ManpowerGroup®

MANPOWERGROUP GREATER CHINA LIMITED
万宝盛华大中华有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 2180

2019 Interim Report

CONTENT

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"), Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan. 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 2019, the Group served a broad range of corporate and government clients in over 130 cities in the Greater China markets, operating more than 20 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. As at 30 June 2019, the Group had served over 22,800 clients, including 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 Director

Mr. YUAN Jianhua

Non-executive Directors

Mr. Darryl E GREEN *(Chairman)*
Mr. Sriram CHANDRASEKAR
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. Sriram CHANDRASEKAR
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
Certified Public Accountants
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LEGAL ADVISERS AS TO CAYMAN ISLANDS LAW

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JOINT COMPANY SECRETARIES

Ms. WONG Yee Man
Ms. GAO Xingyue

AUTHORISED REPRESENTATIVES

Mr. YUAN Jianhua
Ms. WONG Yee Man

Corporate Information

COMPLIANCE ADVISOR

Orient Capital (Hong Kong) Limited
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PRINCIPAL SHARE REGISTRAR IN CAYMAN ISLANDS

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HONG KONG SHARE REGISTRAR

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PRINCIPAL BANKS

Shanghai Securities Building branch,
Industrial and Commercial Bank of China

The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

www.manpowergrc.com

STOCK CODE

2180

Financial Highlights

For the six months ended 30 June 2019 (the "Period"), the Group achieved the following growth when compared to the same period in 2018:

- Revenue including revenue from providing workforce solution services and other human resource services was RMB1,441.6 million for the six months ended 30 June 2019, increased by approximately 31.1% from RMB1,099.7 million for the six months ended 30 June 2018.

- Gross profit was RMB297.4 million for the six months ended 30 June 2019, increased by approximately 19.0% from RMB250.0 million for the six months ended 30 June 2018.

- Adjusted profit for the Period attributable to owners of the Company from continuing operations [(1)] (excluding one-off listing expenses) was RMB56.1 million for the six months ended 30 June 2019, increased by approximately 38.9% from RMB40.4 million for the six months ended 30 June 2018.

- The earnings per share calculated based on the adjusted profit for the Period attributable to owners of the Company from continuing operations[(1)] was RMB0.37 per share for the six months ended 30 June 2019, increased from RMB0.27 per share for the six months ended 30 June 2018.

- The Board declared and paid a final dividend of US$12.2 million (equivalent to approximately RMB83.8 million) to the owners of the Company in respect of the year ended 31 December 2018. The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 to the shareholders of the Company.

Note:

(1) The adjusted profit for the Period attributable to owners of the Company from continuing operations is not a measure of performance under IFRS. As a non-IFRS measure, such figure is presented because the Group's management believes such information will be helpful for investors in assessing the level of the Group's net profit by eliminating the effects of certain one-off or non-recurring item, namely, listing expenses. There are no other significant non-recurring or one-off items during the six months ended 30 June 2019. The use of the adjusted profit for the Period attributable to owners of the Company from continuing operations has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant period from continuing operations.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is the leading workforce solution service provider in the Greater China region and continued to achieve a strong growth in the first half of 2019. Leveraging on the Group's reputable brands, it successfully capitalised on the strong potential in the PRC workforce solution market and the increase in popularity of flexible staffing model as evidenced by the growth in the Group's overall revenue and, particularly, the flexible staffing business line during the Period.

In the first half of 2019, the Group achieved a revenue of RMB1,441.6 million, representing an increase of approximately 31.1% compared to the corresponding period in 2018. In particular, revenue generated from the arrangement of flexible staffing, the Group's major business, grew by approximately 35.4% to RMB1,256.7 million. During the Period, adjusted profit attributable to owners of the Company from continuing operations (excluding one-off listing expenses) was RMB56.1 million, representing an increase of approximately 38.9% from RMB40.4 million for the six months ended 30 June 2018.

With its dedication to excellence, the Group continued to maintain its wide recognition in the Greater China region as underscored by a number of awards obtained during the Period. During the Period, the Group received "The Best HR Service Organization of the Year 2018" (2018年度最佳人力資源服務機構) from HR Salon and "Best HR Awards-2018 – Recruitment Agency of the Year" (最佳人力資源服務－年度招聘服務機構獎) from CTgoodjobs. The Group was also named "The Best Comprehensive HR Service Provider in Greater China (Foreign Company/Joint Venture)" (大中華區最佳綜合人力資源服務機構（外資／合資）) by HRoot. It was also one of the "Top 12 Flexible Staffing Service Providers" (中國靈活用工服務機構12強) and "Top 10 Individual Ability Development Solution Providers" (中國個人能力發展培訓機構10強) recognised by HR Excellence Center in 2019.

During the Period, the Group continued its strategy to expand its business scale and market share. As at 30 June 2019, the Group had served over 22,800 clients, including over 270 Fortune 500 companies and prominent local public and private employers. During the Period, the Group has acquired over 300 new clients. The Group also strived to strengthen its relationship with its clients by expanding service offerings with an aim to fully cover its clients' workforce related needs and create values. In addition, the Group focused on driving the growth of its talent pool by leveraging its ability to match talents with suitable career opportunities, the quality of its services and its ability to engage talents throughout different stages of their career life cycle. As at 30 June 2019, the Group had over 4.5 million candidates in its talent pool.

During the Period, the Group upgraded its internal online management system, which has contributed to optimising its execution and management of flexible staffing and headhunting businesses and improved operating efficiency.

On 10 July 2019, the shares of the Company was successfully listed on the Main Board of the Stock Exchange, marking a key milestone in the development of the Group.

Management Discussion and Analysis

FUTURE OUTLOOK AND STRATEGIES

With the access to additional funding from the Listing, the Group will strengthen its technological capabilities and invest in digital workforce platforms for its flexible staffing business, including the development of a flexible staffing system, which enables the Group to capture increased flexible staffing business opportunities and increase the size of its flexible staffing talent database; and the development of a training platform, which allows the Group to provide more upskill training to its employees, associates and clients.

The Group will continue to focus on the strategies to expand its business and market share, in particular the flexible staffing business, by hiring partners and consultants in support of its organic growth and through strategic merger and acquisitions. Looking forward, the Group will continue to expand its service offerings, particularly flexible staffing business, in its existing markets including Shanghai and Beijing. In addition, the Group will expand its geographic coverage by establishing presence in areas with strong economic fundamentals and large human resource service markets, such as second-tier cities of China and cities in Central China and Western China.

As for the overall performance, the Group will take active steps to improve its efficiency in order to deliver better financial results in 2019. Meanwhile, the Group will continue to strengthen its cash flow management by focusing on cash collection and maintaining liquidity, allowing the Group to get prepared for any potential volatility in this ever-changing market.

Amid the market turbulence and uncertainties in light of certain macroeconomic factors such as the US-China trade war and the slowdown of China gross domestic product (GDP) growth, the Group expects a slowdown in the growth of its headhunting and recruitment process outsourcing ("RPO") businesses. Nevertheless, the Group is confident of its future prospects and is expected to continue its growth in overall revenue. As a token of appreciation to shareholders for their support, the Group expects to distribute dividend of approximately 35% to 45% of the annual profits of 2019.

PERFORMANCE HIGHLIGHTS

The Group provides comprehensive workforce solutions under four business lines, namely (i) flexible staffing; (ii) headhunting; (iii) RPO; and (iv) 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/ at 30 June	
	2019	2018
Flexible staffing		
Number of associate placed during the period	**17,500**	13,900
Number of candidate in flexible talent database *(in thousands)*	**1,100**	1,000
Headhunting		
Number of placement during the period	**2,100**	2,000
Number of headhunter	**460**	460
Number of candidate in headhunting database *(in thousands)*	**2,300**	1,800
RPO		
Number of placement during the period	**1,300**	1,000

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2019, the Group derived its revenue primarily from (i) workforce solution services, including flexible staffing, 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
	2019 (RMB'000)	2018 (RMB'000)	
Revenue			
Workforce solution services			
Flexible staffing	**1,256,721**	928,190	35.4%
Headhunting	**136,332**	125,935	8.3%
RPO	**14,742**	14,565	1.2%
Other HR services	**33,797**	30,979	9.1%
Total	**1,441,592**	1,099,669	31.1%

The revenue of the Group increased by approximately 31.1% from RMB1,099.7 million for the six months ended 30 June 2018 to RMB1,441.6 million for the six months ended 30 June 2019. This increase was attributable to:

(i) the increase in revenue generated from flexible staffing from RMB928.2 million for the six months ended 30 June 2018 to RMB1,256.7 million for the six months ended 30 June 2019, primarily due to the increase in number of associate placed during the Period;

(ii) the increase in revenue generated from headhunting from RMB125.9 million for the six months ended 30 June 2018 to RMB136.3 million for the six months ended 30 June 2019, primarily due to the increase in number of successful placements made during the Period;

(iii) the increase in revenue generated from other HR services from RMB31.0 million for the six months ended 30 June 2018 to RMB33.8 million for the six months ended 30 June 2019, primarily due to the increase in revenue generated from government solution services during the Period.

During the six months ended 30 June 2019, 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
	2019 (RMB'000)	2018 (RMB'000)	
Revenue			
The PRC	**705,144**	502,945	40.2%
Hong Kong and Macau	**337,094**	272,976	23.5%
Taiwan	**399,354**	323,748	23.4%
Total	**1,441,592**	1,099,669	31.1%

FINANCIAL REVIEW (Continued)

Cost of services

The Group's cost of services increased by approximately 34.7% from RMB849.6 million for the six months ended 30 June 2018 to RMB1,144.2 million for the six months ended 30 June 2019. This increase was generally in line with the increase in the Group's revenue.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. As a result of the foregoing, the Group's gross profit increased by approximately 19.0% from RMB250.0 million for the six months ended 30 June 2018 to RMB297.4 million for the six months ended 30 June 2019.

The Group's gross profit margin decreased from approximately 22.7% for the six months ended 30 June 2018 to approximately 20.6% for the six months ended 30 June 2019, primarily due to the increase in proportion of revenue generated from flexible staffing, which had a lower gross profit margin as compared to that of the Group's other business lines.

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

	Six months ended 30 June		
	2019 (%)	2018 (%)	Change (%)
Workforce solution services			
Flexible staffing	**11.4**	11.6	–0.2
Headhunting	**91.9**	90.9	+1.0
RPO	**90.2**	99.0	–8.8
Other HR services	**45.4**	44.3	+1.1
Overall	**20.6**	22.7	–2.1

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 12.1% from RMB169.3 million for the six months ended 30 June 2018 to RMB189.9 million for the six months ended 30 June 2019, primarily due to the increase in staff costs as a result of the expansion of the Group's flexible staffing business.

The Group's administrative expenses remained stable at RMB26.5 million and RMB26.7 million for the six months ended 30 June 2018 and 2019, respectively.

The Group's selling expenses accounted for approximately 15.4% and 13.2% of its total revenue for the six months ended 30 June 2018 and 2019, respectively, while the Group's administrative expenses accounted for approximately 2.4% and 1.9% of its total revenue for the six months ended 30 June 2018 and 2019, respectively. The decrease in both selling expenses and administrative expenses as a percentage of total revenue was primarily due to the improvement in operational efficiency.

FINANCIAL REVIEW (Continued)

Other income

The Group's other income primarily includes interest income on bank deposits. The Group's other income increased by approximately 121.6% from RMB1.6 million for the six months ended 30 June 2018 to RMB3.5 million for the six months ended 30 June 2019.

Other gains and losses

The Group's other gains and losses consist of net exchange gains 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 57.6% from RMB4.0 million for the six months ended 30 June 2018 to RMB1.7 million for the six months ended 30 June 2019. This decrease was primarily due to the decrease in fair value gain arising from the structured deposits.

Share of loss of associates

The Group's share of loss of associates was primarily due to the losses incurred for the initial operations of certain of the Group's associates.

Income tax expense

The Group's income tax expense primarily consists of enterprise income tax ("EIT") 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 47.7% from RMB12.0 million for the six months ended 30 June 2018 to RMB17.7 million for the six months ended 30 June 2019.

The Group's effective income tax rate for the six months ended 30 June 2019 was approximately 28.2%, compared to approximately 20.5% for the six months ended 30 June 2018. The increase of the effective income tax rate was primarily due to the listing expenses incurred for the Period, which was non-deductible for tax purposes.

Profit for the period attributable to owners of the Company from continuing operations

As a result of the foregoing, the Group's profit for the period attributable to owners of the Company from continuing operations decreased by approximately 8.5% from RMB40.4 million for the six months ended 30 June 2018 to RMB36.9 million for the six months ended 30 June 2019.

Profit for the period attributable to owners of the Company from discontinued operation

Profit for the period attributable to owners of the Company from discontinued operation decreased from RMB0.4 million for the six months ended 30 June 2018 to nil for the six months ended 30 June 2019 upon the disposal of Manpower & Reach Human Resource Service (Guangzhou) Co., Ltd on 12 December 2018 to a non-controlling shareholder of the Group.

Adjusted profit for the period attributable to owners of the Company from continuing operations

The Group's adjusted profit for the period attributable to owners of the Company from continuing operations (excluding one-off listing expenses) increased by approximately 38.9% from RMB40.4 million for the six months ended 30 June 2018 to RMB56.1 million for the six months ended 30 June 2019.

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 2019, the Group's net current assets amounted to RMB473.9 million (31 December 2018: RMB548.5 million). Specifically, the Group's total current assets decreased from RMB952.3 million as at 31 December 2018 to RMB903.2 million as at 30 June 2019. The Group's total current liabilities increased by approximately 6.3% from RMB403.8 million as at 31 December 2018 to RMB429.3 million as at 30 June 2019. The decrease in net current assets was primarily due to the payment of dividend in June 2019.

Cash position

As at 30 June 2019, 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 RMB408.4 million (31 December 2018: RMB506.0 million). The decrease in bank balances and cash was primarily due to the payment of dividend in June 2019.

Indebtedness

As at 30 June 2019, the Group had lease liabilities of RMB74.9 million (31 December 2018: Nil). The Group had no bank loans or convertible loans during the Period and as at 30 June 2019 (31 December 2018: Nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) of the Company as at 30 June 2019 was nil (31 December 2018: Nil).

Pledge of assets

There was no pledge of the Group's assets as at 30 June 2019.

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$ and the net proceeds from the Listing are denominated in HK$, 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. 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 any hedge interest rate risk.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Financial risks (Continued)

Credit risk

The Group's exposure to credit risks relates primarily to structured deposits, time deposits with original maturity over three months, restricted bank deposits and bank balances, trade and other receivables, and amount due from ultimate holding company 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 within the Group. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in other receivables and amount due from ultimate holding company.

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 2019, the current ratio (calculated as total current assets divided by the total current liabilities) of the Group was 2.1 times (31 December 2018: 2.4 times).

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had outstanding surety bonds of RMB98.3 million (31 December 2018: RMB129.0 million), for which restricted bank deposits and financial assets at fair value through profit or loss were pledged as required by certain clients of the Group.

COMMITMENTS

As at 30 June 2019, the Group did not have any significant capital and other commitments, long-term obligations or guarantee (31 December 2018: Nil).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2019, 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 2019, the Group did not perform any material acquisition or disposal of subsidiaries, associated companies and joint ventures.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Save as disclosed in note 13 to the condensed consolidated financial statements on page 42 in this interim report, there were no significant investment held by the Group as at 30 June 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has not planned to make any significant investments or acquisition of capital assets. No concrete plan for future investments is in place as at the date of this interim report.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

As at the date of this interim report, net proceeds from the Listing and after the consideration of over-allotment of approximately HK$524.0 million had not been utilised and are held in bank deposits and it is intended that they will be applied in the manner consistent with the proposed allocations as set out the prospectus of the Company dated 27 June 2019 (the "Prospectus").

EMPLOYEE AND REMUNERATION POLICY

The Group's employees include its own employees and associates. Own employees refer to the employees for the Group's operations, including finance and IT 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 2019, the Group employed approximately 1,300 own employees and approximately 17,500 associates.

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

As for the Group's associates, who are employed on a contract basis, are cross-trained in multiple aspects of staffing as the Group's 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 the ability to assist the Group's clients in different positions and departments, furthermore, it helps associates 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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

(1) On 10 July 2019, the Company capitalised an amount of HK$1,350,979.2 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 135,097,920 shares for allotment and issue of the shares of the Company to the shareholders as of the date of passing of the resolution on a pro rata basis.

(2) On 10 July 2019, the Company issued 50,000,000 ordinary shares at HK$0.01 each pursuant to the global offering of the shares of the Company at the price of HK$9.90 per share and the Company's shares were listed on the Main Board of the Stock Exchange on the same date.

(3) On 2 August 2019, the over-allotment option was fully exercised and the Company issued additional 7,500,000 ordinary shares on 7 August 2019.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

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 since the Listing up to the date of this interim report.

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 since the Listing up to the date of this interim report.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "Share Option Scheme") on 5 June 2019. 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 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.

Details of the share option granted

Since the adoption of the Share Option Scheme, no share opinions were granted, exercised or cancelled by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at the date of this interim report.

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

The Shares were not listed on the Stock Exchange as at 30 June 2019. Accordingly, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") Chapter 571 of the laws of the Hong Kong Special Administrative Region and Section 352 of the SFO were not applicable to the Company as at 30 June 2019. As at the date of this interim report, none of the Directors and chief executives of the Company had any interests or short positions 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 SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As stated above, the Shares were not listed on the Stock Exchange as at 30 June 2019. Accordingly, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company as at 30 June 2019. As at the date of this interim report, so far as is known to the Company, as recorded in the register required to be kept by the Company under section 336 of the 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	73,500,612 (L)	35.42%
CM Phoenix Tree II Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CPEChina Fund II, L.P. (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CITIC PE Associates II, L.P. (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CITIC PE Funds II Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%

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)
CITICPE Holdings Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CLSA Global Investments Management Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CLSA, B.V. (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CITIC Securities International Company Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
CITIC Securities Company Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%

Note:

(1) As at the date of this interim report, 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.

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

INTERIM DIVIDEND

The Board declared and paid a final dividend of US$12.2 million (equivalent to approximately RMB83.8 million) to the owners of the Company in respect of the year ended 31 December 2018. The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company's Shares were listed on the Main Board of the Stock Exchange on 10 July 2019. Save for that the Company had issued new Shares in connection with the Listing as disclosed in this interim report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company since the Listing and up to the date of this interim report.

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. Sriram CHANDRASEKAR 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 2019. The condensed consolidated financial statements for the six months ended 30 June 2019 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 DIRECTOR

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

Mr. Victor HUANG, was appointed as independent non-executive director of the board of directors of Scholar Education Group (Stock Code: 1769), the shares of which were listed on the Main Board of the Stock Exchange on 21 June 2019, on 11 June 2019. He is also the chairman of the audit committee and members of remuneration committee and nomination committee of Scholar Education Group.

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
Yuan Jianhua
Executive Director, Chief Executive Officer and President

Hong Kong, 27 August 2019

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

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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 (collectively referred to as the "Group") set out on pages 20 to 50, which comprise the condensed consolidated statement of financial position as of 30 June 2019 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" ("HKSRE 2410") 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.

OTHER MATTER

The comparative 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 ended 30 June 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	NOTES	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Continuing operations			
Revenue	3	1,441,592	1,099,669
Cost of services		(1,144,183)	(849,642)
Gross profit		297,409	250,027
Selling expenses		(189,906)	(169,346)
Administrative expenses		(26,671)	(26,451)
Other income	4	3,483	1,572
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	14	(1,139)	(728)
Other gains and losses	5	1,717	4,048
Finance costs	6	(1,727)	–
Share of loss of associates		(1,411)	(676)
Listing expenses		(19,172)	–
Profit before tax		62,583	58,446
Income tax expense	7	(17,659)	(11,959)
Profit for the period from continuing operations		44,924	46,487
Discontinued operation			
Profit for the period from discontinued operation	8	–	683
Profit for the period	9	44,924	47,170
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Actuarial losses from remeasurement of defined benefit obligations, net of tax		(245)	(39)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(5,612)	11,964
Other comprehensive (expense) income for the period, net of tax		(5,857)	11,925
Total comprehensive income for the period		39,067	59,095

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	NOTE	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Profit for the period attributable to owners of the Company			
– from continuing operations		36,926	40,371
– from discontinued operation		–	410
Profit for the period attributable to owners of the Company		36,926	40,781
Profit for the period attributable to non-controlling interests			
– from continuing operations		7,998	6,116
– from discontinued operation		–	273
Profit for the period attributable to non-controlling interests		7,998	6,389
		44,924	47,170
Total comprehensive income for the period attributable to:			
Owners of the Company		31,642	52,653
Non-controlling interests		7,425	6,442
		39,067	59,095
Earnings per share	11		
From continuing and discontinued operations			
Basic *(RMB)*		0.25	0.27
From continuing operations			
Basic *(RMB)*		0.25	0.27

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	12	14,168	13,833
Right-of-use assets	12	74,856	–
Goodwill		69,352	69,310
Other intangible assets		40,346	41,669
Interests in associates	13	4,787	6,198
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		9,705	9,705
Deferred tax assets		3,718	3,521
Other receivable	8	6,239	12,448
Deposits		12,427	14,710
Restricted bank deposits		9,305	9,299
Retirement benefit assets		61	388
		244,964	181,081
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	14	500,281	451,409
Amount due from ultimate holding company	15	3,749	4,159
Financial assets at fair value through profit or loss ("**FVTPL**")		88,771	87,279
Restricted bank deposits		272	32,410
Time deposits with original maturity over three months		–	147,184
Bank balances and cash		310,085	229,839
		903,158	952,280
CURRENT LIABILITIES			
Trade and other payables	16A	336,795	343,748
Contract liabilities	16B	19,429	12,821
Lease liabilities		28,921	–
Amount due to ultimate holding company	15	24,516	20,713
Amounts due to fellow subsidiaries	15	291	2,411
Tax payables		19,326	24,084
		429,278	403,777

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTE	**At 30 June 2019 RMB'000 (unaudited)**	At 31 December 2018 RMB'000 (audited)
NET CURRENT ASSETS		**473,880**	548,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**718,844**	729,584
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**6,880**	6,875
Lease liabilities		**45,979**	–
		52,859	6,875
NET ASSETS		**665,985**	722,709
CAPITAL AND RESERVES			
Share capital	*17*	**125**	125
Reserves		**600,672**	652,813
Equity attributable to owners of the Company		**600,797**	652,938
Non-controlling interests		**65,188**	69,771
TOTAL EQUITY		**665,985**	722,709

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 *(note)*	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2018 (audited)	125	489,965	(32,506)	35,895	183,139	676,618	72,918	749,536
Profit for the period	–	–	–	–	40,781	40,781	6,389	47,170
Actuarial losses from remeasurement of defined benefit obligations	–	–	–	–	(23)	(23)	(16)	(39)
Exchange differences arising on translation of foreign operations	–	–	11,895	–	–	11,895	69	11,964
Total comprehensive income for the period	–	–	11,895	–	40,758	52,653	6,442	59,095
At 30 June 2018 (unaudited)	125	489,965	(20,611)	35,895	223,897	729,271	79,360	808,631
At 1 January 2019 (audited)	**125**	**483,560**	**(5,835)**	**32,300**	**142,788**	**652,938**	**69,771**	**722,709**
Profit for the period	**–**	**–**	**–**	**–**	**36,926**	**36,926**	**7,998**	**44,924**
Actuarial losses from remeasurement of defined benefit obligations	**–**	**–**	**–**	**–**	**(147)**	**(147)**	**(98)**	**(245)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**(5,137)**	**–**	**–**	**(5,137)**	**(475)**	**(5,612)**
Total comprehensive (expense) income for the period	**–**	**–**	**(5,137)**	**–**	**36,779**	**31,642**	**7,425**	**39,067**
Dividends paid to non-controlling shareholders of subsidiaries ("NCI shareholders")	**–**	**–**	**–**	**–**	**–**	**–**	**(12,008)**	**(12,008)**
Dividends recognised as distribution *(Note 10)*	**–**	**(83,783)**	**–**	**–**	**–**	**(83,783)**	**–**	**(83,783)**
At 30 June 2019 (unaudited)	**125**	**399,777**	**(10,972)**	**32,300**	**179,567**	**600,797**	**65,188**	**665,985**

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 legal 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 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**20,087**	(269)
INVESTING ACTIVITIES		
Interest received	**2,621**	1,572
Dividend received	**682**	–
Purchases of property and equipment	**(2,120)**	(3,322)
Proceeds from disposal of property and equipment	**2**	–
Placement of structured deposits	**(264,891)**	(308,556)
Settlement of structured deposits	**264,891**	320,460
Placement of time deposits	**(693,375)**	(234,418)
Withdrawal of time deposits	**838,673**	226,297
Placement of restricted bank deposits	**(13,263)**	–
Withdrawal of restricted bank deposits	**44,708**	–
Repayment from ultimate holding company	**228**	–
Repayment from NCI shareholders	**–**	1,305
Addition of investments in associates	**–**	(1,700)
Settlement of consideration receivables from disposal of subsidiaries	**1,515**	–
NET CASH FROM INVESTING ACTIVITIES	**179,671**	1,638
FINANCING ACTIVITIES		
Interest paid	**(1,727)**	–
Repayment to ultimate holding company	**(851)**	–
Repayment to fellow subsidiaries	**(1,554)**	–
Repayment to NCI shareholders	**–**	(5,085)
Dividends paid to NCI shareholders	**(12,008)**	–
Dividends paid	**(83,783)**	–
Repayment of lease liabilities	**(14,310)**	–
Payment of deferred issue costs	**(3,518)**	–
CASH USED IN FINANCING ACTIVITIES	**(117,751)**	(5,085)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**82,007**	(3,716)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**229,839**	286,774
Effect of foreign exchange rate changes	**(1,761)**	3,602
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**310,085**	286,660

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

1. GENERAL AND BASIS OF PREPARATION

ManpowerGroup Greater China Limited (the "Company") was incorporated in the Cayman Islands 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 are PO Box 309, Ugland 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 changes in accounting policies resulting from application of new and 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 2019 are the same as those presented in the prospectus of the Company dated 27 June 2019 for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs and an interpretation issued by the IASB which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs and the interpretation in the current 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. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases*

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of certain office premises, motor vehicles and computer equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases* (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases* (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases* (Continued)

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Continent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the PRC, Hong Kong, Macau and Taiwan was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid rent by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 3.41% to 4.83%.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases* (Continued)

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	88,483
Less: Recognition exemption – short-term leases	(10,759)
	77,724
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	70,985
Analysed as:	
Current	25,783
Non-current	45,202
	70,985

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		70,985
Reclassified from prepaid rent	*(a)*	1,201
By class:		
Leasehold land and buildings		72,186

(a) Prepaid rent was classified as prepayments at 31 December 2018. Upon application of IFRS 16, the prepayments of approximately RMB1,201,000 were reclassified to right-of-use assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases* (Continued)

2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

As a lessee (Continued)

The transition to IFRS 16 has no material impact on the retained profits at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2018** RMB'000	**Adjustments** RMB'000	**Carrying amounts under IFRS 16 at 1 January 2019** RMB'000
Non-current asset				
Right-of-use assets		–	72,186	72,186
Current asset				
Trade and other receivables, deposits and prepayments	*(a)*	451,409	(1,201)	450,208
Current liability				
Lease liabilities		–	25,783	25,783
Non-current liability				
Lease liabilities		–	45,202	45,202

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

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 the Group finds suitable for the job descriptions and assign them to the customers.

    - Headhunting service for which the Group helps customers search for, identify and recommend suitable candidates for job vacancies.

    - Recruiting process outsourcing ("RPO") service include RPO management services and recruitment services. The Group assists customers' hiring process, which include candidate assessments, screening, conducting candidate interviews, providing sourcing technology, and providing the Group's marketing and recruiting expertise.

2. Other Human Resource ("HR") Services – the Group provides human resource 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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segment.

Six months ended 30 June 2019

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Continuing operations			
Segment revenue	1,407,795	33,797	1,441,592
Segment profit	282,049	15,360	297,409
Unallocated:			
Selling expenses			(189,906)
Administrative expenses			(26,671)
Other income			3,483
Impairment losses under ECL model, net of reversal			(1,139)
Other gains and losses			1,717
Finance costs			(1,727)
Share of loss of associates			(1,411)
Listing expenses			(19,172)
Profit before tax			62,583

Six months ended 30 June 2018

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Continuing operations			
Segment revenue	1,068,690	30,979	1,099,669
Segment profit	236,308	13,719	250,027
Unallocated:			
Selling expenses			(169,346)
Administrative expenses			(26,451)
Other income			1,572
Impairment losses under ECL model, net of reversal			(728)
Other gains and losses			4,048
Share of loss of associates			(676)
Profit before tax			58,446

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
PRC	**705,144**	502,945
Hong Kong and Macau	**337,094**	272,976
Taiwan	**399,354**	323,748
	1,441,592	1,099,669

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, share of loss of associates and listing expenses. 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 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue

Six months ended 30 June 2019

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Continuing operations			
Types of service			
Flexible staffing	1,256,721	–	1,256,721
Headhunting	136,332	–	136,332
RPO	14,742	–	14,742
Others	–	33,797	33,797
	1,407,795	33,797	1,441,592
Timing of revenue recognition			
A point in time	145,315	–	145,315
Over time	1,262,480	33,797	1,296,277
	1,407,795	33,797	1,441,592

Six months ended 30 June 2018

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Continuing operations			
Types of service			
Flexible staffing	928,190	–	928,190
Headhunting	125,935	–	125,935
RPO	14,565	–	14,565
Others	–	30,979	30,979
	1,068,690	30,979	1,099,669
Timing of revenue recognition			
A point in time	134,076	–	134,076
Over time	934,614	30,979	965,593
	1,068,690	30,979	1,099,669

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (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	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations		
Multinational corporations and local enterprises	**1,380,758**	1,063,743
Government bodies	**60,834**	35,926
	1,441,592	1,099,669

4. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Interest income	**2,621**	1,572
Dividend income from financial assets at FVTOCI	**682**	–
Others	**180**	–
	3,483	1,572

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Net exchange gains	**225**	820
Net fair value change in financial assets at FVTPL	**1,492**	3,228
	1,717	4,048

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Interest on lease liabilities	**1,727**	–

7. INCOME TAX EXPENSE

During the six months ended 30 June 2019, the Group had recognised current tax expense of approximately RMB17,912,000 (six months ended 30 June 2018: RMB12,465,000) and deferred tax credit of approximately RMB253,000 (six months ended 30 June 2018: RMB506,000).

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.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, 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%.

Accordingly, starting from the year ended 31 December 2018, the Hong Kong Profits Tax 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 2019 and 2018.

Taiwan Income Tax is calculated at 20% of the estimated assessable profit for the six months ended 30 June 2019 and 2018. Under the relevant regulations in Taiwan, unappropriated earnings of subsidiaries in Taiwan is subject to a corporate surtax of 5%.

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.

8. DISCONTINUED OPERATION

In December 2018, the Group entered into an agreement with a non-controlling shareholder to dispose of the Group's 40.5% equity interest in Reach Human Resource Service (Guangzhou) Co., Ltd. (廣州市鋭旗人力資源服務有限公司) ("Guangzhou Reach"), a subsidiary which carried out the Group's operation under the brand of "ReachHR" in the PRC at a consideration of RMB20,250,000. The disposal was completed on 12 December 2018, on which date control of Guangzhou Reach passed to the acquirer. Upon such disposal, the Group holds 19.5% equity interest in Guangzhou Reach and does not have control or significant influence in Guangzhou Reach. The Group accounts such equity investments as equity instruments at FVTOCI at 30 June 2019 and 31 December 2018.

Pursuant to the sale and purchase agreement, the cash consideration of RMB20,250,000 will be settled in three instalments by March 2021. Accordingly, the amount of consideration is adjusted for the effect of the time value of money using an effective interest rate of 4.75% per annum. Such consideration receivables are recorded on the condensed consolidated statement of financial position of the Group as follows:

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Other receivables:		
– Current *(Note 14)*	**11,573**	6,671
– Non-current	**6,239**	12,448
	17,812	19,119

The result of the ReachHR operation for the six months ended 30 June 2018, which has been included in the condensed consolidated statement of profit or loss and other comprehensive income, was as follows:

	Six months ended 30 June 2018 RMB'000 (unaudited)
Revenue	336,126
Cost of sales	(317,540)
Selling and administrative expenses	(17,603)
Other expenses	(72)
Profit before tax	911
Income tax expense	(228)
Profit for the period	683
Profit for the period from discontinued operation includes the following:	
Depreciation	242

During the six months ended 30 June 2018, the operation paid approximately RMB13.8 million, RMB0.1 million and nil to the Group's net operating cash flows, investing activities and financing activities, respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period from continuing operations has been arrived at after charging:		
Directors' emoluments		
Salaries, allowances and other benefits	**1,463**	1,463
Retirement benefit scheme contributions	**50**	47
Performance related bonus	**1,563**	1,250
	3,076	2,760
Depreciation of property and equipment	**1,838**	1,613
Depreciation of right-of-use assets	**15,560**	–
Amortisation	**1,329**	1,248
Loss on disposal of property and equipment	**29**	17

10. DIVIDENDS

During the current interim period, a final dividend of US$12.2 million (equivalent to approximately RMB83,783,000) in respect of the year ended 31 December 2018 (six months ended 30 June 2018: nil) 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.

11. EARNINGS PER SHARE

For continuing operations

The calculation of basic 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	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	**36,926**	40,781
Less: profit for the period from discontinued operation	**–**	(410)
Earnings for the purpose of basic earnings per share from continuing operations	**36,926**	40,371

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11. EARNINGS PER SHARE (Continued)

Number of shares

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
Number of ordinary shares for the purpose of basic earnings per share	**150,000,000**	150,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the redenomination of issued share capital set out in Note 17 and the issue of 135,097,920 ordinary shares pursuant to the capitalisation issue as described in Note 21 has been effective on 1 January 2018.

No diluted earnings per share for the six months ended 30 June 2019 and 2018 was presented as there were no potential ordinary shares in issue during the six months ended 30 June 2019 and 2018.

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**36,926**	40,781

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operation

For the six months ended 30 June 2018, basic earnings per share for the discontinued operation is RMB0.003, based on the profit for the period from the discontinued operation attributable to owners of the Company of approximately RMB410,000 and the denominators detailed above for basic earnings per share.

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For the six months ended 30 June 2019

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

During the six months ended 30 June 2019, the Group had additions of property and equipment of approximately RMB2,120,000 (six months ended 30 June 2018: RMB3,322,000) and disposal of certain property and equipment with an aggregate carrying amount of approximately RMB31,000 (six months ended 30 June 2018: RMB17,000).

During the current interim period, the Group entered into several new lease agreements for the use of office premises for 2 to 4 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised approximately RMB17,879,000 of right-of-use assets and RMB17,879,000 of lease liabilities.

13. INTERESTS IN ASSOCIATES

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Cost of investments in associates	**7,900**	7,900
Share of post-acquisition losses and other comprehensive expense, net of dividends received	**(3,113)**	(1,702)
	4,787	6,198

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Trade receivables	**462,724**	417,274
Less: allowance for credit losses	**(5,746)**	(4,607)
Total trade receivables	**456,978**	412,667
Deposits and prepayments	**23,131**	26,242
Consideration receivable *(Note 8)*	**11,573**	6,671
Deferred issue costs	**8,599**	4,296
Prepaid listing expenses	**–**	1,533
Total trade and other receivables, deposits and prepayments	**500,281**	451,409

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

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

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

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
0–30 days	427,543	383,073
31–60 days	11,674	17,915
61–90 days	13,962	8,034
Over 90 days	3,799	3,645
	456,978	412,667

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 2019 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 2018.

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

The amounts due from ultimate holding company approximately of RMB3,749,000 (31 December 2018: RMB3,965,000) at 30 June 2019 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due from ultimate holding company of nil (31 December 2018: RMB194,000) at 30 June 2019 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

	Amount due from ultimate holding company	
	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
0–30 days	–	96
31–60 days	–	98
	–	194

The directors of the Company considered that the ECL for the amount due from ultimate holding company is insignificant as at 30 June 2019 and 2018.

The amounts due to ultimate holding company of approximately RMB8,217,000 (31 December 2018: RMB9,068,000) and fellow subsidiaries of approximately RMB177,000 (31 December 2018: RMB1,731,000) at 30 June 2019 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due to ultimate holding company of approximately RMB16,299,000 (31 December 2018: RMB11,645,000) and fellow subsidiaries of approximately RMB114,000 (31 December 2018: RMB680,000) at 30 June 2019 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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15. 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 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)	**At 30 June 2019 RMB'000 (unaudited)**	At 31 December 2018 RMB'000 (audited)
0–30 days	**728**	656	**114**	280
31–60 days	**647**	805	**–**	50
61–90 days	**589**	1,037	**–**	38
Over 90 days	**14,335**	9,147	**–**	312
	16,299	11,645	**114**	680

16A. 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 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
0–30 days	**16,052**	13,308
31–60 days	**38**	343
61–90 days	**–**	1,180
Over 90 days	**306**	293
	16,396	15,124

Other payables mainly represent accrued payroll and other expenses of approximately RMB282 million as at 30 June 2019 (31 December 2018: RMB292 million).

16B. 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 beginning of the reporting periods were recognised as revenue in current period.

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17. SHARE CAPITAL

	Par value	Number of shares	Amount	
			US$	HK$
Ordinary shares				
Authorised:				
At 1 January 2018 (audited), 30 June 2018 (unaudited) and 1 January 2019 (audited)	US$1	50,000	50,000	N/A
Cancellation *(note i)*	US$1	(50,000)	(50,000)	N/A
Redenomination on 18 January 2019 *(note i)*	HK$0.01	38,000,000	N/A	380,000
Increase in authorised share capital on 5 June 2019 *(note ii)*	HK$0.01	1,482,000,000	N/A	14,820,000
At 30 June 2019 (unaudited)	HK$0.01	1,520,000,000	–	15,200,000
Issued and fully paid:				
At 1 January 2018 (audited), 30 June 2018 (unaudited) and 1 January 2019 (audited)	US$1	19,608	19,608	N/A
Cancellation *(note i)*	US$1	(19,608)	(19,608)	N/A
Redenomination on 18 January 2019 *(note i)*	HK$0.01	14,902,080	N/A	149,021
At 30 June 2019 (unaudited)	HK$0.01	14,902,080	–	149,021

	RMB'000 (unaudited)
Presented as	
At 1 January 2018 (audited), 30 June 2018 (unaudited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	125

Notes:

(i) On 18 January 2019, the authorised share capital of the Company was redenominated from US$50,000 divided into 50,000 shares of US$1 each to HK$380,000 divided into 38,000,000 shares of HK$0.01 each. The number of issued share capital also converted from 19,608 shares of US$1 each to 14,902,080 shares of HK$0.01 each.

(ii) On 5 June 2019, the Company increased its authorised share capital from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$15,200,000 divided into 1,520,000,000 shares of HK$0.01 each by the creation of an additional 1,482,000,000 shares of HK$0.01 each.

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18. 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 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Ultimate holding company	Flexible staffing service income	–	733
	Flexible staffing service expense	9	25
	License fee expense	3,622	3,996
	Information technology services expense	121	111
	Manpower Employment Outlook Survey license fee expense	47	15
Fellow subsidiaries	Flexible staffing service income	2,084	839
	Flexible staffing service expense	226	198
	Project and management coordination services expense	331	148
	Software licensing and maintenance services expense	222	226

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Company. The remuneration of the directors of the Company is set out in Note 9. The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

19. 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 and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities 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 and financial liabilities 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 categories (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

- 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 and financial liabilities	Fair value as at 30 June 2019 RMB'000 (unaudited)	Fair value as at 31 December 2018 RMB'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments measured at 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.	Recent transaction price	The lower recent transaction price, the lower the fair value of the investment, vice versa. A 3% decrease in the recent transaction price, holding all other variables constant, would decrease the carrying amount of the equity instruments by approximately RMB291,000 (31 December 2018: RMB291,000), vice versa.
Financial assets at FVTPL (Structured deposits)	**88,771**	87,279	Level 3	Discounted cash flow – Future cash flows are estimated based on estimated return of which are determined by reference to the change in 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 RMB162,000 (31 December 2018: RMB79,000), vice versa.

There were no transfer between Level 3 during both periods.

19. 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 2018 (audited)	82,717
Purchase of structured deposits	588,614
Redemption of structured deposits	(587,576)
Net gain on structured deposits	3,524
At 31 December 2018 (audited)	87,279
Purchase of structured deposits	264,891
Redemption of structured deposits	(264,891)
Net gain on structured deposits	1,492
At 30 June 2019 (unaudited)	88,771

	Unlisted investments classified as equity instruments at FVTOCI RMB'000
At 1 January 2018 (audited)	500
Recognition of retained equity interest of Guangzhou Reach upon disposal of subsidiaries *(Note 8)*	9,205
At 31 December 2018 (audited) and 30 June 2019 (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.

19. 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.

20. 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 and financial assets at FVTPL are pledged, as follows:

	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 RMB'000 (audited)
Issued by the banks	**98,348**	128,988

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in the condensed consolidated financial statements, subsequent to 30 June 2019, the following significant events took place:

(i) On 10 July 2019, the Company capitalised an amount of HK$1,350,979.2 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 135,097,920 shares for allotment and issue of the shares of the Company to the shareholders as of the date of passing of the resolution on a pro rata basis.

(ii) On 10 July 2019, the Company issued 50,000,000 ordinary shares at HK$0.01 each pursuant to the global offering of the shares of the Company at the price of HK$9.90 per share and the Company's shares were listed on the Stock Exchange on the same date.

(iii) On 2 August 2019, the over-allotment option was fully exercised and the Company issued additional 7,500,000 ordinary shares on 7 August 2019.