2020

INTERIM REPORT

ManpowerGroup

万宝盛华大中华有限公司

MANPOWERGROUP GREATER CHINA LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock code : 2180

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 (collectively referred as "Greater China Region"). The Group's largest stakeholder, ManpowerGroup Inc. ("MAN"), is a New York Stock Exchange-listed world leader in workforce solutions and services, which first tapped into the Greater China Region in 1997, when it commenced operations in Hong Kong and Taiwan and subsequently entered Mainland China in 2003 and Macau in 2007. As at 30 June 2020, the Group served a broad range of corporate and government clients in over 160 cities in the Greater China markets, operating more than 30 offices.

Inheriting MAN's global reputation, the Group, with over two decades of dedicated work, developed deep connections with both multinational clients and local clients doing business in the Greater China Region and achieved prominent brand recognition. During the six months period ended 30 June 2020, the Group had served over 270 Fortune 500 companies and prominent local public and private employers.

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

Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. YUAN Jianhua

Non-executive Directors

Mr. Darryl E GREEN *(Chairman)*
Mr. John Thomas MCGINNIS
(appointed with effect from 29 June 2020)
Mr. Sriram CHANDARSEKAR
(resigned with effect from 29 June 2020)
Mr. ZHANG Yinghao
Mr. ZHAI Feng

Independent Non-executive Directors

Mr. Thomas YEOH Eng Leong
Ms. WONG Man Lai Stevie
Mr. Victor HUANG

AUDIT COMMITTEE

Mr. Victor HUANG *(Chairman)*
Mr. John Thomas MCGINNIS
(appointed with effect from 29 June 2020)
Mr. Sriram CHANDARSEKAR
(resigned with effect from 29 June 2020)
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

SENIOR MANAGEMENT

Mr. YUAN Jianhua *(Chief executive officer)*
Mr. CUI Zhihui *(Chief financial officer)*

AUDITOR

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35/F, One Pacific Place
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COMPLIANCE ADVISOR

Orient Capital (Hong Kong) Limited

LEGAL ADVISORS

CFN Lawyers in association with Broad & Bright
Maples and Calder (Hong Kong) LLP

JOINT COMPANY SECRETARIES

Ms. WONG Yee Man
Ms. GAO Xingyue

AUTHORISED REPRESENTATIVES

Mr. YUAN Jianhua
Ms. WONG Yee Man

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PRINCIPAL BANKS

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The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

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STOCK CODE

2180

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The Wonderful Sky Financial Group Holdings Limited
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Financial Highlights

The below table sets out the key financial highlights of the Group during the six months ended 30 June 2020:

	Six months ended 30 June		Change in
	2020	2019	percentage
	(RMB'000)	(RMB'000)	%
Revenue	**1,603,205**	1,441,592	11.2%*
Profit attributable to owners of the Company	**56,057**	36,926	51.8%
Adjusted profit attributable to owners of the Company	**57,010**	56,098	1.6%
Average revenue generated per employee	**1,498**	1,109	35.1%
Average adjusted profit generated per employee	**53.3**	43.2	23.4%
Net cash from operating activities	**88,864**	20,087	342.4%

* Revenue of Mainland China flexible staffing increased by approximately 39% in the first half of 2020 compared with the same period last year

Management Discussion and Analysis

BUSINESS REVIEW

The first half of 2020 has seen a global pandemic which has caused worldwide social and economic disruption. Despite the challenges posed by the COVID-19 outbreak and the government-mandated lockdowns, the Group recorded a strong growth in its flexible staffing business in Mainland China during the six months ended 30 June 2020 (the “Period”) and maintained a broadly flat to positive growth in Taiwan and Hong Kong over a relatively high base of the same period last year. The challenging macro environment in the wake of the pandemic has, however, suppressed short-term demand for some of the Group’s products, particularly its recruitment solution services including headhunting and recruitment process outsourcing (the “RPO”) services, in the Greater China Region. In addition, the three waves of outbreak of pandemic in Hong Kong had led to less profit contribution from the Group’s higher-margin businesses in the region.

According to China Insight Consultancy, the Group is the largest player in the workforce solutions market in the Greater China Region, with revenues reaching RMB3.04 billion in 2019 and accounting for 1.71% of the market that year in the Greater China Region. The workforce solutions market has three segments: headhunting service market, RPO service market and flexible staffing market. The top 5 players accounted for 6.96% market share in 2019 in the Greater China Region.

Riding on this achievement, the Group continued to record growth in revenue amid the generally weak business sentiment. During the Period, the Group achieved a total revenue of RMB1,603.2 million, representing an increase of approximately 11.2% compared to the same period of 2019. Revenue generated from the flexible staffing business segment grew by approximately 20.0% on a year over year basis to RMB1,507 million, of which the flexible staffing revenue from Mainland China recorded an increase of approximately 39% compared with the same period last year. During the Period, profit attributable to owners of the Company increased to RMB56.1 million, representing a growth of approximately 51.8% year over year. Adjusted net profit attributable to owners of the Company, after taking into account Listing fee from last year and other one-off expenses, increased by approximately 1.6% on a year over year basis.

Despite the challenging market condition across the Greater China Region, the Group continued to expand its service offerings in Mainland China, particularly in the flexible staffing business in line with the use of proceeds stated in the prospectus of the Company dated 27 June 2019 (the “Prospectus”). The total number of flexible staffing employees and partners increased substantially during the Period, mainly as a result of the rapid team expansion in Mainland China. The total number of associates placed during the Period increased by 20.0% from approximately 17,500 as of 30 June 2019 to approximately 21,000 as of 30 June 2020, among which the total number of associates placed in Mainland China grew significantly by approximately 40.3%.

During the Period, the Group streamlined its geographical operational structures in Mainland China with a view to accelerating its expansion into under-penetrated regions in southern, central, and western China, such as Wuhan and Hangzhou, and bolstering its strong market position in tier-one cities such as Shanghai, Beijing, Guangzhou and Hong Kong. In addition, the Group strengthened its business development capabilities in the New Economy and Technology sector (being the sector to which its top 5 clients belong), with the number of clients from such sector increasing by around 200 compared with the end of 2019. During the Period, the Group remained committed to growing its existing accounts, with revenue contribution from its top 5 clients increasing by approximately 37.5% and accounting for approximately 32.0% of its total revenue for the Period. Furthermore, given the strong cash flow management and prudent risk control implemented by the Group, it was able to maintain a stable turnover days of trade receivable of 52.7 days for the Period, compared with 54.3 days of the same period last year despite the inevitable impact of the pandemic on the cash flow of certain clients of the Group.

BUSINESS REVIEW (Continued)

In view of the industry trend towards platformisation, crowdsourcing and digitalisation, the Group has increased its investment in the research and development of workforce platform products and further strengthened its internal technological infrastructure.

The Group's first recruiting service product (天天U才), aimed at fast and accurate matching between candidates and positions to improve recruiting efficiency, was launched in December 2019. The Monthly Active User (MAU) in June 2020 had reached 32,000. The Group's collaborative platform (天天U單) was launched in April 2020 and as of 30 June 2020, had posted around 2,400 positions. The Group's other workforce platform product (天天U福) is a one-stop employee value-adding platform providing welfare, benefits and other services to its associates and the employees of its clients. Since its launch in January 2020, the platform has recorded over 10,000 registered members. In addition, the Group's HR SaaS platform (萬寶簡斯) focusing on specialised markets of human resources services has been on a trial run during the first half of this year and has integrated systems across Mainland China, Hong Kong, Taiwan and Macau. As of the end of June 2020, the Group's talent pool has reached a total number of around 5.5 million.

To do its part in the fight against the COVID-19 pandemic and fulfil its corporate social responsibility, the Group set up a RMB1.38 million Public Welfare Fund together with its associate companies in early February 2020. All of the funds have been donated to four hospitals in the Hubei province and the Hubei Youth Development Foundation. The Group is committed to promoting corporate social responsibility, and to that end, will endeavour to actively take part in the economic recovery of Wuhan and other areas in the Hubei province which the Group considers key regions for future development.

The Group's efforts in providing customised and professional services to its clients in the Greater China Region have been recognised with a number of awards, including "The Best Comprehensive HR Service Provider in Greater China" ("大中華區最佳綜合人力資源服務機構") by HRoot, "2020 Top100 Human Resources Service Organisation" ("2020中國人力資源服務機構100強") by TopHR, "Best Contract Staffing Solution Agency" ("年度靈活用工解決方案機構獎") by Bronze, and "HR Tech China Best Service Providers" ("中國人力資源科技最佳服務機構") by HR Tech China.

FUTURE OUTLOOK AND STRATEGIES

Remain Cautiously Optimistic for the Rest of the Year

The global economy has become increasingly fragile and uncertain following the persistently unsettled and escalated trade disputes and geo-political tensions around the world. The control measures over the COVID-19 pandemic in the Greater China Region has also brought changes to the business landscape. Despite the above, the Group remains cautiously optimistic on its outlook for the rest of the year.

In terms of its business performance in different regions, the Group expects to continue to see strong growth momentum in its flexible staffing business in Mainland China, driven by a low penetration rate, its first mover advantage in the market, and its strong cash flow management capability. The recovery of Taiwan will likely depend on its control of the pandemic, and given its nature as a small external economy which could be negatively impacted by the slowdown of western economies, the Group remains cautious on the region's outlook for the second half of 2020. In Hong Kong, the Group has strategically shifted the focus of its business away from the higher-margin, higher-volatility outdoor marketing and promotion business towards the more stable, longer-term traditional flexible staffing business since the second half of 2019, when the market became very challenging due to ongoing social unrest. By the end of the first half of this year, the transition was complete and the shift in business focus was able to partially offset the ongoing macroeconomic uncertainties in Hong Kong. The Group expects its Hong Kong business to deliver stable revenue growth and contribute a greater share to the Group's profit in the medium term.

FUTURE OUTLOOK AND STRATEGIES (Continued)

Flexible Staffing as the Group's Strategic Focus in 2020

The Group's strategic focus in the second half of 2020 will remain on flexible staffing in Mainland China driven by organic growth, strategic investment and potential mergers and acquisitions (the "M&A"). The Group believes that it will continue to benefit from the industry growth momentum on the back of a strong global brand and leading market position.

On the organic growth front, the Group has been actively expanding its team capacity, promoting business development in the New Economy and Technology sector, and accelerating expansion into under-penetrated regions in southern, central, and western China to gain more market share and achieve greater economies of scale. To further strengthen the synergy between different product lines, which is one of its key competitive advantages, the Group has been actively promoting the "All in Staffing" initiative across all business lines within the Group since last year in order to encourage cross-selling of flexible staffing products to existing and new clients.

The Group's strategic investment in associate companies (the "Manpower Plus Strategy") across Mainland China has made impressive progress in the last two years. The cooperation with regional leading human resources companies has been helping the Group broaden its market reach, expand its client base and take advantage of the synergy between the parties in order to maximise shareholder value.

The joint venture between the Group and Wind Information Technology Co. Ltd. had been set up earlier this year and is now under operation. Its product (萬盛專家) providing expert consulting services with a focus on flexible staffing strategy and technology initiative has been launched as well. The Group's other M&A activities were delayed due to the travel restrictions in the first half of 2020. For the second half of 2020, the Group will actively consider opportunities for strategic acquisition and cooperation in order to strengthen its leadership position in the workforce solutions market.

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

More Technology Investment on Workforce Platforms

For the second half of 2020, the Group will continue to shore up its technology investment, with a focus on building an all-in-one workforce technology platform (職場+) based on its internal operating technology addressing three critical application scenarios of work, life and development covering the full life cycle of human resources services. The Group aims to embed its various technology products into three workforce technology platforms, namely the workplace platform, the employee services platform, and the development platform. By integrating these platforms with the Group's internal operating system and organisational structures, the Group will be able to provide more efficient workforce solutions to its clients, the employees of its clients, and its own associates.

The workplace platform, which is built on the flexible staffing business model, is aimed at broadening the Group's flexible staffing product offerings, optimising recruitment efficiency, and providing comprehensive top-class human resources solutions. The workplace platform includes 天天U才, 天天U單, 萬盛專家 and 萬寶簡斯, utilising artificial intelligence technology and big data analysis to provide talent recruitment, crowdsourcing, flexible expert, and human resources management services in order to raise order fulfilling rate and achieve synergy between different business lines via the "system + service" model.

FUTURE OUTLOOK AND STRATEGIES (Continued)

More Technology Investment on Workforce Platforms (Continued)

The employee services platform is focused on providing value-adding services to the Group's associates, the employees and its clients. The Group's all-in-one employee service platform 天天U福 provides various services to the Group's own associates and employees of its clients including benefits and perks, time sheet management, reimbursement, pay slip record, etc. to enhance the efficiency of employee management, promote work life balance and develop employee-friendly corporate culture.

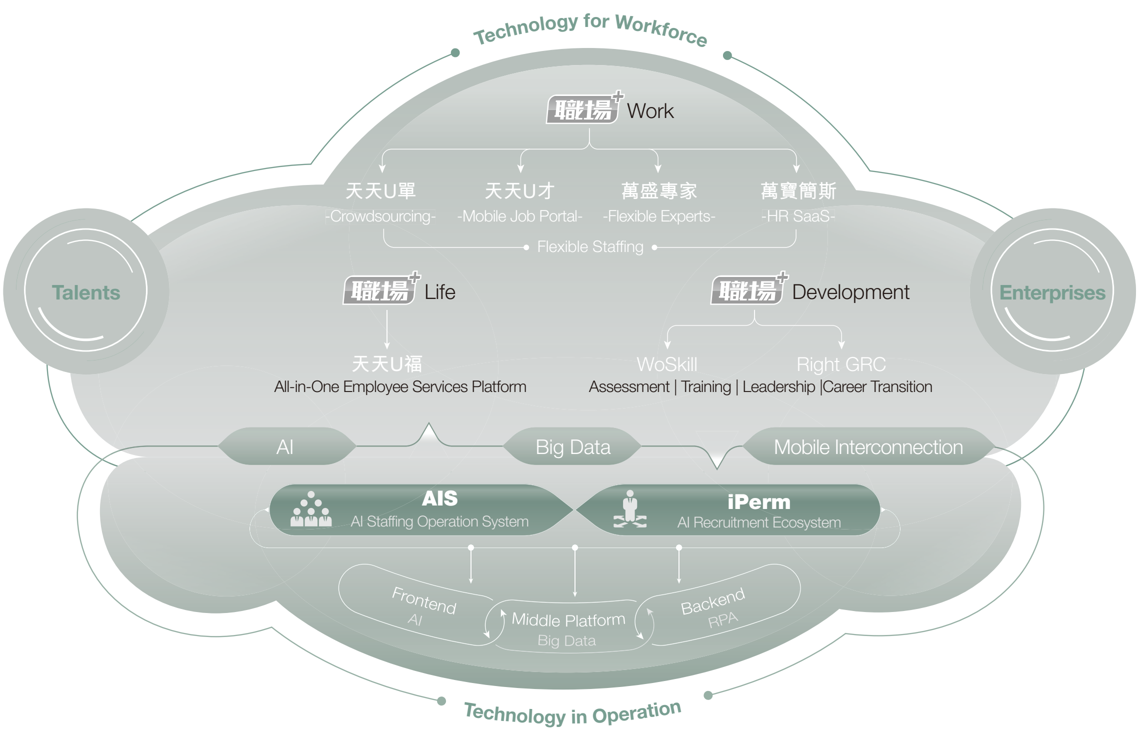
The development platform specialises in employees' career development and skillset upgrades, and includes the "WoSkill" platform which mainly focuses on the improvement of professional skillsets, and the "Right GRC" platform which is aimed at leadership development of management-level employees.

The Group's internal operating technology platform, which serves as the tech-engine driving the Group's online and offline businesses, includes the "AIS Flexible Staffing Management Platform" and the "iPerm Recruitment System" covering the whole business process throughout the front office, the middle office and the back office to provide core recruitment competency for all business lines and fuel up the whole workforce ecology system.

The diagram below illustrates the blueprint of our All-in-One workforce technology platform (職場+):

職場+ 人力資源科技平台

All-in-One Workforce Technology Platform



KEY OPERATING METRICS

The Group provides comprehensive workforce solutions under three business lines, namely (i) flexible staffing; (ii) recruitment solutions (including headhunting and RPO services); and (iii) other HR services, serving corporate and government clients across the Greater China Region. Given the fact that both headhunting and RPO services involve recruitment, with the focus of headhunting being the recruitment of middle to high-end talents and the focus of RPO services being the provision of large scale recruitment services, the Group has restructured its internal management and combined headhunting and RPO services into the business line "recruitment solutions" since the beginning of 2020. The Group believes that such arrangement has streamlined its organisational structure, improved its internal management efficiency and enhanced its responsiveness to clients' changing demands in integrated recruitment services. The following table sets forth the Group's key operating metrics for the periods or as at the dates indicated:

	Six months ended 30 June	
	2020	2019
Flexible staffing		
Number of associates placed during the period (approximately)	**21,000**	17,500
Number of candidates in flexible talent database (in thousands)	**1,700**	1,100
Recruitment solutions		
Number of placements during the period (approximately)	**2,400**	3,400
Number of candidates in recruitment services database (in thousands)	**3,860**	3,400
Number of recruiters (approximately)	**365**	540
Overall		
Number of full time employees (approximately)	**1,070**	1,300

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2020, the Group derived its revenue primarily from (i) workforce solution services, including flexible staffing, and recruitment solutions, including headhunting and RPO; and (ii) other HR services, including HR consultancy services, training and development, career transition, payroll services as well as government solutions. The following table sets out a breakdown of the Group's revenue by business line for the periods indicated:

	Six months ended 30 June		Change in
	2020	2019	percentage
	(RMB'000)	(RMB'000)	%
Revenue			
Workforce solution services			
Flexible staffing	**1,506,983**	1,256,721	19.9%
Recruitment solutions	**87,176**	151,074	(42.3%)
Other HR services	**9,046**	33,797	(73.2%)
Total	**1,603,205**	1,441,592	11.2%

The revenue of the Group increased by approximately 11.2% from RMB1,441.6 million for the six months ended 30 June 2019 to RMB1,603.2 million for the six months ended 30 June 2020. This increase was attributable to the increase in revenue generated from flexible staffing from RMB1,256.7 million for the six months ended 30 June 2019 to RMB1,507.0 million for the six months ended 30 June 2020, primarily due to the increase in number of associates placed during the Period.

Such increase was partially offset by (i) the decrease in revenue generated from recruitment solutions by 42.3% to RMB87.2 million for the six months ended 30 June 2020 from RMB151.1 million for the six months ended 30 June 2019, primarily due to the negative impact of the COVID-19 pandemic resulting in a decrease in the number of successful placements during the Period; (ii) the decrease in revenue generated from other HR services by 73.2% to RMB9.0 million for the six months ended 30 June 2020 from RMB33.8 million for the six months ended 30 June 2019, primarily due to the decrease in revenue from government solution services as a result of the outbreak of COVID-19 during the Period.

During the six months ended 30 June 2020, 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
	2020	2019	percentage
	(RMB'000)	(RMB'000)	%
Revenue			
The PRC	**862,895**	705,144	22.4%
Hong Kong and Macau	**334,337**	337,094	(0.8%)
Taiwan	**405,973**	399,354	1.7%
Total	**1,603,205**	1,441,592	11.2%

FINANCIAL REVIEW (Continued)

Cost of services

The Group's cost of services increased by approximately 18.7% from RMB1,144.2 million for the six months ended 30 June 2019 to RMB1,358.1 million for the six months ended 30 June 2020. This increase was higher than the increase in the Group's revenue mainly due to the expansion of the Group's flexible staffing business in Mainland China with fast-growing number of associates placed during the Period.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. The Group's gross profit decreased by approximately 17.6% from RMB297.4 million for the six months ended 30 June 2019 to RMB245.1 million for the six months ended 30 June 2020. The decrease in gross profit was primarily due to (i) the decrease in revenue generated from recruitment solutions across the Greater China Region given macroeconomic uncertainties and the negative impact of the COVID-19 outbreak which resulted in suppressed demand and a sharp decline in the number of successful placements during the Period; (ii) the decrease of revenue in Hong Kong as a result of the decline of the Group's higher profit margin business in the region due to the COVID-19 pandemic and continuous social unrest.

The Group's gross profit margin decreased from approximately 20.6% for the six months ended 30 June 2019 to approximately 15.3% for the six months ended 30 June 2020, primarily due to: (i) the increase in proportion of revenue generated from flexible staffing which had a lower gross profit margin but much faster growth rate compared to that of the Group's other business lines as a result of flexible staffing being the strategic focus of the Group; (ii) the decrease of the gross profit margin of the flexible staffing business in Hong Kong due to the negative impact of the COVID-19 outbreak; (iii) the decrease of the gross profit margin of the recruitment solutions business as a result of the suppressed demand on the back of the COVID-19 pandemic; (iv) the increase of the gross profit margin of the Group's other HR services by 26.4% to 71.8% for the six months ended 30 June 2020, from 45.4% for the six months ended 30 June 2019, primarily due to the decrease of the number of government solutions, which has a lower profit margin compared with that of other services, as a result of the COVID-19 pandemic.

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

	Six months ended 30 June		
	2020	2019	Change
	(%)	(%)	(%)
Workforce solution services			
Flexible staffing	**10.6**	11.4	(0.8%)
Recruitment solutions	**90.5**	91.7	(1.2%)
Other HR services	**71.8**	45.4	26.4%
Overall	**15.3**	20.6	(5.3%)

FINANCIAL REVIEW (Continued)

Selling and administrative expenses

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

The Group's selling expenses decreased by approximately 19.0% from RMB189.9 million for the six months ended 30 June 2019 to RMB153.9 million for the six months ended 30 June 2020, primarily due to the restructure of the Group's internal management by combining the headhunting and RPO business lines into a single recruitment solutions business line which led to a decrease in the number of partners and consultants in recruitment services and staff costs.

The Group's administrative expenses decreased by approximately 17.7% from RMB26.7 million for the six months ended 30 June 2019 to RMB22.0 million for the six months ended 30 June 2020, primarily due to the improvement in efficiency of operations caused by the investment in operating technology and cost control programs during the Period.

The Group's selling expenses accounted for approximately 13.2% and 9.6% of its total revenue for the six months ended 30 June 2019 and 2020, respectively, while the Group's administrative expenses accounted for approximately 1.9% and 1.4% of its total revenue for the six months ended 30 June 2019 and 2020, 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.

Other income

The Group's other income primarily includes interest income on bank deposits and dividend income from equity instruments. The Group's other income increased by approximately 104.9% from RMB3.5 million for the six months ended 30 June 2019 to RMB7.1 million for the six months ended 30 June 2020.

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 increased by approximately 2.2% from RMB1.72 million for the six months ended 30 June 2019 to RMB1.75 million for the six months ended 30 June 2020. This increase was primarily due to the increase in fair value gain arising from the structured deposits.

FINANCIAL REVIEW (Continued)

Share of profit of associates

The Group's share of profit of associates amounted to RMB1.1 million for the six months ended 30 June 2020. During the Period, all the associates in which the Group invested under Manpower Plus Strategy in previous years have turned around and made profits, in contrast to the total loss of RMB1.4 million incurred during the same period last year. Only the new associate company in which the Group invested in early 2020, Hainan Wan Sheng Zhi Hui Technology Co. Ltd., made a small loss during the Period.

Income tax expense

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

The Group's income tax expense decreased by approximately 6.0% from RMB17.7 million for the six months ended 30 June 2019 to RMB16.6 million for the six months ended 30 June 2020.

The Group's effective income tax rate for the six months ended 30 June 2020 was approximately 21.5%, compared to approximately 28.2% for the six months ended 30 June 2019. The decrease of the effective income tax rate was primarily due to the Listing expenses incurred for the six months ended 30 June 2019, which was non-deductible for tax purposes.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the Group's profit for the period attributable to owners of the Company increased by approximately 51.8% from RMB36.9 million for the six months ended 30 June 2019 to RMB56.1 million for the six months ended 30 June 2020.

Adjusted profit for the period attributable to owners of the Company

The Group's adjusted profit for the period attributable to owners of the Company from continuing operations (excluding one-off Listing expenses and expenses in relation to stock options granted) increased by approximately 1.6% from RMB56.1 million for the six months ended 30 June 2019 to RMB57.0 million for the six months ended 30 June 2020.

FINANCIAL REVIEW (Continued)

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

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	**56,057**	36,926
Adjustment for:		
Listing expenses	**–**	19,172
Expense in relation to stock options granted	**953**	–
Adjusted profit for the period attributable to owners of the Company	**57,010**	56,098

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Net current assets

As at 30 June 2020, the Group's net current assets amounted to RMB1,034.7 million (31 December 2019: RMB1,017.8 million). Specifically, the Group's total current assets increased from RMB1,470.7 million as at 31 December 2019 to RMB1,542.1 million as at 30 June 2020. The Group's total current liabilities increased by approximately 12.1% from RMB452.9 million as at 31 December 2019 to RMB507.5 million as at 30 June 2020. The increase in net current assets was primarily due to the increase in bank balances and cash as a result of cash inflow from business operations.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Cash position

As at 30 June 2020, the Group had bank balances and cash, together with its restricted bank deposits, time deposits with original maturity over three months and structured deposits (presented as financial assets at fair value through profit or loss) of RMB1,019.3 million (31 December 2019: RMB944.7 million). The increase in bank balances and cash was primarily due to the cash inflow from business operations.

Indebtedness

As at 30 June 2020, the Group had lease liabilities of RMB66.1 million (31 December 2019: RMB81.8 million). The Group had no bank loans or convertible loans during the Period and as at 30 June 2020 (31 December 2019: Nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 30 June 2020 was not calculated (31 December 2019: Nil).

Pledge of assets

As disclosed under the section headed "Contingent Liabilities", as at 30 June 2020, the Group had pledged its time deposit in an amount of RMB39.5 million.

Financial risks

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

Currency risk

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

Interest rate risk

The Group's exposure to fair value interest rate risks relates primarily to the Group's fixed-rate time deposits with original maturity over three months. The Group also exposes to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances. The Group has not used derivative financial instruments to hedge any interest rate risks.

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 of the Company (each, a "Director") 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 2020, the current ratio (calculated as total current assets divided by the total current liabilities) of the Group was 3.0 times (31 December 2019: 3.2 times).

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had outstanding surety bonds of RMB39.5 million (31 December 2019: RMB81.7 million), comprising restricted bank deposits and financial assets at fair value through profit or loss, all of which were pledged as required by certain clients of the Group.

COMMITMENTS

As at 30 June 2020, the Group did not have any significant capital and other commitments, long-term obligations or guarantee (31 December 2019: Nil).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 30 June 2020, 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 2020, there were no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

The Group had no significant investments with a value of 5% or above of the Group's total assets as at 30 June 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the Listing (including the exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately RMB458.2 million. Up to the date of this report, the net proceeds received from the Listing have been used and will continue to be used, in a manner consistent with the proposed allocation and timeframe in the Prospectus.

The table below sets forth the utilisation of the net proceeds up to 30 June 2020:

Categories	Specific Plans	Expected timeline as stated in the Prospectus (Note)	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds from the exercise of over-allotment option RMB'000	Unutilised net proceeds as at 31 December 2019 RMB'000	Utilised net proceeds during the Period RMB'000	Actual use of net proceeds up to 30 June 2020 RMB'000	Expected use of net proceeds up to 30 June 2021 RMB'000
Business expansion	Expand our business scale and market share	12 to 24 months from 10 July 2019 (the "Listing Date")	137,451 (30% of total net proceeds)	119,316	15,072	33,207	104,244
Research and development	Invest in a digital workforce platform	12 to 24 months from the Listing Date	137,451 (30% of total net proceeds)	129,970	13,032	20,513	116,938
Future investments, strategic mergers and acquisitions	Pursue strategic acquisition and investment opportunities	12 to 24 months from the Listing Date	114,527 (25% of total net proceeds)	114,527	9,800	9,800	104,727
Brand building and digital marketing	Investment in offline brand building and digital marketing to increase brand awareness	12 to 24 months from the Listing Date	22,924 (5% of total net proceeds)	20,915	2,069	4,078	18,846
Working capital	Working capital and other general corporate purposes	–	45,847 (10% of total net proceeds)	33,266	17,953	30,534	15,313
Total			458,200 (100% of total net proceeds	417,994	57,926	98,132	360,068

Note: As at the date of this report, the Group has not deviated from the expected timeline as stated in the Prospectus and intends to apply the unutilised net proceeds in the manner set out above.

Though the Group's expansion plans have been temporarily curtailed by the pandemic, particularly the restrictions in travel within the Greater China Region, as at the date of this report, the Group remains on track to meet the net proceeds utilisation timeline disclosed in the Prospectus. Such timeline was devised based on the then best estimation of future market conditions and the development of the Group's business and industry. As at the date of this report, with regional resumption of business travel and activities on the horizon, the Directors are not aware of any material change to the proposed allocation and expected utilisation timeline of the net proceeds.

EMPLOYEE AND REMUNERATION POLICY

The Group's employees include its own employees and associates. Own employees refers to the employees for the Group's operations, including finance and information technology and excluding those for flexible staffing assignments. Associates refers to those who are assigned to work on client premises, typically under client instruction and supervision during the term of deployment. As at 30 June 2020, the Group employed approximately 1,070 own employees and approximately 21,000 associates.

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

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

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

EVENTS AFTER THE REPORTING PERIOD

There were no material events undertaken by the Group subsequent to 30 June 2020 up to the date of this report.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

The Company has complied with the Corporate Governance Code during the six months ended 30 June 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2020.

SHARE OPTION SCHEME

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

Details of the Share Option Scheme

(1) Purpose

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

(2) Participants

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

(3) The maximum number of Shares available for issue

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

SHARE OPTION SCHEME (Continued)

Details of the Share Option Scheme (Continued)

(4) The maximum entitlement of each participant

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

(5) Time of acceptance and exercise of option

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

(6) Subscription price for Shares

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

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option; and

(iii) the nominal value of a Share.

(7) The duration of the Share Option Scheme

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

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

SHARE OPTION SCHEME (Continued)

Details of the share option granted

The following table sets forth the particulars of the movements of share options granted under the Share Option Scheme during the six months ended 30 June 2020:

Grantees	Date of grant	Exercise price per Share (HK$)	Exercise period	Outstanding as at 1 January 2020	Changes during the six months ended 30 June 2020				Outstanding as at 30 June 2020
					Granted (Note a)	Exercised	Cancelled	Lapsed/ Forfeited	
Mr. YUAN Jianhua (Executive Director)	20 Sep 2019 (Note b)	10.94	20 Sep 2022 – 20 Sep 2025	400,000	–	–	–	–	400,000
	8 April 2020 (Note c)	8.76	8 April 2023 – 8 April 2026	–	400,000	–	–	–	400,000
Other Employees	20 Sep 2019 (Note b)	10.94	20 Sep 2022 – 20 Sep 2025	3,427,000	–	–	–	(311,000)	3,116,000
	8 April 2020 (Note c)	8.76	8 April 2023 – 8 April 2026	–	3,567,000	–	–	(69,000)	3,498,000
Total				3,827,000	3,967,000	–	–	(380,000)	7,414,000

Notes:

a. The closing price of the Shares immediately before the date on which the options were granted on 8 April 2020 was HK$8.80 per Share; and the closing price of the Shares immediately before the date the options were granted on 20 September 2019 was HK$10.86 per Share.

b. The options shall be vested on 20 September 2022 conditional upon fulfilment of the performance targets based on the growth rate of the Company's audited net profit.

c. The options shall be vested on 8 April 2023 conditional upon fulfilment of the performance targets based on the growth rate of the Company's audited net profit. The estimated fair values of the options granted on 8 April 2020 are approximately RMB7.5 million (equivalent to approximately HK$8.3 million). For the model used in determining the value of the options, please refer to note 17 of the Notes to the Condensed Consolidated Financial Statements on page 48 of this interim report.

d. There are no participants with options granted in excess of the individual limit and no grants to suppliers of goods and services.

Save as disclosed above, no share options were granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2020.

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

As at 30 June 2020, the interests or short positions of the Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") or required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares (Note)	Approximate percentage of shareholding
Mr. YUAN Jianhua	Beneficial owner	905,000 (L)	0.44%

Note:

As at 30 June 2020, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

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

As at 30 June 2020, so far as is known to the Company, as recorded in the register required to be kept by the Company under section 336 of SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Manpower Holdings, Inc.	Beneficial owner	41,539,168 (L)	20.02%
Manpower Nominees Inc.	Beneficial owner	34,960,220 (L)	16.85%
ManpowerGroup Inc. (Note 2)	Interest in controlled corporations	76,499,388 (L)	36.87%
CM Phoenix Tree Limited	Beneficial owner	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%

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

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
CITIC PE Funds II Limited (Note 3)	Interest in controlled corporation	73,500,612 (L)	35.42%
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%

Notes:

(1) As at 30 June 2020, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) Manpower Holdings, Inc. and Manpower Nominees Inc. are wholly owned by ManpowerGroup Inc. and therefore ManpowerGroup Inc. is deemed to be interested in the Shares held by Manpower Holdings, Inc. and Manpower Nominees Inc.

(3) CM Phoenix Tree Limited is owned as to approximately 91.17% by CM Phoenix Tree II Limited. CM Phoenix Tree II Limited is owned as to approximately 86.33% by CPEChina Fund II, L.P.. The general partner of CPEChina Fund II, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly owned by CITICPE Holdings Limited, which is held as to 35% by CLSA Global Investments Management Limited. CLSA Global Investments Management Limited is wholly owned by CLSA, B.V., which is wholly owned by CITIC Securities International Company Limited, which in turn is wholly owned by CITIC Securities Company Limited, a company listed on both the Stock Exchange and the Shanghai Stock Exchange. Therefore, each of CM Phoenix II Limited, CPEChina Fund II, L.P., CITIC PE Associates II, L.P., CITIC PE Funds II Limited, CITICPE Holdings Limited, CLSA Global Investments Management Limited, CLSA, B.V., CITIC Securities International Company Limited and CITIC Securities Company Limited is deemed to be interested in the Shares held by CM Phoenix Tree Limited.

(4) Pursuant to Section 336 of the SFO, if certain conditions are met, the Shareholders are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed above, as at 30 June 2020, 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 does not recommend the payment of interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

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

The Audit Committee consists of five members, including two non-executive Directors, namely Mr. John Thomas MCGINNIS and Mr. ZHAI Feng and three independent non-executive Directors, namely Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. The chairman of the Audit Committee is Mr. Victor HUANG, who possesses appropriate professional qualifications. The Audit Committee had reviewed the interim report and the interim results for the six months ended 30 June 2020. The condensed consolidated financial statements for the six months ended 30 June 2020 has not been audited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN INFORMATION OF DIRECTORS

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

Mr. Sriram CHANDRASEKAR resigned as a non-executive Director and a member of the Audit Committee with effect from 29 June 2020.

Mr. John Thomas MCGINNIS was appointed as a non-executive Director and a member of the Audit Committee with effect from 29 June 2020.

Mr. Victor HUANG was appointed as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of COSCO SHIPPING Energy Transportation Co Ltd (a company listed on the Stock Exchange with stock code 1138) on 22 June 2020 and an independent non-executive Director of New Times Energy Corporation Limited (a company listed on the Stock Exchange with stock code 166) on 19 June 2020. Mr. HUANG was also re-designated from a member to the chairman of the remuneration committee of Trinity Limited (a company listed on the Stock Exchange with stock code 891) on 28 May 2020.

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 and Chief Executive Officer

Hong Kong, 27 August 2020

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
MANPOWERGROUP GREATER CHINA LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of ManpowerGroup Greater China Limited (the "Company") and its subsidiaries set out on pages 27 to 53, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation on these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	3	1,603,205	1,441,592
Cost of services		(1,358,105)	(1,144,183)
Gross profit		245,100	297,409
Selling expenses		(153,901)	(189,906)
Administrative expenses		(21,953)	(26,671)
Other income	4	7,138	3,483
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	13	105	(1,139)
Other gains and losses	5	1,754	1,717
Finance costs	6	(2,083)	(1,727)
Share of profit (loss) of associates		1,143	(1,411)
Listing expenses		–	(19,172)
Profit before tax		77,303	62,583
Income tax expense	7	(16,591)	(17,659)
Profit for the period	8	60,712	44,924
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Actuarial gains (losses) from remeasurement of defined benefit obligations, net of tax		127	(245)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		19,016	(5,612)
Other comprehensive income (expense) for the period, net of tax		19,143	(5,857)
Total comprehensive income for the period		79,855	39,067

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	NOTE	Six months ended 30 June **2020** **RMB'000** **(unaudited)**	 2019 RMB'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		**56,057**	36,926
Non-controlling interests		**4,655**	7,998
		60,712	44,924
Total comprehensive income for the period attributable to:			
Owners of the Company		**71,480**	31,642
Non-controlling interests		**8,375**	7,425
		79,855	39,067
Earnings per share	*10*		
Basic *(RMB)*		**0.27**	0.25
Diluted *(RMB)*		**0.27**	N/A

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	11	15,189	16,132
Right-of-use assets	11	65,823	81,535
Goodwill		65,748	64,411
Other intangible assets		55,208	45,206
Interests in associates	12	13,616	4,272
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		9,705	9,705
Deferred tax assets		1,948	2,781
Other receivable	13	5,458	11,533
Deposits		17,844	14,130
Restricted bank deposits		9,671	9,485
Retirement benefit assets		180	17
		260,390	259,207
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	13	509,657	513,356
Amounts due from fellow subsidiaries	14	954	847
Financial assets at fair value through profit or loss ("**FVTPL**")		151,710	133,292
Restricted bank deposits		29,840	16,233
Time deposits with original maturity over three months		271,336	5
Bank balances and cash		578,651	806,967
		1,542,148	1,470,700
CURRENT LIABILITIES			
Trade and other payables	15A	420,332	358,452
Contract liabilities	15B	32,688	20,879
Lease liabilities		29,262	31,858
Amount due to ultimate holding company	14	10,017	10,372
Amounts due to fellow subsidiaries	14	664	949
Tax payables		14,507	30,413
		507,470	452,923

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTE	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
NET CURRENT ASSETS		1,034,678	1,017,777
TOTAL ASSETS LESS CURRENT LIABILITIES		1,295,068	1,276,984
NON-CURRENT LIABILITIES			
Deferred tax liabilities		9,488	7,923
Lease liabilities		36,881	49,986
		46,369	57,909
NET ASSETS		1,248,699	1,219,075
CAPITAL AND RESERVES			
Share capital	16	1,830	1,830
Reserves		1,177,078	1,155,829
Equity attributable to owners of the Company		1,178,908	1,157,659
Non-controlling interests		69,791	61,416
TOTAL EQUITY		1,248,699	1,219,075

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve 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 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 9)*	–	(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
At 1 January 2020 (audited)	1,830	867,526	352	2,881	35,429	249,641	1,157,659	61,416	1,219,075
Profit for the period	–	–	–	–	–	56,057	56,057	4,655	60,712
Actuarial gains from remeasurement of defined benefit obligations	–	–	–	–	–	76	76	51	127
Exchange differences arising on translation of foreign operations	–	–	–	15,347	–	–	15,347	3,669	19,016
Total comprehensive income for the period	–	–	–	15,347	–	56,133	71,480	8,375	79,855
Recognition of equity-settled share-based payments *(Note 17)*	–	–	953	–	–	–	953	–	953
Dividends recognised as distribution *(Note 9)*	–	(51,184)	–	–	–	–	(51,184)	–	(51,184)
At 30 June 2020 (unaudited)	1,830	816,342	1,305	18,228	35,429	305,774	1,178,908	69,791	1,248,699

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 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**88,864**	20,087
INVESTING ACTIVITIES		
Interest received	**5,695**	2,621
Dividend received	**682**	682
Purchases of property and equipment	**(1,321)**	(2,120)
Proceeds from disposal of property and equipment	**–**	2
Placement of structured deposits	**(186,000)**	(264,891)
Settlement of structured deposits	**169,401**	264,891
Placement of time deposits	**(269,225)**	(693,375)
Withdrawal of time deposits	**–**	838,673
Placement of restricted bank deposits	**(29,600)**	(13,263)
Withdrawal of restricted bank deposits	**16,000**	44,708
Repayment from ultimate holding company	**–**	228
Repayment from fellow subsidiaries	**434**	–
Addition of investments in associates	**(9,800)**	–
Return of capital from an associate	**1,599**	–
Settlement of consideration receivables from disposal of subsidiaries	**1,650**	1,515
Development costs paid	**(10,624)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(311,109)**	179,671
FINANCING ACTIVITIES		
Interest paid	**(2,083)**	(1,727)
Repayment to ultimate holding company	**–**	(851)
Advance from fellow subsidiaries	**52**	–
Repayment to fellow subsidiaries	**(263)**	(1,554)
Dividends paid to NCI shareholders	**–**	(12,008)
Dividends paid	**–**	(83,783)
Repayment of lease liabilities	**(16,494)**	(14,310)
Payment of deferred issue costs	**–**	(3,518)
CASH USED IN FINANCING ACTIVITIES	**(18,788)**	(117,751)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(241,033)**	82,007
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**806,967**	229,839
Effect of foreign exchange rate changes	**12,717**	(1,761)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**578,651**	310,085

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. GENERAL AND BASIS OF PREPARATION

ManpowerGroup Greater China Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 26 September 2014. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 July 2019. The addresses of the Company's registered office and principal place of business in the PRC are PO Box 309, 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").

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The governments of Mainland China, Hong Kong, Macau and Taiwan have announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic and certain lessors have provided rent concessions to the Group. Hence, the Group's ability to serve customers will largely depend on (i) the effectiveness of the government measures that have been implemented, (ii) continuous availability of workforce which may be affected by the temporary travel restrictions and home quarantine requirements, and (iii) customers' confidence and demand which may be influenced by the market sentiments and economic performances in different jurisdictions. As such, the financial positions and performance of the Group were affected in different aspects, including government grants in respect of COVID-19-related subsidies and rent concessions from certain lessors as disclosed in the relevant notes.

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 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 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs 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.

2.1 Impacts and accounting policies on early application of Amendment to IFRS 16 *COVID-19-Related Rent Concessions*

2.1.1 Accounting policies

Leases

COVID-19-related rent concessions

Regarding rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.1.2 Transition and summary of effects

The Group has early applied the amendment in the current interim period. The application has no impact to the opening retained profits at 1 January 2020. The Group recognised changes in lease payments that resulted from rent concessions of approximately RMB170,000 in the profit or loss for the current interim period.

2.2 Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Grants relating to compensation of expenses in respect of COVID-19-related subsidies are deducted from the related expenses.

3. REVENUE AND SEGMENT INFORMATION

Segment information

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

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

1. Workforce Solutions – the Group provides the following services to its customers:

   - Flexible staffing service for which the Group helps to provide contingent workers for customers who wish to manage their own headcount or only require workers for limited time or a specific project. The Group provides contingent workers contracted with the Group that it finds suitable for the job descriptions and assign them to the customers.

   - Recruitment solutions services include recruitment process outsourcing management services and recruitment services. The Group assists customers' hiring process, which include candidate assessments, screening, conducting candidate interviews and recommending suitable candidates for job vacancies, providing sourcing technology, and providing the Group's marketing and recruiting expertise.

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

Segment revenue and results

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

Six months ended 30 June 2020

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

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2019

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
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

Geographical information

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

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
PRC	**862,895**	705,144
Hong Kong and Macau	**334,337**	337,094
Taiwan	**405,973**	399,354
	1,603,205	1,441,592

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 profit (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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue

Six months ended 30 June 2020

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

Six months ended 30 June 2019

	Workforce Solutions RMB'000 (unaudited)	Other HR Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Types of service			
Flexible staffing	1,256,721	–	1,256,721
Recruitment solutions	151,074	–	151,074
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Information about customer types

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Multinational corporations and local enterprises	**1,525,421**	1,380,758
Government bodies	**77,784**	60,834
	1,603,205	1,441,592

4. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	**5,695**	2,621
Dividend income from equity instruments at FVTOCI	**682**	682
Others	**761**	180
	7,138	3,483

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net exchange (losses) gains	**(127)**	225
Net fair value change in financial assets at FVTPL	**1,881**	1,492
	1,754	1,717

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on lease liabilities	**2,083**	1,727

7. INCOME TAX EXPENSE

During the six months ended 30 June 2020, the Group had recognised current tax expense of approximately RMB16,823,000 (six months ended 30 June 2019: RMB17,912,000) and deferred tax credit of approximately RMB232,000 (six months ended 30 June 2019: RMB253,000).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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

Under the two-tiered profits tax rates regime introduced by Inland Revenue (Amendment) (No. 7) Bill 2017, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000 for a qualifying group entity.

Macau Complementary Tax is calculated at 12% of the estimated assessable profit for the six months ended 30 June 2020 and 2019.

Taiwan Income Tax is calculated at 20% of the estimated assessable profit for the six months ended 30 June 2020 and 2019. 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.

Under the EIT Law of the PRC and relevant laws and regulations in Taiwan, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards and Taiwan subsidiaries, that are received by non-local resident entities. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries and Taiwan subsidiaries in aggregate amounting to approximately RMB182.0 million (31 December 2019: RMB144.8 million) as at 30 June 2020, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	**360**	–
Salaries, allowances and other benefits	**1,609**	1,463
Retirement benefit scheme contributions	**42**	50
Performance related bonus	**1,624**	1,563
Equity-settled share based expense	**153**	–
	3,788	3,076
Depreciation of property and equipment	**2,399**	1,838
Depreciation of right-of-use assets	**16,513**	15,560
Expenses related to short-term leases	**53**	–
Amortisation of intangible assets	**1,392**	1,329
Loss on disposal of property and equipment	**–**	29
Research and development costs recognised as an expense	**331**	–
COVID-19-related rent concessions *(Note 11)*	**(170)**	–

During the current interim period, the Group recognised government grants by deducting from the related expenses in respect of COVID-19-related subsidies which mainly relate to Employment Support Scheme provided by the Hong Kong government and reduction or waiver of social insurance contributions by the PRC government.

9. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2019 of HK$0.27 per ordinary share, in an aggregate amount of approximately HK$56 million (equivalent to approximately RMB51.2 million), has been proposed by the directors of the Company and approved by the shareholders of the Company. The dividend was paid in July 2020.

During the six months ended 30 June 2019, a final dividend of US$12.2 million (equivalent to approximately RMB83.8 million) in respect of the year ended 31 December 2018 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.

10. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**56,057**	36,926

Number of shares

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
Number of ordinary shares for the purpose of basic and diluted earnings per share	**207,500,000**	150,000,000

The number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2019 has been determined on the assumption that the redenomination of issued share capital and the issue of 135,097,920 ordinary shares pursuant to the capitalisation issue as described in Note 16 have been effective on 1 January 2019.

The computation of diluted earnings per share for the six months ended 30 June 2020 did not assume the exercise of share options granted by the Company because the exercise price of those options was higher than the average market price for shares for the six months ended 30 June 2020.

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

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

During the six months ended 30 June 2020, the Group had additions of property and equipment of approximately RMB1,321,000 (six months ended 30 June 2019: RMB2,120,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 to 3 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of approximately RMB114,000 (six months ended 30 June 2019: RMB17,879,000) and lease liabilities of approximately RMB114,000 (six months ended 30 June 2019: RMB17,879,000).

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

As disclosed in Note 1A, the outbreak of COVID-19 has had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. Lessors of certain office premises provided rent concessions to the Group through rent reductions ranging from 5% to 100% over two to three months.

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

12. INTERESTS IN ASSOCIATES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Cost of investments in associates	**16,101**	7,900
Share of post-acquisition losses and other comprehensive expense, net of dividends received	**(2,485)**	(3,628)
	13,616	4,272

During the six months ended 30 June 2020, the Group entered into an agreement with an independent third party for investment of 49% equity interest in Hainan Wan Sheng Zhi Hui Technology Co. Ltd. (海南萬盛智慧科技有限公司) ("Hainan Wan Sheng") for a consideration of RMB9,800,000 which was fully paid during the current interim period. The Group has the right to appoint one out of three directors on the board of Hainan Wan Sheng. The directors of the Company consider that the Group can exercise significant influence over Hainan Wan Sheng and it is therefore classified as an associate of the Group.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Trade receivables	**466,268**	478,031
Less: allowance for credit losses	**(2,730)**	(3,197)
Total trade receivables	**463,538**	474,834
Deposits and prepayments	**35,624**	32,374
Consideration receivable *(note)*	**10,495**	6,148
Total trade and other receivables, deposits and prepayments	**509,657**	513,356

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

Note: 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 2020 and 31 December 2019.

The outstanding consideration receivables of RMB17,085,000 at 30 June 2020 (31 December 2019: RMB18,735,000) will be settled by instalments by April 2022 and were, accordingly, 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 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Other receivables:		
– Current	10,495	6,148
– Non-current	5,458	11,533
	15,953	17,681

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

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0–30 days	420,827	436,220
31–60 days	21,418	22,685
61–90 days	7,149	7,748
Over 90 days	14,144	8,181
	463,538	474,834

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 2020 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 2019.

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

The amounts due from fellow subsidiaries of approximately RMB140,000 (31 December 2019: RMB574,000) at 30 June 2020 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due from fellow subsidiaries of approximately RMB814,000 (31 December 2019: RMB273,000) at 30 June 2020 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

	Amount due from fellow subsidiaries	
	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0–30 days	**328**	137
31–60 days	**39**	28
61–90 days	**29**	67
Over 90 days	**418**	41
	814	273

The directors of the Company considered that the ECL for the amounts due from fellow subsidiaries is insignificant as at 30 June 2020 and 2019.

The amounts due to ultimate holding company of approximately RMB8,049,000 (31 December 2019: RMB7,902,000) and fellow subsidiaries of nil (31 December 2019: RMB211,000) at 30 June 2020 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due to ultimate holding company of approximately RMB1,968,000 (31 December 2019: RMB2,470,000) and fellow subsidiaries of approximately RMB664,000 (31 December 2019: RMB738,000) at 30 June 2020 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

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

	Amount due to ultimate holding company		Amounts due to fellow subsidiaries	
	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)	**At 30 June 2020 RMB'000 (unaudited)**	At 31 December 2019 RMB'000 (audited)
0–30 days	**895**	736	**67**	116
31–60 days	**524**	743	**47**	38
61–90 days	**549**	650	**34**	38
Over 90 days	**–**	341	**516**	546
	1,968	2,470	**664**	738

15A. 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 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0–30 days	**12,991**	14,655
31–60 days	**346**	30
61–90 days	**84**	56
Over 90 days	**1,370**	200
	14,791	14,941

Other payables mainly represent accrued payroll and other expenses of approximately RMB311 million (31 December 2019: RMB314 million) and dividend payable of approximately RMB51.2 million (31 December 2019: nil) as at 30 June 2020.

15B. 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.

16. SHARE CAPITAL

	Par value	Number of shares	Amount US$	HK$	Shown in the financial statements RMB'000
Ordinary shares					
Authorised:					
At 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), 1 January 2020 (audited) and 30 June 2020 (unaudited)	HK$0.01	1,520,000,000	–	15,200,000	
Issued and fully paid:					
At 1 January 2019 (audited)	US$1	19,608	19,608	N/A	125
Cancellation *(note i)*	US$1	(19,608)	(19,608)	N/A	(125)
Redenomination on 18 January 2019 *(note i)*	HK$0.01	14,902,080	N/A	149,021	125
At 30 June 2019 (unaudited)	HK$0.01	14,902,080	–	149,021	125
Issue of shares under capitalisation issue *(note iii)*	HK$0.01	135,097,920	N/A	1,350,979	1,196
Issue of shares pursuant to initial public offering *(note iv)*	HK$0.01	50,000,000	N/A	500,000	442
Issue of shares upon over-allotment option exercised *(note v)*	HK$0.01	7,500,000	N/A	75,000	67
At 31 December 2019 (audited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	HK$0.01	207,500,000	–	2,075,000	1,830

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.

(iii) 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 date of passing of the resolution on a pro-rata basis.

(iv) 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.

(v) 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.

17. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

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

At 30 June 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 7,414,000, representing 3.6% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the global offering of the shares of the Company, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period up to date of offer is not permitted to exceed an aggregate 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of an aggregate 0.1% of the Company's share in issue in the 12-month period up to and including the date of offer and with an aggregate value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

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

On 20 September 2019, the Company granted 3,862,000 share options at exercise price of HK$10.94 per share option ("2019 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,862,000 shares under the Scheme. The 2019 Share Options shall be vested on 20 September 2022 conditionally upon fulfillment of the performance targets based on the growth rate of the Company's audited net profit.

On 8 April 2020, the Company granted 3,967,000 share options at exercise price of HK$8.76 per share option ("2020 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,967,000 shares under the Scheme. The 2020 Share Options shall be vested on 8 April 2023 conditionally upon fulfillment of the performance targets based on the growth rate of the Company's audited net profit.

17. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

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

	Exercise price	Date of grant	Number of share options Outstanding at 1 January 2020	Granted during period	Forfeited during period	Outstanding at 30 June 2020
Directors	HK$10.94	20 September 2019	400,000	–	–	400,000
	HK$8.76	8 April 2020	–	400,000	–	400,000
Employees	HK$10.94	20 September 2019	3,427,000	–	(311,000)	3,116,000
	HK$8.76	8 April 2020	–	3,567,000	(69,000)	3,498,000
			3,827,000	3,967,000	(380,000)	7,414,000
Exercisable at the end of the period			–			–
Weighted average exercise price (HK$)			10.94	8.76	10.54	9.79

During the six months ended 30 June 2020, the Group recognised the total expense of approximately RMB953,000 (six months ended 30 June 2019: nil) in relation to share options granted by the Company.

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

	2020 Share Options	2019 Share Options
Exercise price	**HK$8.76**	HK$10.94
Expected volatility	**34.47%**	30.16%
Expected life	**6 years**	6 years
Risk-free rate	**0.71%**	1.27%
Expected dividend yield	**3.15%**	2.79%
Exercise multiple	**2.2-2.8**	2.2-2.8

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

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 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Ultimate holding company	Flexible staffing service expense	–	9
	License fee expense	3,727	3,622
	Information technology services expense	69	121
	Manpower Employment Outlook Survey license fee expense	47	47
Fellow subsidiaries	Flexible staffing service income	1,314	2,084
	Flexible staffing service expense	196	226
	Right management income	204	–
	Right management expense	8	–
	Project and management coordination services expense	–	331
	Software licensing and maintenance services expense	147	222

Compensation of key management personnel

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

	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Short-term employee benefits	4,845	3,974
Post-employment benefits	69	90
Share-based payments	215	–
	5,129	4,064

The remuneration of directors and key executives is determined by the remuneration committee having 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 that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are 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 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	Fair value as at 30 June 2020 RMB'000 (unaudited)	Fair value as at 31 December 2019 RMB'000 (audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments classified as equity instruments at FVTOCI	**9,705**	9,705	Level 3	Market comparison approach – in this approach, fair value was determined with reference to recent transaction price.	Price-to-earnings ratio ("P/E ratio")	The higher the P/E ratio, the higher the fair value.
Financial assets at FVTPL (structured deposits)	**130,000**	112,000	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 RMB403,000 (31 December 2019: RMB118,000), vice versa.
Unlisted investment measured at financial assets at FVTPL (unlisted fund)	**21,710**	21,292	Level 2	Quoted price from a third party financial institution which determined with reference to the value of underlying investments.	N/A	N/A

There was no transfer among the different levels of the fair value hierarchy for 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 2019 (audited)	87,279
Purchase of structured deposits	544,891
Redemption of structured deposits	(523,622)
Net gain on structured deposits	3,452
At 31 December 2019 (audited)	112,000
Purchase of structured deposits	186,000
Redemption of structured deposits	(169,401)
Net gain on structured deposits	1,401
At 30 June 2020 (unaudited)	130,000

	Unlisted investments classified as equity instruments at FVTOCI RMB'000
At 1 January 2019 (audited), 31 December 2019 (audited) and 30 June 2020 (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 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Issued by the banks	**39,511**	81,718

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

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