

INTERIM REPORT 2021



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 2021, the Group served a broad range of corporate and government clients in over 210 cities in the Greater China markets, operating more than 30 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 2021 (the “Period”), the Group had served over 270 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 Directors

Mr. CUI Zhihui
(appointed with effect from 31 March 2021)
Mr. YUAN Jianhua
(resigned with effect from 31 March 2021)

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

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
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

HEAD OFFICE IN THE PRC

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Pudong District, Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2303-04, 9 Chong Yip Street
Kwun Tong, Kowloon
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR IN CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL BANKS

Shanghai Securities Building branch,
Industrial and Commercial Bank of China

The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

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STOCK CODE

2180

INVESTOR RELATIONS CONTACTS

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The Wonderful Sky Financial Group Holdings Limited
Email: manpowergrc@wsfg.hk

Financial Highlights

The below table sets out the key financial highlights of the Group during the six months ended 30 June 2021:

	Six months ended 30 June		Change in percentage %
	2021 (RMB'000)	2020 (RMB'000)	
Revenue	1,870,961	1,603,205	16.7%*
Profit attributable to owners of the Company	64,296	56,057	14.7%
Adjusted profit attributable to owners of the Company	66,599	57,010	16.8%
Average revenue generated per employee**	1,704	1,498	13.8%
Average adjusted profit generated per employee**	60.7	53.3	13.9%

* Revenue of Mainland China flexible staffing increased by approximately 34.3% in the first half of 2021 compared with the same period last year

** The number of full time employees of the Group as at 30 June 2021 and 30 June 2020 are set out in "Key operating metrics" section on page 10 of this report

Management Discussion and Analysis

BUSINESS REVIEW

During the first half of 2021, the Group has seen improving economic environment and continued resilience of its diverse business segments coupled with a strong execution of its strategic initiatives. Despite the ongoing challenges from COVID-19, the Group has been able to keep up fast-growing momentum in its flexible staffing business in Mainland China and maintain a stable growth in Taiwan. The flexible staffing business in Hong Kong recorded negative growth in the first half of 2021 due to declining businesses from its multinational clients (MNCs) as a result of the continuous impact from COVID-19. However, we are encouraged to see the benefit of our diversified portfolio of services with strong recovery of the recruitment solutions segment across the Greater China area, which had rebounded significantly from negative growth during the same period last year.

According to the Industry Report on Human Resource Service Market issued by China Insights Consultancy in August 2021, the Company is the largest player in the workforce solutions market targeting talent throughout Greater China by its revenue in 2020. With its strong market position, the Group continued a robust growth during the first half of 2021. Total revenue of the Group increased to RMB1,871.0 million, representing a growth of approximately 16.7% compared to the same period of 2020. Revenue generated from the flexible staffing business segment grew by approximately 15.4% on a year over year basis to RMB1,739.3 million, of which the flexible staffing revenue from Mainland China recorded an increase of approximately 34.3% compared with the same period last year. Revenue generated from the recruitment solutions segment increased significantly to RMB115.8 million, up 32.8% on a year over year basis from the same period last year. During the Period, net profit attributable to owners of the Company increased to RMB64.3 million, representing a growth of approximately 14.7% year over year. Adjusted net profit attributable to owners of the Company, after taking into account of the stock option expenses, increased by approximately 16.8% to RMB66.6 million on a year over year basis.

The Group continued to expand its service offerings in Mainland China during the first half of the year, particularly in the flexible staffing business. 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 19% from approximately 21,000 as of 30 June 2020 to approximately 25,000 as of 30 June 2021, among which the total number of associates placed in Mainland China grew significantly by approximately 40%.

During the Period, the Group streamlined its geographical operational structures in Mainland China, expanded into under-penetrated regions in southern, central, and western China, such as Wuhan and Chengdu, and bolstered its strong market position in tier-one cities such as Shanghai, Beijing, Guangzhou and Hong Kong. In addition, the Group strengthened its business development capabilities in the New Economy and Technology sector, with the number of clients from such sector increasing by around 320 compared with the end of 2020. During the Period, the Group remained committed to growing its existing accounts, with revenue contribution from its top 5 clients increasing by approximately 37.1% and accounting for approximately 37.6% of its total revenue for the Period. Furthermore, the Group managed to further tighten its turnover days of trade receivables to 50.2 days for the Period from 52.7 days of the same period last year, reflecting strong cash flow management capabilities and prudent risk control.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

To implement its strategic initiatives of digitalisation, the Group further strengthened its internal technological infrastructure including upgrading the internal systems for 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.

By 30 June 2021, the Group's candidate job portal (天天U才) had recorded around 38,000 Monthly Active User (MAU) with approximately 7,200 positions posted; the crowdsourcing platform (天天U單) had posted around 3,800 positions during the Period; the Group's employee welfare platform (天天U福) had registered over 21,000 members. In addition, the Group's HR SaaS platform has been providing specialised human resources services across Mainland China, Hong Kong, Taiwan and Macau. As of 30 June 2021, the Group's talent pool has reached a total number of around 5.4 million.

The Group's efforts in providing customized and professional services to its clients in the Greater China region have been recognized with a number of awards, including "Leading Human Resources Service Organization in 2020" (「2020年度人力資源服務機構」) by HRoot, "2021 Top100 Human Resources Service Organization" (「中國人力資源服務機構100強」) by TopHR, "2021 Recruitment & Staffing Solution Power Value Awards" (「2021中國招聘與任用供應商價值大獎—白領崗位+服務業」) by HREC, and "2020 HR Tech China Best Service Providers" (「中國人力資源科技最佳服務機構」) by HR Tech China.

OUTLOOK & STRATEGY

Expect to See Continued Recovery for the Rest of the Year

We are encouraged to see continued recovery for the rest of the year, though we are aware of ongoing uncertainties and potential regional lockdowns of COVID-19, the challenging economic environment, and geopolitical tension around the world.

In terms of business performance in different regions, the Group expects to continue to see strong growth momentum in its Mainland China flexible staffing business, driven by a higher penetration rate, the Group's leading market position, and its strong cash position. Further recovery of Taiwan will likely depend on the pace of easing restrictions of its own market and the pick-up of economic growth of western countries. For the recruitment solutions segment, the Group expects to see continuous recovery across the region for the rest of the year. In Hong Kong, the Group remains cautious on its flexible staffing segment due to declining demand from MNC clients. However, the turnaround of the outdoor marketing/promotion business is expected to contribute more profit to the region's performance in the medium term.

Management Discussion and Analysis

OUTLOOK & STRATEGY (Continued)**Flexible Staffing as Our Strategic Focus in 2021**

The Group's strategic focus in the second half of 2021 will remain on flexible staffing in Mainland China driven by organic growth, strategic investment and potential mergers and acquisitions (the "M&A"). 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 New Economy and Technology sector, and accelerating expansion into under-penetrated regions in southern, central, and western China to gain more market share, achieve greater economies of scale, and improve operational efficiency. To further strengthen the synergy between different product lines, the Group has been promoting the "All in Staffing" initiative internally in order to encourage cross-selling of flexible staffing products to existing and new clients.

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 its client base and take advantage of the synergy between the parties in order to maximize shareholder value. For the second half of 2021, the Group will actively consider opportunities of strategic acquisition and cooperation in order to strengthen its leadership position in the workforce solutions market.

The focus of the Group's M&A and cooperation strategy will remain on flexible staffing, especially on businesses and opportunities with the potential to broaden the Group's flexible staffing product offerings and create synergy between its different business lines.

Management Discussion and Analysis

OUTLOOK & STRATEGY (Continued)**Further Optimization of the Workforce Technology Platform**

For the second half of 2021, the Group will continue to optimize its workforce technology platform (「職場+」人力资源科技平台) with focus on three major service areas, i.e. work, training, and life, to provide full-rounded services to our clients and create more synergy between different technology products.

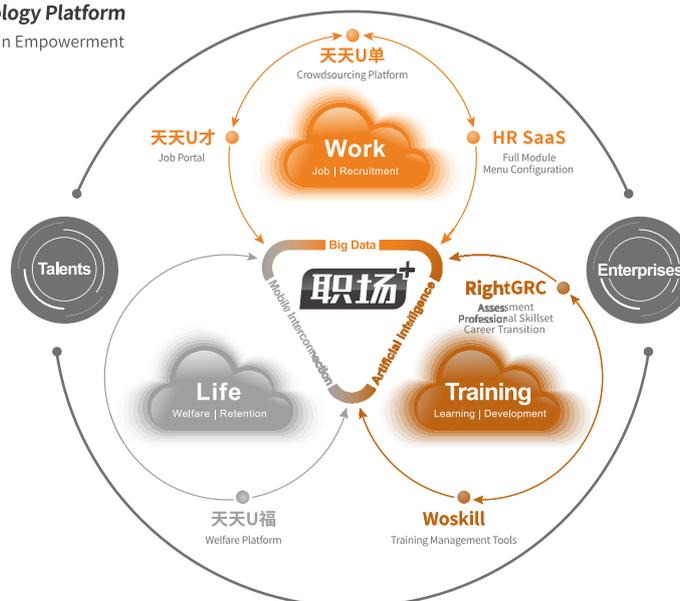
Under the “Work” service area, where the key focus and purpose of our products is to provide comprehensive and efficient flexible staffing and recruitment services to both our enterprise clients and to candidates with the help of artificial intelligence technology and big data analysis to realize more efficient and accurate candidate-position matching, raise order filling rate and achieve synergy between different business lines.

Under the “Training” service area, the platform specializes in providing training courses to employees of our clients and to our candidates for skillset upgrades and career development. We currently have built up the “WoSkill” platform which mainly focuses on professional skillset training and the “Right GRC” platform which is aimed at leadership development for executives.

Under the “Life” service area, the focus is to provide the Group’s associates and the employees of its clients with services, including benefit management and travelling management, to promote work life balance and develop employee-friendly corporate culture.

The Group will continue to work on the integration of the above three major service areas and create more synergy between different technology products and between business lines to provide top-class comprehensive workforce solutions for our clients, associates and candidates in the future.

职场+ Workforce Technology Platform
Technology Ecosystem, Win-win Empowerment



Management Discussion and Analysis

OUTLOOK & STRATEGY (Continued)**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	
	2021	2020
Flexible staffing		
Number of associates placed during the period (approximately)	25,000	21,000
Number of candidates in flexible talent database (in thousands)	1,700	1,700
Recruitment solutions		
Number of placements during the period (approximately)	3,500	2,400
Number of candidates in recruitment services database (in thousands)	3,687	3,860
Number of recruiters (approximately)	283	365
Overall		
Number of full time employees (approximately)	1,098	1,070

FINANCIAL REVIEW**Revenue**

During the six months ended 30 June 2021, 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 %
	2021 (RMB’000)	2020 (RMB’000)	
Revenue			
Workforce solution services			
Flexible staffing	1,739,341	1,506,983	15.4%
Recruitment solutions	115,751	87,176	32.8%
Other HR services	15,869	9,046	75.4%
Total	1,870,961	1,603,205	16.7%

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)**Revenue (Continued)**

The revenue of the Group increased by approximately 16.7% from RMB1,603.2 million for the six months ended 30 June 2020 to RMB1,871.0 million for the six months ended 30 June 2021. This increase was attributable to the following:

- (i) the increase in revenue generated from flexible staffing by approximately by 15.4% from RMB1,507.0 million for the six months ended 30 June 2020 to RMB1,739.3 million for the six months ended 30 June 2021, primarily due to the increase in number of associates placed during the Period as a result of the expansion of the Group's flexible staffing business in China;
- (ii) the increase in revenue generated from recruitment solutions by approximately by 32.8% from RMB87.2 million for the six months ended 30 June 2020 to RMB115.8 million for the six months ended 30 June 2021, primarily due to the increase in number of successful placements made during the Period owing to the recovery from COVID-19; and
- (iii) the increase in revenue generated from other HR services by approximately by 75.4% from RMB9.0 million for the six months ended 30 June 2020 to RMB15.9 million for the six months ended 30 June 2021, primarily due to the increase in revenue generated from HR consultancy services of Right Management and government solution services in China.

During the six months ended 30 June 2021, 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 %
	2021 (RMB'000)	2020 (RMB'000)	
Revenue			
The PRC	1,153,556	862,895	33.7%
Hong Kong and Macau	284,186	334,337	(15.0%)
Taiwan	433,219	405,973	6.7%
Total	1,870,961	1,603,205	16.7%

Cost of services

The Group's cost of services increased by approximately 16.6% from RMB1,358.1 million for the six months ended 30 June 2020 to RMB1,583.0 million for the six months ended 30 June 2021. This increase was generally in line with the Group's revenue growth.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)**Gross profit and gross profit margin**

Gross profit represents revenue less cost of services. The Group's gross profit increased by approximately 17.5% from RMB245.1 million for the six months ended 30 June 2020 to RMB287.9 million for the six months ended 30 June 2021. The Group recorded a higher growth rate in gross profit than the growth rate in revenue for the six months ended 30 June 2021, which was primarily due to the larger gross profit contribution by the Group's recruitment solutions and other HR services, which had higher increase in revenue for the Period.

The Group's gross profit margin increased from approximately 15.3% for the six months ended 30 June 2020 to approximately 15.4% for the six months ended 30 June 2021, primarily due to the increase in proportion of revenue generated from recruitment solutions and other HR services which had higher gross profit margin as compared to 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		
	2021 (%)	2020 (%)	Change (%)
Workforce solution services			
Flexible staffing	10.0	10.6	(0.6)
Recruitment solutions	88.4	90.5	(2.1)
Other HR services	70.1	71.8	(1.7)
Overall	15.4	15.3	0.1

Selling and administrative expenses

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

The Group's selling expenses increased by approximately 8.5% from RMB153.9 million for the six months ended 30 June 2020 to RMB167.0 million for the six months ended 30 June 2021, primarily due to the increase of staff cost as a result of the expansion of the Group's flexible staffing business in China.

The Group's administrative expenses increased by approximately 60.9% from RMB22.0 million for the six months ended 30 June 2020 to RMB35.4 million for the six months ended 30 June 2021, primarily due to: (i) share options expense; (ii) the increase in marketing and advertising expenses, training expenses, travelling expenses; (iii) there was no reduction or waiver of social insurance contributions in China and no subsidies granted under Employment Support Scheme in Hong Kong during the Period.

The Group's selling expenses accounted for approximately 9.6% and 8.9% of its total revenue for the six months ended 30 June 2020 and 2021, respectively, while the Group's administrative expenses accounted for approximately 1.4% and 1.9% of its total revenue for the six months ended 30 June 2020 and 2021, respectively. The decrease in selling expenses as a percentage of total revenue was primarily due to the improvement in operational efficiency. The increase in administrative expenses as a percentage of total revenue was primarily due to share options expense, and the increase in expenditure on business promotion, business support and employee development.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

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 decreased by approximately 46.5% from RMB7.1 million for the six months ended 30 June 2020 to RMB3.8 million for the six months ended 30 June 2021.

Other gains and losses

The Group's other gains and losses consist of net exchange 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 decreased by approximately 42.9% from RMB1.75 million for the six months ended 30 June 2020 to RMB1.0 million for the six months ended 30 June 2021.

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.

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 increased by approximately 1.2% from RMB16.6 million for the six months ended 30 June 2020 to RMB16.8 million for the six months ended 30 June 2021.

The Group's effective income tax rate for the six months ended 30 June 2021 was approximately 19.2%, compared to approximately 21.5% for the six months ended 30 June 2020.

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 increased by approximately 14.7% from RMB56.1 million for the six months ended 30 June 2020 to RMB64.3 million for the six months ended 30 June 2021.

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 granted increased by approximately 16.8% from RMB57.0 million for the six months ended 30 June 2020 to RMB66.6 million for the six months ended 30 June 2021.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)**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 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	
	2021	2020
	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	64,296	56,057
Adjustment for:		
Expense in relation to stock options granted	2,303	953
Adjusted profit for the period attributable to owners of the Company	66,599	57,010

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 2021, the Group’s net current assets amounted to RMB1,034.6 million (31 December 2020: RMB1,034.4 million). Specifically, the Group’s total current assets increased from RMB1,585.8 million as at 31 December 2020 to RMB1,619.8 million as at 30 June 2021. The Group’s total current liabilities increased from RMB551.3 million as at 31 December 2020 to RMB585.2 million as at 30 June 2021. The increase in net current assets was primarily due to the increase in trade receivables as a result of the Group’s revenue growth.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Cash position

As at 30 June 2021, 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 RMB1,025.4 million (31 December 2020: RMB1,068.8 million). The decrease in bank balances and cash was primarily due to the cash outflow from business operations.

Indebtedness

As at 30 June 2021, the Group had lease liabilities of RMB54.0 million (31 December 2020: RMB64.9 million). The Group had no bank loans or convertible loans during the Period and as at 30 June 2021 (31 December 2020: Nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 30 June 2021 was not calculated (31 December 2020: Nil).

Pledge of assets

As disclosed under the section headed "Contingent Liabilities", as at 30 June 2021, the Group had pledged its time deposit in an amount of RMB9.0 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.

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 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.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)**Financial risks (Continued)****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 2021, the current ratio (calculated as total current assets divided by the total current liabilities) of the Group was 2.8 times (31 December 2020: 2.9 times).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had outstanding surety bonds of RMB9.0 million (31 December 2020: RMB9.1 million), for which restricted bank deposits were pledged as required by certain clients of the Group.

COMMITMENTS

As at 30 June 2021, the Group did not have any significant capital and other commitments, long-term obligations or guarantee (31 December 2020: Nil).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2021, 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 six months ended 30 June 2021, 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 2021.

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.

Management Discussion and Analysis

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 2021:

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 RMB'000	Actual use of net proceeds up to 30 June 2021 RMB'000	Unutilised net proceeds as at 30 June 2021 RMB'000	Expected timeline for fully utilising the remaining proceeds ^(Note)
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)	71,373	66,078	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)	33,423	104,028	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)	27,350	87,177	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)	8,447	14,477	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)	186,440	271,760	

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.

Management Discussion and Analysis

EMPLOYEE AND REMUNERATION POLICY

The Group's employees include its own employees and associates. Own employees refers to the employees for the Group's operations, including finance and information technology and excluding those for flexible staffing assignments. Associates refers 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 2021, the Group employed approximately 1,098 own employees and approximately 25,000 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 recognize 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 2021 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 2021.

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 2021.

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.

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.

Corporate Governance and Other Information

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 2021:

Grantees	Date of grant	Exercise price per Share (HK\$)	Exercise period	Outstanding as at 1 January 2021	Changes during the six months ended 30 June 2021				Outstanding as at 30 June 2021
					Granted	Exercised	Cancelled	Lapsed/ Forfeited	
					(Note a)				
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	–	–	–	–	150,000
	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	–	–	–	200,000
	9 April 2021 (Note d)	10.00	9 April 2023 – 9 April 2026	–	200,000	–	–	–	200,000
Mr. YUAN Jianhua (resigned on 31 March 2021) (Executive Director)	20 Sep 2019 (Note b)	10.94	20 Sep 2022 – 20 Sep 2025	400,000	–	–	–	(400,000)	–
	8 April 2020 (Note c)	8.76	8 April 2023 – 8 April 2026	400,000	–	–	–	(400,000)	–
Other Employees	20 Sep 2019 (Note b)	10.94	20 Sep 2022 – 20 Sep 2025	2,698,000	–	–	–	(246,000)	2,452,000
	8 April 2020 (Note c)	8.76	8 April 2022 – 8 April 2025	1,503,500	–	–	–	(159,500)	1,344,000
		8.76	8 April 2023 – 8 April 2026	1,503,500	–	–	–	(159,500)	1,344,000
	9 April 2021 (Note d)	10.00	9 April 2022 – 9 April 2025	–	1,729,000	–	–	(41,500)	1,687,500
	9 April 2021 (Note d)	10.00	9 April 2023 – 9 April 2026	–	1,729,000	–	–	(41,500)	1,687,500
Total				7,005,000	3,858,000	–	–	(1,448,000)	9,415,000

Corporate Governance and Other Information

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 9 April 2021 was HK\$10.0 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 was HK\$10.68 per Share and HK\$8.8 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. The estimated fair values of the options granted on 9 April 2021 are approximately RMB5.71 million (equivalent to approximately HK\$6.78 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.
- e. 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 2021.

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 recognize 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.

(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.

Details of the Restricted Share Units granted

On 10 June 2021, the Board approved the grant of an aggregate of 780,000 RSUs (the “2021 RSU Awards”) (representing 780,000 underlying Shares and amounting to approximately 0.38% of the issued share capital of the Company) to 35 selected participants (the “2021 Grantees”) in accordance with the terms of the RSU Scheme as at the date of this report. The 2021 Grantees are not required to make any payment in respect of the 2021 RSU Awards.

Among the 2021 RSU Awards, (i) 130,000 RSUs (representing 130,000 underlying Shares) were granted to Mr. CUI Zhihui, the executive Director; and (ii) an aggregate of 270,000 RSUs (representing 270,000 underlying Shares) were granted to six selected participants, each of whom is a director of the subsidiaries of the Company.

The 2021 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 has not purchased any Shares as at the date of this report.

Corporate Governance and Other Information

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 2021, 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 ^(Note)	Approximate percentage of shareholding
Mr. CUI Zhihui	Beneficial owner	1,030,000 (L)	0.50%

Note:

As at 30 June 2021, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

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

As at 30 June 2021, 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%

Corporate Governance and Other Information

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

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
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%

Notes:

- (1) As at 30 June 2021, the Company issued 207,500,000 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) 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 2021, 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.

Corporate Governance and Other Information

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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 C.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 2021. The condensed consolidated financial statements for the six months ended 30 June 2021 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:

- Mr. YUAN Jianhua resigned as an executive Director on 31 March 2021.
- Mr. CUI Zhihui, was appointed as an executive Director on 31 March 2021. Mr. CUI was also appointed as a director of a number of the Company's subsidiaries.

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 Zhihui
Executive Director and Chief Executive Officer

Hong Kong, 26 August 2021

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 2021 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

26 August 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	1,870,961	1,603,205
Cost of services		(1,583,024)	(1,358,105)
Gross profit		287,937	245,100
Selling expenses		(167,023)	(153,901)
Administrative expenses		(35,400)	(21,953)
Other income	4	3,813	7,138
Impairment losses under expected credit loss ("ECL") model, net of reversal	13	(2,200)	105
Other gains and losses	5	1,014	1,754
Finance costs	6	(1,497)	(2,083)
Share of profit of associates		647	1,143
Profit before tax		87,291	77,303
Income tax expense	7	(16,789)	(16,591)
Profit for the period	8	70,502	60,712
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		74	127
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(8,046)	19,016
Other comprehensive (expense) income for the period, net of tax		(7,972)	19,143
Total comprehensive income for the period		62,530	79,855

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	NOTE	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		64,296	56,057
Non-controlling interests		6,206	4,655
		70,502	60,712
Total comprehensive income for the period attributable to:			
Owners of the Company		56,650	71,480
Non-controlling interests		5,880	8,375
		62,530	79,855
Earnings per share	10		
Basic (RMB)		0.31	0.27
Diluted (RMB)		0.31	0.27

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
	<i>NOTES</i>		
NON-CURRENT ASSETS			
Property and equipment	11	14,076	15,025
Right-of-use assets	11	52,848	63,340
Goodwill		52,224	52,945
Other intangible assets		62,429	58,403
Interests in associates	12	32,454	31,807
Equity instruments at fair value through other comprehensive income ("FVTOCI")		9,705	9,705
Deferred tax assets		4,386	3,752
Other receivables	13	11,475	11,207
Deposits	13	19,268	18,983
Restricted bank deposits		9,042	9,143
Retirement benefit assets		530	438
		268,437	274,748
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	13	602,933	525,895
Amounts due from fellow subsidiaries	14	447	189
Financial assets at fair value through profit or loss ("FVTPL")		60,402	90,459
Time deposits with original maturity over three months		58,531	291,303
Bank balances and cash		897,467	677,908
		1,619,780	1,585,754
CURRENT LIABILITIES			
Trade and other payables	15	508,810	468,895
Contract liabilities	16	24,656	28,959
Lease liabilities		29,320	28,663
Amount due to ultimate holding company	14	9,634	9,135
Amounts due to fellow subsidiaries	14	954	844
Tax payables		11,815	14,843
		585,189	551,339

Condensed Consolidated Statement of Financial Position

At 30 June 2021

		At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
	<i>NOTE</i>		
NET CURRENT ASSETS		1,034,591	1,034,415
TOTAL ASSETS LESS CURRENT LIABILITIES		1,303,028	1,309,163
NON-CURRENT LIABILITIES			
Deferred tax liabilities		13,112	16,479
Lease liabilities		24,713	36,279
		37,825	52,758
NET ASSETS		1,265,203	1,256,405
CAPITAL AND RESERVES			
Share capital	17	1,830	1,830
Reserves		1,192,280	1,189,362
Equity attributable to owners of the Company		1,194,110	1,191,192
Non-controlling interests		71,093	65,213
TOTAL EQUITY		1,265,203	1,256,405

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company							Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium 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		
At 1 January 2020 (audited)	1,830	867,526	352	2,881	35,429	249,641	1,157,659	61,416	1,219,075
Profit for the period	-	-	-	-	-	56,057	56,057	4,655	60,712
Actuarial gains from remeasurement of defined benefit obligations	-	-	-	-	-	76	76	51	127
Exchange differences arising on translation of foreign operations	-	-	-	15,347	-	-	15,347	3,669	19,016
Total comprehensive income for the period	-	-	-	15,347	-	56,133	71,480	8,375	79,855
Recognition of equity-settled share-based payments (Note 18)	-	-	953	-	-	-	953	-	953
Dividends recognised as distribution (Note 9)	-	(51,184)	-	-	-	-	(51,184)	-	(51,184)
At 30 June 2020 (unaudited)	1,830	816,342	1,305	18,228	35,429	305,774	1,178,908	69,791	1,248,699
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

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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(17,117)	88,864
INVESTING ACTIVITIES		
Interest received	3,127	5,695
Dividend received	585	682
Purchases of property and equipment	(1,721)	(1,321)
Placement of structured deposits	(150,402)	(186,000)
Settlement of structured deposits	181,911	169,401
Placement of time deposits	(78,654)	(269,225)
Withdrawal of time deposits	307,584	–
Placement of restricted bank deposits	–	(29,600)
Withdrawal of restricted bank deposits	–	16,000
Repayment from fellow subsidiaries	–	434
Addition of investments in associates	–	(9,800)
Return of capital from an associate	–	1,599
Settlement of consideration receivables from disposal of subsidiaries	1,298	1,650
Development costs paid	(5,697)	(10,624)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	258,031	(311,109)
FINANCING ACTIVITIES		
Interest paid	(1,497)	(2,083)
Advance from fellow subsidiaries	–	52
Repayment to fellow subsidiaries	–	(263)
Repayment of lease liabilities	(15,403)	(16,494)
CASH USED IN FINANCING ACTIVITIES	(16,900)	(18,788)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	224,014	(241,033)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	677,908	806,967
Effect of foreign exchange rate changes	(4,455)	12,717
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	897,467	578,651

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

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 annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to IFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*.

Except as described below, 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.

2.1 Impacts on early application of Amendment to IFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*

The Group has early applied the amendment in the current interim period. The application of this amendment has had no material impact to the Group’s financial positions and performance for the current and prior periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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 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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)**Segment revenue and results (Continued)****Six months ended 30 June 2020**

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue	1,594,159	9,046	1,603,205
Segment profit	238,602	6,498	245,100
Unallocated:			
Selling expenses			(153,901)
Administrative expenses			(21,953)
Other income			7,138
Impairment losses under ECL model, net of reversal			105
Other gains and losses			1,754
Finance costs			(2,083)
Share of profit of associates			1,143
Profit before tax			77,303

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	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
PRC	1,153,556	862,895
Hong Kong and Macau	284,186	334,337
Taiwan	433,219	405,973
	1,870,961	1,603,205

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)**Disaggregation of revenue****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

Six months ended 30 June 2020

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of service			
Flexible staffing	1,506,983	–	1,506,983
Recruitment solutions	87,176	–	87,176
Others	–	9,046	9,046
	1,594,159	9,046	1,603,205
Timing of revenue recognition			
A point in time	83,366	–	83,366
Over time	1,510,793	9,046	1,519,839
	1,594,159	9,046	1,603,205

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Multinational corporations and local enterprises	1,782,652	1,525,421
Government bodies	88,309	77,784
	1,870,961	1,603,205

4. OTHER INCOME

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income	3,127	5,695
Dividend income from equity instruments at FVTOCI	585	682
Others	101	761
	3,813	7,138

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Net exchange losses	(438)	(127)
Gain from changes in fair value of financial assets designated as at FVTPL	1,452	1,881
	1,014	1,754

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

6. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest on lease liabilities	1,497	2,083

7. INCOME TAX EXPENSE

During the six months ended 30 June 2021, the Group had recognised current tax expense of approximately RMB15,900,000 (six months ended 30 June 2020: approximately RMB16,823,000) and deferred tax expense of approximately RMB889,000 (six months ended 30 June 2020: deferred tax credit of approximately RMB232,000).

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%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

Under the two-tiered profits tax rates regime introduced by Inland Revenue (Amendment) (No. 7) Bill 2017, the first 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%. 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 for a qualifying group entity.

Macau Complementary Tax is calculated at 12% of the estimated assessable profit for the six months ended 30 June 2021 and 2020.

Taiwan Income Tax is calculated at 20% of the estimated assessable profit for the six months ended 30 June 2021 and 2020. 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.

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 RMB192.3 million (31 December 2020: RMB176.8 million) as at 30 June 2021, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	300	360
Salaries, allowances and other benefits	2,663	1,609
Retirement benefit scheme contributions	73	42
Performance related bonus	1,569	1,624
Equity-settled share based expense	155	153
	4,760	3,788
Depreciation of property and equipment	2,649	2,399
Depreciation of right-of-use assets	15,004	16,513
Expenses related to short-term leases	327	53
Amortisation of intangible assets	1,280	1,392
Research and development costs recognised as an expense	25	331
COVID-19-related rent concessions (<i>Note 11</i>)	-	(170)

During the six months ended 30 June 2020, 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 and reduction or waiver of social insurance contributions by the PRC government.

9. DIVIDENDS

During the current interim period, 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), has been proposed by the directors of the Company and approved by the shareholders of the Company. The dividend was paid in July 2021.

During the six months ended 30 June 2020, a final dividend in respect of the year ended 31 December 2019 of HK\$0.27 per ordinary share, in an aggregate amount of approximately HK\$56 million (equivalent to approximately RMB51.2 million) was declared and paid to the owners of the Company.

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

Notes to the Condensed Consolidated Financial Statements

For 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	
	2021 RMB'000 (unaudited)	2020 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)	64,296	56,057

Number of shares

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Number of ordinary shares for the purpose of basic earnings per share	207,500,000	207,500,000
Effect of dilutive potential ordinary shares: Share options issued by the Company	138,005	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	207,638,005	207,500,000

The computation of diluted earnings per share for the six months ended 30 June 2021 and 2020 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 respective period.

11. MOVEMENTS IN PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, the Group had additions of property and equipment of approximately RMB1,721,000 (six months ended 30 June 2020: RMB1,321,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 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 RMB4,932,000 (six months ended 30 June 2020: RMB114,000) and lease liabilities of approximately RMB4,932,000 (six months ended 30 June 2020: RMB114,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

**11. MOVEMENTS IN PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS
(Continued)**

During the six months ended 30 June 2020, lessors of certain office premises provided rent concessions that occurred as a direct consequence of the COVID-19 pandemic to the Group through rent reductions ranging from 5% to 100% over two to three months.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the six months ended 30 June 2020, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately RMB170,000 (six months ended 30 June 2021: nil) were recognised as negative variable lease payments.

12. INTERESTS IN ASSOCIATES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Cost of investments in associates	33,651	33,651
Share of post-acquisition losses and other comprehensive expense, net of dividends received	(1,197)	(1,844)
	32,454	31,807

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade receivables	591,668	460,168
Less: allowance for credit losses	(5,233)	(3,086)
Total trade receivables	586,435	457,082
Deposits, prepayments and other receivables	34,790	85,605
Consideration receivables (<i>note</i>)	12,451	13,398
Total trade and other receivables, deposits and prepayments	633,676	556,085
Analysed as:		
– Non-current	30,743	30,190
– Current	602,933	525,895
	633,676	556,085

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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

Note: The outstanding consideration receivables of RMB14,787,000 at 30 June 2021 (31 December 2020: RMB16,085,000) 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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Other receivables:		
– Current	976	2,191
– Non-current	11,475	11,207
	12,451	13,398

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

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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0–30 days	530,353	418,415
31–60 days	28,290	16,429
61–90 days	13,840	7,323
Over 90 days	13,952	14,915
	586,435	457,082

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 2021 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 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries of approximately RMB447,000 (31 December 2020: RMB189,000) at 30 June 2021 are trade in nature, 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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0–30 days	303	124
31–60 days	102	33
61–90 days	3	20
Over 90 days	39	12
	447	189

The directors of the Company considered that the ECL for the amounts due from fellow subsidiaries is insignificant as at 30 June 2021 and 2020.

The amounts due to ultimate holding company of approximately RMB7,332,000 (31 December 2020: RMB7,416,000) at 30 June 2021 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due to ultimate holding company of approximately RMB2,302,000 (31 December 2020: RMB1,719,000) and fellow subsidiaries of approximately RMB954,000 (31 December 2020: RMB844,000) at 30 June 2021 are trade in nature, unsecured, non-interest bearing and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES (Continued)

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 2021	At 31 December 2020	At 30 June 2021	At 31 December 2020
	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)
0-30 days	920	726	157	43
31-60 days	765	635	-	82
61-90 days	573	258	-	34
Over 90 days	44	100	797	685
	2,302	1,719	954	844

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 2021	At 31 December 2020
	RMB'000 (unaudited)	RMB'000 (audited)
0-30 days	20,543	13,627
31-60 days	151	12
61-90 days	3	23
Over 90 days	2	140
	20,699	13,802

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.

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17. SHARE CAPITAL

	Par value	Number of shares	Amount		Shown in the
			US\$	HK\$	financial statements
					RMB'000
Ordinary shares					
Authorised:					
At 1 January 2020 (audited), 30 June 2020 (unaudited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	HK\$0.01	1,520,000,000	-	15,200,000	
Issued and fully paid:					
At 1 January 2020 (audited), 30 June 2020 (unaudited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	HK\$0.01	207,500,000	-	2,075,000	1,830

18. SHARE-BASED PAYMENT TRANSACTIONS**(i) Equity-settled share option scheme of the Company**

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 5 June 2019 for the primary purpose of providing incentives to directors 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 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 2021, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 9,415,000 (31 December 2020: 7,005,000), representing 4.5% (31 December 2020: 3.4%) 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 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.

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For the six months ended 30 June 2021

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(i) Equity-settled share option 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 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 Scheme. The 2021 Share Options shall be vested in two tranches, among which, 1,929,000 share options (the "Tranche 1 Share Options") granted shall be vested on 8 April 2022 and another 1,929,000 share options (the "Tranche 2 Share Options") granted shall be vested on 8 April 2023 subject to below vesting conditions:

Tranche 1 Share Options

- (i) 25% of Tranche 1 Share Options shall be vested on 8 April 2022 with no performance targets requirement
- (ii) 75% of Tranche 1 Share Options shall be vested on 8 April 2022 conditionally upon fulfillment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit

Tranche 2 Share Options

- (i) 25% of Tranche 2 Share Options shall be vested on 8 April 2023 with no performance targets requirement
- (ii) 75% of Tranche 2 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 revenue or adjusted net profit

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For the six months ended 30 June 2021

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(i) Equity-settled share option scheme of the Company (Continued)**

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

	Exercise price	Date of grant	Number of share options			Transferred during period (note)	Outstanding at 30 June 2021
			Outstanding at 1 January 2021	Granted during period	Forfeited during period		
Directors	HK\$10.94	20 September 2019	400,000	–	(400,000)	200,000	200,000
	HK\$8.76	8 April 2020	400,000	–	(400,000)	300,000	300,000
	HK\$10.00	9 April 2021	–	400,000	–	–	400,000
Employees	HK\$10.94	20 September 2019	2,898,000	–	(246,000)	(200,000)	2,452,000
	HK\$8.76	8 April 2020	3,307,000	–	(319,000)	(300,000)	2,688,000
	HK\$10.00	9 April 2021	–	3,458,000	(83,000)	–	3,375,000
			<u>7,005,000</u>	<u>3,858,000</u>	<u>(1,448,000)</u>	<u>–</u>	<u>9,415,000</u>
Exercisable at the end of the period			<u>–</u>				<u>–</u>
Weighted average exercise price (HK\$)			9.79	10.00	9.80	–	9.87

Note: Mr. Ricky Cui, who was an employee of the Company, was appointed as an executive director of the Company on 31 March 2021. Upon appointment, his entitlement of 200,000 share options and 300,000 share options granted on 20 September 2019 and 8 April 2020, respectively, were transferred from those held by employees to directors accordingly.

During the six months ended 30 June 2021, the Group recognised the total expense of approximately RMB2,303,000 (six months ended 30 June 2020: RMB953,000) in relation to share options granted by the Company.

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For the six months ended 30 June 2021

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)**(i) Equity-settled share option scheme of the Company (Continued)**

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

	2021 Share Options	2020 Share Options (after modification)	2020 Share Options (before modification)	2019 Share Options (after modification)	2019 Share Options (before modification)
Exercise price	HK\$10.00	HK\$8.76	HK\$8.76	HK\$10.94	HK\$10.94
Expected volatility	38.48%	38.48%	34.47%	38.48%	30.16%
Expected life	4-5 years	4-5 years	6 years	4.45 years	6 years
Risk-free rate	0.46%-0.70%	0.46%-0.70%	0.71%	0.57%	1.27%
Expected dividend yield	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

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' best estimate. The value of an option varies with different variables of certain subjective assumptions.

(ii) Restricted share unit scheme ("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 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 RSU Awards") were granted to directors 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 RSU Awards shall be vested conditionally over 36 months from the grant date. The 2021 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. The trustee has not purchased any shares during the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Ultimate holding company	License fee expense	4,253	3,727
	Information technology services expense	39	69
	Manpower Employment Outlook Survey license fee expense	46	47
Fellow subsidiaries	Flexible staffing service income	1,442	1,314
	Flexible staffing service expense	226	196
	Other HR services income	477	204
	Other HR services expense	–	8
	Software licensing and maintenance services expense	–	147

Compensation of key management personnel

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

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Short-term employee benefits	4,231	4,845
Post-employment benefits	73	69
Share-based payments	155	215
	4,459	5,129

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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 is observable.

- Level 1 fair value measurements are those derived from 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 2021	31 December 2020				
	RMB'000 (unaudited)	RMB'000 (audited)				
Unlisted equity investments classified as equity instruments at FVTOCI	9,705	9,705	Level 3	Market comparison approach – in this approach, fair value was determined with reference to recent transaction price.	Price-to-earnings ratio ("P/E ratio")	The higher the P/E ratio, the higher the fair value.
Financial assets at FVTPL (structured deposits)	60,402	90,459	Level 3	Discounted cash flow – Future cash flows are estimated based on estimated return of which are determined by reference to the change in certain interests quoted in the market or the performance of underlying investments as specified in the relevant deposit placements, and discounted at a rate that reflects the credit risk of various counterparties.	Estimated return	The higher the estimated return, the higher the fair value, vice versa. A 1% decrease in the estimated return, holding all other variables constant, would decrease the carrying amount of the financial assets by approximately RMB225,000 (31 December 2020: RMB140,000), vice versa.

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

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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 the structured deposits and unlisted investments classified as equity instruments at FVTOCI during the reporting period:

	Structured deposits RMB'000
At 1 January 2020 (audited)	112,000
Purchase of structured deposits	446,000
Redemption of structured deposits	(471,537)
Net gain on structured deposits	3,996
At 31 December 2020 (audited)	90,459
Purchase of structured deposits	150,402
Redemption of structured deposits	(181,911)
Net gain on structured deposits	1,452
At 30 June 2021 (unaudited)	60,402
	Unlisted investments classified as equity instruments at FVTOCI RMB'000
At 1 January 2020 (audited), 31 December 2020 (audited) and 30 June 2021 (unaudited)	9,705

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

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.

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20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)**(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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Issued by the banks	9,042	9,143

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

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