices for shares of the Company for the six months ended 30 June 2021.

11. MOVEMENTS IN PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND GOODWILL**Property and equipment**

During the six months ended 30 June 2022, the Group had additions of property and equipment of approximately RMB3,330,000 (six months ended 30 June 2021: RMB1,721,000).

Right-of-use assets

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 2 to 3 years (six months ended 30 June 2021: 2 to 3 years). The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of approximately RMB11,676,000 (six months ended 30 June 2021: RMB4,932,000) and lease liabilities of approximately RMB11,676,000 (six months ended 30 June 2021: RMB4,932,000).

Goodwill

On 19 January 2022, the Group acquired 51.1% equity interest in Shanghai Pingehuo Technology Co., Ltd. ("Shanghai Pingehuo"), which is engaged in flexible staffing business, by capital contribution of RMB7,665,000 into Shanghai Pingehuo to complement the Group's flexible staffing business. This acquisition was completed on 21 January 2022 and has been accounted for using the acquisition method. The non-controlling interests in Shanghai Pingehuo (48.9%) recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of Shanghai Pingehuo and amounted to approximately RMB7,133,000. The amount of provisional goodwill arising as a result of the acquisition was RMB257,000. The provisional goodwill arising from the acquisition is determined on a provisional basis as the Group is in the process of completing the identification of separable intangible assets and independent valuation to assess the provisional fair value of identifiable assets acquired. The amounts may be adjusted upon the completion of initial accounting which shall not exceed one year from the acquisition date. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

12. INTERESTS IN ASSOCIATES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Cost of investments in associates	23,851	23,851
Share of post-acquisition profits and other comprehensive income, net of dividends received	4,288	2,055
	28,139	25,906

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Trade receivables	692,437	656,658
Less: allowance for credit losses	(5,660)	(9,461)
Total trade receivables	686,777	647,197
Deposits, prepayments and other receivables	46,927	55,012
Consideration receivables (<i>note</i>)	10,760	11,749
Total trade and other receivables, deposits and prepayments	744,464	713,958
Analysed as:		
– Non-current	28,416	28,488
– Current	716,048	685,470
	744,464	713,958

Note: The outstanding consideration receivables arising on disposal of a subsidiary of RMB10,760,000 at 30 June 2022 (31 December 2021: RMB11,749,000) will be settled by instalments by December 2027 and were, accordingly, adjusted for the effect of the time value of money using an effective interest rate of 4.9% per annum. Such consideration receivables are recorded on the condensed consolidated statement of financial position of the Group as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Consideration receivables:		
– Non-current	9,784	9,558
– Current	976	2,191
	10,760	11,749

The Group generally allows average credit period of 30–90 days to its customers.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The table below is an ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date as at the end of the reporting period.

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
0–30 days	593,699	585,231
31–60 days	46,813	34,458
61–90 days	24,763	15,124
Over 90 days	21,502	12,384
	686,777	647,197

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 for assessment of ECL are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

14. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/ A NON-CONTROLLING SHAREHOLDER

The amounts due from fellow subsidiaries of approximately RMB602,000 (31 December 2021: RMB495,000) at 30 June 2022 are trade related, unsecured, non-interest bearing and repayable on demand.

The amount due from a non-controlling shareholder of approximately RMB7,335,000 (31 December 2021: Nil) at 30 June 2022 is non-trade related, unsecured, non-interest bearing and repayable on demand.

The following is an ageing analysis of amounts due from fellow subsidiaries (trade related) at the end of the reporting period, presented based on the invoice date:

	Amount due from fellow subsidiaries	
	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
0–30 days	289	253
31–60 days	167	220
61–90 days	72	22
Over 90 days	74	–
	602	495

The directors of the Company considered that the ECL for the amounts due from fellow subsidiaries and a non-controlling shareholder is insignificant as at 30 June 2022 and 2021.

14. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A NON-CONTROLLING SHAREHOLDER (Continued)

The amounts due to ultimate holding company of approximately RMB7,536,000 (31 December 2021: RMB7,204,000) at 30 June 2022 are non-trade related, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due to ultimate holding company of approximately RMB2,169,000 (31 December 2021: RMB3,004,000) and fellow subsidiaries of approximately RMB479,000 (31 December 2021: RMB465,000) at 30 June 2022 are trade related, unsecured, non-interest bearing and repayable on demand.

The following is an ageing analysis of amounts due to ultimate holding company and fellow subsidiaries (trade related) at the end of the reporting period, presented based on the invoice date:

	Amount due to ultimate holding company		Amounts due to fellow subsidiaries	
	At 30 June 2022	At 31 December 2021	At 30 June 2022	At 31 December 2021
	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)
0–30 days	1,061	887	72	59
31–60 days	846	900	–	–
61–90 days	262	925	–	–
Over 90 days	–	292	407	406
	2,169	3,004	479	465

15. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables at the end of the reporting period, presented based on the invoice date:

	At 30 June 2022	At 31 December 2021
	RMB'000 (unaudited)	RMB'000 (audited)
0–30 days	17,272	17,409
31–60 days	24	–
61–90 days	–	47
Over 90 days	206	–
	17,502	17,456

16. CONTRACT LIABILITIES

The Group requires advanced payments from certain customers mainly from flexible staffing services. When the Group receives advanced payments before the service commences, this will give rise to contract liabilities at the commencement of a contract, until the revenue recognised on the relevant contract exceeds the amount of the advanced payments. All of the contract liabilities at the end of the reporting periods were recognised as revenue in subsequent period.

17. SHARE CAPITAL

	Par value	Number of shares	Amount HK\$	Shown in the financial statements RMB'000
Ordinary shares				
Authorised:				
At 1 January 2021 (audited), 30 June 2021 (unaudited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	HK\$0.01	1,520,000,000	15,200,000	
Issued and fully paid:				
At 1 January 2021 (audited), 30 June 2021 (unaudited) and 1 January 2022 (audited)	HK\$0.01	207,500,000	2,075,000	1,830
Exercise of share options	HK\$0.01	3,500	35	—*
At 30 June 2022 (unaudited)	HK\$0.01	207,503,500	2,075,035	1,830

* Less than RMB1,000.

18. SHARE-BASED PAYMENT TRANSACTIONS

(i) Share options scheme ("Share Options Scheme") of the Company

The Company's Share Options Scheme was adopted pursuant to a resolution passed on 5 June 2019 for the primary purpose of providing incentives to directors of the Company and eligible employees, and will expire on 5 June 2029, subjected to earlier termination by the Company in general meeting or by the board of directors. Under the Share Options Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 30 June 2022, the number of shares in respect of which options had been granted and remained outstanding under the Share Options Scheme was 11,636,125 (31 December 2021: 8,961,000), representing 5.6% (31 December 2021: 4.3%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Options Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the global offering of the shares of the Company, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period up to date of offer is not permitted to exceed an aggregate 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of an aggregate 0.1% of the Company's share in issue in the 12-month period up to and including the date of offer and with an aggregate value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(i) Share Options Scheme of the Company (Continued)

The period during which an option may be exercised will be determined by the board of directors in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of offer, (ii) the average closing price of the shares for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Company's share.

On 20 September 2019, the Company granted 3,862,000 share options at exercise price of HK\$10.94 per share option ("2019 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,862,000 shares under the Scheme. On 9 April 2021, the Company modified the vesting conditions of the 2019 Share Options. After the modification, the 2019 Share Options shall be vested on 20 September 2022 conditionally upon fulfillment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit. The incremental fair value will be expensed over the remaining vesting periods.

On 8 April 2020, the Company granted 3,967,000 share options at exercise price of HK\$8.76 per share option ("2020 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,967,000 shares under the Share Options Scheme. The 2020 Share Options shall be vested on 8 April 2023 conditionally upon fulfillment of the performance targets based on the growth rate of the Company's audited net profit. On 9 April 2021, the Company modified certain terms of the 2020 Share Options. After the modification, 50% of the 2020 Share Options and 50% of the 2020 Share Options shall be vested on 7 April 2022 and 7 April 2023, respectively, conditionally upon fulfillment of the performance targets based on the growth rate of the Company audited revenue or adjusted net profit. The incremental fair value will be expensed over the remaining vesting periods.

On 9 April 2021, the Company granted 3,858,000 share options at exercise price of HK\$10.00 per share option ("2021 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,858,000 shares under the Share Options Scheme. The 2021 Share Options shall be vested in two tranches, among which, 1,929,000 share options granted shall be vested on 8 April 2022 and another 1,929,000 share options granted shall be vested on 8 April 2023, respectively, conditionally upon fulfillment of the performance targets based on the growth rate of the Company audited revenue or adjusted net profit.

On 31 March 2022, the Company granted 3,930,000 share options at exercise price of HK\$8.61 per share option ("2022 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,930,000 shares under the Share Options Scheme. The 2022 Share Options shall be vested in two tranches, among which 1,965,000 Share Options (the "2022 Tranche 1 Share Options") granted shall be vested on 30 March 2023 and another 1,965,000 Share Options (the "2022 Tranche 2 Share Options") granted shall be vested on 30 March 2024 subject to below vesting conditions:

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(i) Share Options Scheme of the Company (Continued)****2022 Tranche 1 Share Options**

- (i) 25% of Tranche 1 Share Options shall be vested on 30 March 2023 with no performance targets requirement;
- (ii) 75% of Tranche 1 Share Options shall be vested on 30 March 2023 conditionally upon fulfilment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit.

2022 Tranche 2 Share Options

- (i) 25% of Tranche 2 Share Options shall be vested on 30 March 2024 with no performance targets requirement;
- (ii) 75% of Tranche 2 Share Options shall be vested on 30 March 2024 conditionally upon fulfilment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit.

The following table discloses movements of the Company's share options:

	Exercise price	Date of grant	Number of share options				Outstanding at 30 June 2022
			Outstanding at 1 January 2022	Granted during period	Exercised during period	Lapsed/ Forfeited during period	
Directors of the Company	HK\$10.94	20 September 2019	200,000	-	-	-	200,000
	HK\$8.76	8 April 2020	300,000	-	-	(18,750)	281,250
	HK\$10.00	9 April 2021	400,000	-	-	(25,000)	375,000
	HK\$8.61	31 March 2022	-	400,000	-	-	400,000
Employees	HK\$10.94	20 September 2019	2,238,000	-	-	(100,000)	2,138,000
	HK\$8.76	8 April 2020	2,523,000	-	(3,500)	(481,125)	2,038,375
	HK\$10.00	9 April 2021	3,300,000	-	-	(626,500)	2,673,500
	HK\$8.61	31 March 2022	-	3,530,000	-	-	3,530,000
			<u>8,961,000</u>	<u>3,930,000</u>	<u>(3,500)</u>	<u>(1,251,375)</u>	<u>11,636,125</u>
Exercisable at the end of the period			<u>-</u>				<u>2,307,250</u>
Weighted average exercise price (HK\$)			<u>9.87</u>	<u>8.61</u>	<u>8.76</u>	<u>9.58</u>	<u>9.47</u>

The estimated fair values of the options granted on 20 September 2019, 8 April 2020, 9 April 2021 and 31 March 2022 are approximately RMB3,017,000, RMB4,530,000, RMB5,072,000 and RMB5,173,000, respectively.

During the current interim period, the Group recognised the total expense of approximately RMB3,306,000 (six months ended 30 June 2021: RMB2,303,000) in relation to the share options granted by the Company.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(i) Share Options Scheme of the Company (Continued)**

The following assumptions were used to calculate the fair value of share options:

	2022	2021	2020	2020	2019	2019
	Share Options	Share Options	Share Options (after modification)	Share Options (before modification)	Share Options (after modification)	Share Options (before modification)
Exercise price	HK\$8.61	HK\$10.00	HK\$8.76	HK\$8.76	HK\$10.94	HK\$10.94
Expected volatility	38.05%	38.48%	38.48%	34.47%	38.48%	30.16%
Expected life	4-5 years	4-5 years	4-5 years	6 years	4.45 years	6 years
Risk-free rate	1.80%-1.97%	0.46%-0.70%	0.46%-0.70%	0.71%	0.57%	1.27%
Expected dividend yield	4.30%	3.31%	3.31%	3.15%	3.31%	2.79%
Exercise multiple	2.2-2.8	2.2-2.8	2.2-2.8	2.2-2.8	2.2-2.8	2.2-2.8

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors of the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions.

(ii) RSU Scheme of the Company

The Company's RSU Scheme was adopted pursuant to a resolution passed on 10 June 2021 for the primary purpose of providing incentives to directors of the Company and eligible employees. The RSU Scheme will be valid and effective for a period of ten years commencing on 10 June 2021.

The maximum number of restricted share units ("RSUs") that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall not exceed 2.5% of the number of shares in issue from time to time.

The Company has entered into a trust deed with the trustee for the purpose of facilitating the purchase and holding of shares of the Company and the administration of the RSU Scheme.

On 10 June 2021, an aggregate of 780,000 RSUs ("2021 June RSU Awards") were granted to directors of the Company and eligible employees pursuant to the RSU Scheme, representing 0.38% of the shares of the Company in issue at that date. The fair value of the RSUs granted is measured with reference to the closing price of the ordinary shares of the Company at the grant date. The 2021 June RSU Awards shall be vested conditionally over 36 months from the grant date. The 2021 June RSU Awards will be satisfied, upon the satisfaction or waiver of all the relevant vesting conditions, by existing shares of the Company to be acquired by the trustee through on-market purchases.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(ii) RSU Scheme of the Company (Continued)**

On 9 September 2021, an aggregate of 91,105 RSUs (“2021 September RSU Awards”) were granted to directors of the Company pursuant to the RSU Scheme, representing 0.044% of the shares of the Company in issue at that date. The fair value of the RSUs granted is measured with reference to the closing price of the ordinary shares of the Company at the grant date. The 2021 September RSU Awards shall be vested conditionally over 36 months from the grant date. The 2021 September RSU Awards will be satisfied, upon the satisfaction or waiver of all the relevant vesting conditions, by existing shares of the Company to be acquired by the trustee through on-market purchases.

On 31 March 2022, an aggregate of 1,031,000 RSUs (“2022 March RSU Awards”) were granted to directors of the Company and eligible employees pursuant to the RSU Scheme, representing 0.5% of the shares of the Company as at the date. The fair value of the RSUs granted is measured with reference to the closing price of the ordinary shares of the Company at the grant date. The 2022 March RSU Awards shall be vested conditionally over 36 months from the grant date. The 2022 March RSU Awards will be satisfied, upon the satisfaction or waiver of all the relevant vesting conditions, by existing shares of the Company to be acquired by the trustee through on-market purchases.

During the period ended 30 June 2022, the Company purchased 413,750 shares of the Company’s own ordinary shares in the market through the trustee of the RSU Scheme, at prices ranging from HK\$8.69 to HK\$9.29 per share for an aggregate consideration of approximately RMB3,198,000 (six months ended 30 June 2021: Nil).

The following tables disclose movements of the Company’s RSUs:

	Date of grant	Number of RSUs			Outstanding at 30 June 2022
		Outstanding at 1 January 2022	Granted during period	Forfeited during period	
Directors of the Company	10 June 2021	130,000	–	–	130,000
	9 September 2021	91,105	–	–	91,105
	31 March 2022	–	291,000	–	291,000
Employees	10 June 2021	637,000	–	(65,000)	572,000
	31 March 2022	–	740,000	–	740,000
		858,105	1,031,000	(65,000)	1,824,105

During the current interim period, the Group recognised the total expense of approximately RMB1,587,000 (six months ended 30 June 2021: Nil) in relation to the RSUs granted by the Company.

19. RELATED PARTY DISCLOSURES

In addition to the transactions and balances disclosed elsewhere in the condensed consolidation financial statements, the Group had entered into the following significant related party transactions:

Nature of transaction		Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Ultimate holding company	License fee expense	4,556	4,253
	Information technology services expense	16	39
	Manpower Employment Outlook		
Fellow subsidiaries	Survey license fee expense	183	46
	Flexible staffing service income	2,173	1,442
	Flexible staffing service expense	290	226
	Other HR services income	304	477

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period was as follows:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Short-term employee benefits	8,684	12,548
Post-employment benefits	247	241
Share-based payments	797	235
	9,728	13,024

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values to various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2022	31 December 2021				
	RMB'000 (unaudited)	RMB'000 (audited)				
Unlisted equity investments classified as equity instruments at FVTOCI	9,705	9,705	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Revenue growth rate Discount rate of 25.53% (31 December 2021: 25.53%)	The higher the revenue growth rate, the higher the fair value. A 1% decrease in the revenue growth rate, holding all other variables constant, would decrease the carrying amount of the equity investments by RMB6,000 (31 December 2021: RMB6,000), vice versa. The higher the discount rate, the lower the fair value. A 1% increase in the discount rate, holding all other variables constant, would decrease the carrying amount of the equity investments by RMB88,000 (31 December 2021: RMB88,000), vice versa.

There was no transfer among the different levels of the fair value hierarchy for both periods.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(ii) Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 fair value measurements of unlisted investments classified as equity instruments at FVTOCI during the reporting period:

	Unlisted investments classified as equity instruments at FVTOCI RMB'000
At 1 January 2021 (audited), 31 December 2021 (audited) and 30 June 2022 (unaudited)	9,705

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

(iv) Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation or obtain relevant data from banks or other relevant parties, if applicable. The finance department of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

21. SURETY BONDS AND CONTINGENT LIABILITY

Certain customers of service contracts undertaken by the Group require the Group to issue guarantees for performance of contract works in the form of surety bonds.

The Group had outstanding performance bonds, for which restricted bank deposits are pledged, as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Issued by the banks	9,280	8,887

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group has no significant events after the end of the reporting period.